



**BOARD OF DIRECTORS
EAST BAY MUNICIPAL UTILITY DISTRICT**

375 - 11th Street, Oakland, CA 94607

Office of the Secretary: (510) 287-0440

Notice of Time Change

**FINANCE/ADMINISTRATION
COMMITTEE**

Tuesday, January 23, 2024

8:30 a.m.

Boardroom

375 11th Street

Oakland, CA 94607

Notice is hereby given that the Tuesday, January 23, 2024 Finance/Administration Committee meeting of the Board of Directors has been rescheduled from 10:00 a.m. to 8:30 a.m. The meeting will be held in the Administration Building Boardroom at 375 11th Street, Oakland, California.

Dated: January 18, 2024



Rischa S. Cole

Secretary of the District

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**BOARD OF DIRECTORS
EAST BAY MUNICIPAL UTILITY DISTRICT**

375 – 11th Street, Oakland, CA 94607

Office of the Secretary: (510) 287-0440

**AGENDA
Finance/Administration Committee
Tuesday, January 23, 2024
8:30 a.m.
Boardroom
375 11th Street
Oakland, CA 94607**

Committee Members William B. Patterson {Chair}, April Chan, and John A. Coleman

***** Please see appendix for public participation instructions*****

ROLL CALL:

PUBLIC COMMENT: The Board of Directors is limited by State law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to items that are not listed on the agenda.

DETERMINATION AND DISCUSSION:

1. Monthly Investment Transactions Reports (Skoda)
2. Quarterly Financial Reports: (Skoda)
 - Quarterly Payroll, Disbursement and Real Estate Summary Reports for the Water and Wastewater Systems for Quarter Ended December 31, 2023
 - Quarterly Investment Report – December 31, 2023
3. EBMUD Series 2024A and 2024B Water System Revenue Bonds (Skoda)
4. EBMUD Series 2024A Wastewater System Revenue Bonds (Skoda)

ADJOURNMENT:

Disability Notice

If you require a disability-related modification or accommodation to participate in an EBMUD public meeting please call the Office of the Secretary (510) 287-0404. We will make reasonable arrangements to ensure accessibility. Some special equipment arrangements may require 48 hours advance notice.

Document Availability

Materials related to an item on this Agenda that have been submitted to the EBMUD Board of Directors within 72 hours prior to this meeting are available for public inspection in EBMUD's Office of the Secretary at 375 11th Street, Oakland, California, during normal business hours, and can be viewed on our website at www.ebmud.com.

W:\Board of Directors - Meeting Related Docs\Agendas 2024\2024 Finance-Adm Committee\01232024 finance-admin agenda.docx



EBMUD

APPENDIX

Finance/Administration Committee Meeting

*EBMUD Board committee meetings will be conducted in person and accessible via Zoom.
These meetings are live streamed on the District's website.*

Online*

<https://ebmud.zoom.us/j/92433162059?pwd=emM4YjRrQTJtK3M0NnAxTDRoVzh5Zz09>

Webinar ID: 924 3316 2059

Passcode: 282322

By Phone*

Telephone: 1 669 900 6833

Webinar ID: 924 3316 2059

Passcode: 282322

International numbers available: <https://ebmud.zoom.us/u/kdjdx0Kd06>

*To familiarize yourself with Zoom, please visit <https://support.zoom.us/hc/en-us/articles/201362193-Joining-a-Meeting>

Providing public comment - *The EBMUD Board of Directors is limited by State law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to items that are not listed on the agenda.*

- Each speaker is allotted 3 minutes to speak; the Board President has the discretion to amend this time based on the number of speakers
- The Secretary will track time and inform each speaker when the allotted time has concluded
- Comments on **non-agenda items** will be heard at the beginning of the meeting
- Comments on **agenda items** will be heard when the item is up for consideration
- The Secretary will call each speaker in the order received

In person

- Fill out and submit a blue speaker card which is available in the meeting room

Via Zoom

- Use the raise hand feature in Zoom to indicate you wish to make a public comment
<https://support.zoom.us/hc/en-us/articles/205566129-Raising-your-hand-in-a-webinar>
 - If you participate by phone, press *9 to raise your hand
- When prompted by the Secretary, please state your name, affiliation if applicable, and topic

Submitting written comments or materials

- Email written comments or other materials for the Board of Directors to SecOffice@ebmud.com
- Please indicate the meeting date and agenda item number or non-agenda item in the subject of the email. Contact information is optional.
- **Please email by 4 p.m. the day prior to the scheduled regular meeting;** written comments and other materials submitted to the Board of Directors will be filed in the record.

To view the livestream of Board meetings, please visit:

<https://www.ebmud.com/about-us/board-directors/board-meetings/>

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 18, 2024

MEMO TO: Board of Directors

THROUGH: Clifford C. Chan, General Manager *CCC*

FROM: Sophia D. Skoda, Director of Finance *SDS*

SUBJECT: Monthly Investment Transactions Reports

SUMMARY

In accordance with Policy 4.07 – Investments, staff prepares a monthly transactions report for the Finance/Administration Committee to review and for the Board to consider each month. The Committee will review the November and December 2023 reports at the January 23, 2024 Finance/Administration Committee meeting.

DISCUSSION

Pursuant to Policy 4.07, staff prepares a monthly report of investment transactions (buys, sales, deposits, withdrawals) as well as transactions that occur as a feature of the securities held (interest, calls, maturities). Information on portfolio performance, balances, and other factors is presented in the quarterly investment report.

In November 2023, the portfolio decreased from \$557.7 million to \$491.5 million. The decrease was due to the semi-annual payment of interest on the District's bonds at the end of November. Net transactions decreased the total by \$68.6 million. Interest received added \$2.4 million to the portfolio. Deposits into short-term liquidity funds totaled \$16.9 million, \$72.0 million in securities matured, and \$27.1 million was withdrawn. No securities were called, sold, or purchased. Net transactions at the District's commercial bank resulted in an increase of \$13.6 million.

In December 2023, the portfolio decreased from \$491.5 million to \$482.4 million. Net transactions decreased the total by \$9.5 million. Interest received added approximately \$299,000 to the portfolio. Deposits into short-term liquidity funds totaled \$10.5 million and \$20.0 million in securities matured. The District purchased \$30.0 million in securities, and \$13.6 million in securities were withdrawn. No securities were called or sold. Net transactions at the District's commercial bank resulted in a decrease of \$16.3 million.

NEXT STEPS

This item will be brought to the Board for consideration at its January 23, 2024 meeting.

CCC:SDS:rlh

Attachments: 1. November 2023 Monthly Investment Transactions Report
 2. December 2023 Monthly Investment Transactions Report

I:\Sec\2024 Board Related Items\Committees 2024\012324 Finance Ctte\FIN - Monthly Investment Transactions Reports November December 2023.docx

Monthly Investment Transactions Report
November 2023

This report is presented to the Board pursuant to Government Code Section 53607 and in accordance with the District's Investment Policy 4.07.

The attached report details transactions in the District's portfolio as follows:

- **Monthly Investment Transactions Summary** **Page 1**
- **Monthly Investment Activity** **Page 2**
 - Buys **Page 3**
 - Deposits **Page 4**
 - Matured **Page 5**
 - Calls **Page 6**
 - Sales **Page 7**
 - Withdrawals **Page 8**
- **Monthly Interest Activity** **Page 9**
 - Interest Received (Transferred to Wells Fargo) **Page 10**
 - Interest Received (Reinvested) **Page 11**


Approved by: Sophia D. Skoda, Finance Director

1/8/2024
Date

SDS:KM:ac



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Transactions Summary
November 2023

Portfolio	Beginning Balance*	Monthly Net Transaction Activity	Monthly Interest Activity	Ending Balance
001 - Water System Consolidated	423,852,578.66	(63,500,000.00)	213,587.61	360,566,166.27
007 - Wastewater Consolidated	82,733,989.04	(8,500,000.00)	50,787.32	74,284,776.36
049 - Ferc Partnership	2,069,476.95	-	-	2,069,476.95
009 - BACWA	2,341,201.61	-	-	2,341,201.61
015 - DERWA	1,034,740.88	-	-	1,034,740.88
002 - FRWA	1,034,740.88	-	-	1,034,740.88
014 - IICP	155,728.95	-	-	155,728.95
010 - UMRWA	66,223.45	-	-	66,223.45
003 - Employees Retirement	15,409,597.88	(10,198,000.00)	-	5,211,597.88
099 - Wells Fargo**	29,046,403.18	13,598,871.47	2,125,625.00	44,770,899.65
Total	557,744,681.48	(68,599,128.53)	2,389,999.93	491,535,552.88

* Portfolio balance presented at face value.

**Wells Fargo's month-end available balance per bank statement. Gross amount; not allocated by fund and not included in balances above.

A portion of the balance in Wells Fargo is swept to a money market fund to increase investment earnings.

Aaron Cinco
 Prepared by: Aaron Cinco, Accounting Technician

Kevin Ma
 Reviewed by: Kevin Ma, Accounting Supervisor

David Glasser
 Approved by: David Glasser, Controller

12/6/23
 Date

12/7/23
 Date

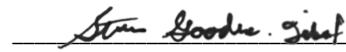
12/13/23
 Date



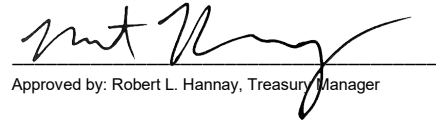
EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
November 2023

Portfolio	Buys	Deposits	Matured	Calls	Sales	Withdrawals	Non-Investment Transactions*	Net Transaction Activity
001 - Water System Consolidated	-	-	(63,500,000.00)	-	-	-	-	(63,500,000.00)
007 - Wastewater Consolidated	-	-	(8,500,000.00)	-	-	-	-	(8,500,000.00)
049 - Ferc Partnership	-	-	-	-	-	-	-	-
009 - BACWA	-	-	-	-	-	-	-	-
015 - DERWA	-	-	-	-	-	-	-	-
002 - FRWA	-	-	-	-	-	-	-	-
014 - IICP	-	-	-	-	-	-	-	-
010 - UMRWA	-	-	-	-	-	-	-	-
003 - Employees Retirement	-	16,885,000.00	-	-	-	(27,083,000.00)	-	(10,198,000.00)
065 - Water S2008A DSRF	-	-	-	-	-	-	-	-
068 - Water 2010A DSRF	-	-	-	-	-	-	-	-
Investment Activity Total	-	16,885,000.00	(72,000,000.00)	-	-	(27,083,000.00)	-	(82,198,000.00)
099 - Wells Fargo	-	(16,885,000.00)	72,000,000.00	-	-	27,083,000.00	(68,599,128.53)	13,598,871.47
Total	-	-	-	-	-	-	(68,599,128.53)	(68,599,128.53)

*Non-investment transactions are net receipts and expenditures in Wells Fargo resulting from activities other than investment and interest transactions detailed in this report.


 Reviewed by: Steven Goodman-Leibof, Principal Mgmt Analyst

12/21/2023
 Date


 Approved by: Robert L. Hannay, Treasury Manager

1/4/2024
 Date



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
November 2023

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Buys										

No Transactions this Period

0.00	0.00	0.00	0.00
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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
November 2023

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Deposits										
003 - Employees Retirement	LAIF	LAIF LGIP	LGIP1005	11/22/2023	11/22/2023	N/A	5,257,000.00	5,257,000.00	0.00	5,257,000.00
003 - Employees Retirement	LAIF	LAIF LGIP	LGIP1005	11/9/2023	11/9/2023	N/A	5,268,000.00	5,268,000.00	0.00	5,268,000.00
003 - Employees Retirement	LAIF	LAIF LGIP	LGIP1005	11/2/2023	11/2/2023	N/A	6,360,000.00	6,360,000.00	0.00	6,360,000.00
					Total		16,885,000.00			
099 - Wells Fargo	Cash	WELLS FARGO Cash	CASH2017	11/30/2023	11/30/2023	N/A	15,724,496.47	15,724,496.47	0.00	15,724,496.47
					Total		15,724,496.47			
							32,609,496.47	32,609,496.47	0.00	32,609,496.47



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
November 2023

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Matured										
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLB 0 11/22/2023	313384PP8	11/22/2023	11/22/2023	11/22/2023	7,500,000.00	7,500,000.00	-	7,500,000.00
007 - Wastewater Consolidated	Federal Agency Issues Coupon	FHLB 0 11/22/2023	313384PP8	11/22/2023	11/22/2023	11/22/2023	500,000.00	500,000.00	-	500,000.00
					Total		8,000,000.00			
001 - Water System Consolidated	US Treasuries	T-Note 0.25 11/15/2023	91282CAW1	11/15/2023	11/15/2023	11/15/2023	22,000,000.00	22,000,000.00	-	22,000,000.00
007 - Wastewater Consolidated	US Treasuries	T-Note 0.25 11/15/2023	91282CAW1	11/15/2023	11/15/2023	11/15/2023	8,000,000.00	8,000,000.00	-	8,000,000.00
					Total		30,000,000.00			
001 - Water System Consolidated	US Treasuries	T-Note 2.75 11/15/2023	912828WE6	11/15/2023	11/15/2023	11/15/2023	34,000,000.00	34,000,000.00	-	34,000,000.00
					Total		34,000,000.00			
							72,000,000.00	72,000,000.00	-	72,000,000.00



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
November 2023

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Calls										

No Transactions this Period

0.00	0.00	0.00	0.00
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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
November 2023

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Sales										

No Transactions this Period

0.00	0.00	0.00	0.00
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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
November 2023

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Withdrawals										
003 - Employees Retirement	LAIF	LAIF LGIP	LGIP1005	11/30/2023	11/30/2023	N/A	13,534,000.00	13,534,000.00	-	13,534,000.00
003 - Employees Retirement	LAIF	LAIF LGIP	LGIP1005	11/1/2023	11/1/2023	N/A	13,549,000.00	13,549,000.00	-	13,549,000.00
Total							27,083,000.00			

27,083,000.00	27,083,000.00	-	27,083,000.00
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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Interest Activity
November 2023

Portfolio	Total Interest Received	Interest Transferred to Wells Fargo*	Net Interest Activity (Reinvested)**
001 - Water System Consolidated	2,043,587.61	(1,830,000.00)	213,587.61
007 - Wastewater Consolidated	346,412.32	(295,625.00)	50,787.32
049 - Ferc Partnership	-	-	-
009 - BACWA	-	-	-
015 - DERWA	-	-	-
002 - FRWA	-	-	-
014 - IICP	-	-	-
010 - UMRWA	-	-	-
003 - Employees Retirement	-	-	-
065 - Water S2008A DSRF	-	-	-
068 - Water 2010A DSRF	-	-	-
Interest Transactions Total	2,389,999.93	(2,125,625.00)	264,374.93
099 - Wells Fargo	-	2,125,625.00	2,125,625.00
Total	2,389,999.93	-	2,389,999.93

*Coupon and other interest received; reinvestment unavailable.

**Coupon and other interest payments reinvested in specific portfolio.

Aaron Cinco
 Prepared by: Aaron Cinco, Accounting Technician
Kevin Ma
 Reviewed by: Kevin Ma, Accounting Supervisor
David Glasser
 Approved by: David Glasser, Controller

12/6/23
 Date
12/07/23
 Date
12/13/23
 Date



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Interest Activity
November 2023

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Interest Received (Transferred to Wells Fargo)										
001 - Water System Consolidated	US Treasuries	T-Note 0.25 11/15/2023	91282CAW1	11/15/2023	11/15/2023	11/15/2023	-	-	27,500.00	27,500.00
001 - Water System Consolidated	US Treasuries	T-Note 0.25 5/15/2024	91282CCC3	11/15/2023	11/15/2023	5/15/2024	-	-	131,250.00	131,250.00
001 - Water System Consolidated	US Treasuries	T-Note 0.75 11/15/2024	91282CDH1	11/15/2023	11/15/2023	11/15/2024	-	-	172,500.00	172,500.00
001 - Water System Consolidated	US Treasuries	T-Note 2.75 11/15/2023	91282WE6	11/15/2023	11/15/2023	11/15/2023	-	-	467,500.00	467,500.00
001 - Water System Consolidated	US Treasuries	T-Note 2.75 5/15/2025	91282CEQ0	11/15/2023	11/15/2023	5/15/2025	-	-	1,031,250.00	1,031,250.00
					Total				1,830,000.00	
007 - Wastewater Consolidated	US Treasuries	T-Note 0.25 11/15/2023	91282CAW1	11/15/2023	11/15/2023	11/15/2023	-	-	10,000.00	10,000.00
007 - Wastewater Consolidated	US Treasuries	T-Note 0.25 5/15/2024	91282CCC3	11/15/2023	11/15/2023	5/15/2024	-	-	21,250.00	21,250.00
007 - Wastewater Consolidated	US Treasuries	T-Note 0.75 11/15/2024	91282CDH1	11/15/2023	11/15/2023	11/15/2024	-	-	20,625.00	20,625.00
007 - Wastewater Consolidated	US Treasuries	T-Note 1.625 5/15/2026	91282R36	11/15/2023	11/15/2023	5/15/2026	-	-	40,625.00	40,625.00
007 - Wastewater Consolidated	US Treasuries	T-Note 2.25 11/15/2025	91282M56	11/15/2023	11/15/2023	11/15/2025	-	-	45,000.00	45,000.00
007 - Wastewater Consolidated	US Treasuries	T-Note 2.75 5/15/2025	91282CEQ0	11/15/2023	11/15/2023	5/15/2025	-	-	158,125.00	158,125.00
					Total				295,625.00	
							0.00	0.00	2,125,625.00	2,125,625.00



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Interest Activity
November 2023

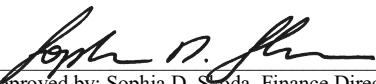
Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Interest Received (Reinvested)										
001 - Water System Consolidated	Local Government Investment Pool	CAMP LGIP	CAMP6035	11/30/2023	11/30/2023	N/A	-	-	144,314.79	144,314.79
001 - Water System Consolidated	Money Market Mutual Funds	Federated MM	GOFXX	11/1/2023	11/1/2023	N/A	-	-	22,942.74	22,942.74
001 - Water System Consolidated	Money Market Mutual Funds	Morgan Stanley I	MVRXX	11/1/2023	11/1/2023	N/A	-	-	23,489.39	23,489.39
001 - Water System Consolidated	Money Market Mutual Funds	State Street MM	GVMXX	11/1/2023	11/1/2023	N/A	-	-	22,840.69	22,840.69
Total										213,587.61
007 - Wastewater Consolidated	Local Government Investment Pool	CAMP LGIP	CAMP6035	11/30/2023	11/30/2023	N/A	-	-	36,070.75	36,070.75
007 - Wastewater Consolidated	Money Market Mutual Funds	Federated MM	GOFXX	11/1/2023	11/1/2023	N/A	-	-	4,817.72	4,817.72
007 - Wastewater Consolidated	Money Market Mutual Funds	Morgan Stanley I	MVRXX	11/1/2023	11/1/2023	N/A	-	-	4,956.68	4,956.68
007 - Wastewater Consolidated	Money Market Mutual Funds	State Street MM	GVMXX	11/1/2023	11/1/2023	N/A	-	-	4,942.17	4,942.17
Total										50,787.32
							0.00	0.00	264,374.93	264,374.93

**Monthly Investment Transactions Report
December 2023**

This report is presented to the Board pursuant to Government Code Section 53607 and in accordance with the District's Investment Policy 4.07.

The attached report details transactions in the District's portfolio as follows:

- **Monthly Investment Transactions Summary** **Page 1**
- **Monthly Investment Activity** **Page 2**
 - Buys **Page 3**
 - Deposits **Page 4**
 - Matured **Page 5**
 - Calls **Page 6**
 - Sales **Page 7**
 - Withdrawals **Page 8**
- **Monthly Interest Activity** **Page 9**
 - Interest Received (Transferred to Wells Fargo) **Page 10**
 - Interest Received (Reinvested) **Page 11**


Approved by: Sophia D. Skoda, Finance Director

1/10/2024
Date

SDS:KM:ac



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Transactions Summary
December 2023

Portfolio	Beginning Balance*	Monthly Net Transaction Activity	Monthly Interest Activity	Ending Balance
001 - Water System Consolidated	360,566,166.27	8,000,000.00	216,545.52	368,782,711.79
007 - Wastewater Consolidated	74,284,776.36	2,000,000.00	51,593.18	76,336,369.54
049 - Ferc Partnership	2,069,476.95	-	-	2,069,476.95
009 - BACWA	2,341,201.61	-	-	2,341,201.61
015 - DERWA	1,034,740.88	-	-	1,034,740.88
002 - FRWA	1,034,740.88	-	-	1,034,740.88
014 - IICP	155,728.95	-	-	155,728.95
010 - UMRWA	66,223.45	-	-	66,223.45
003 - Employees Retirement	5,211,597.88	(3,158,000.00)	-	2,053,597.88
099 - Wells Fargo**	44,770,899.65	(16,292,039.30)	31,200.00	28,510,060.35
Total	491,535,552.88	(9,450,039.30)	299,338.70	482,384,852.28

* Portfolio balance presented at face value.

**Wells Fargo's month-end available balance per bank statement. Gross amount; not allocated by fund and not included in balances above.

A portion of the balance in Wells Fargo is swept to a money market fund to increase investment earnings.

Aaron Cinco
 Prepared by: Aaron Cinco, Accounting Technician

Kevin Ma
 Reviewed by: Kevin Ma, Accounting Supervisor

David Glasser
 Approved by: David Glasser, Controller

1/8/24
 Date

1/8/24
 Date


1/9/24
 Date



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
December 2023

Portfolio	Buys	Deposits	Matured	Calls	Sales	Withdrawals	Non-Investment Transactions*	Net Transaction Activity
001 - Water System Consolidated	24,000,000.00	-	(16,000,000.00)	-	-	-	-	8,000,000.00
007 - Wastewater Consolidated	6,000,000.00	-	(4,000,000.00)	-	-	-	-	2,000,000.00
049 - Ferc Partnership	-	-	-	-	-	-	-	-
009 - BACWA	-	-	-	-	-	-	-	-
015 - DERWA	-	-	-	-	-	-	-	-
002 - FRWA	-	-	-	-	-	-	-	-
014 - IICP	-	-	-	-	-	-	-	-
010 - UMRWA	-	-	-	-	-	-	-	-
003 - Employees Retirement	-	10,489,000.00	-	-	-	(13,647,000.00)	-	(3,158,000.00)
065 - Water S2008A DSRF	-	-	-	-	-	-	-	-
068 - Water 2010A DSRF	-	-	-	-	-	-	-	-
Investment Activity Total	30,000,000.00	10,489,000.00	(20,000,000.00)	-	-	(13,647,000.00)	-	6,842,000.00
099 - Wells Fargo	(30,000,000.00)	(10,489,000.00)	20,000,000.00	-	-	13,647,000.00	(9,450,039.30)	(16,292,039.30)
Total	-	-	-	-	-	-	(9,450,039.30)	(9,450,039.30)

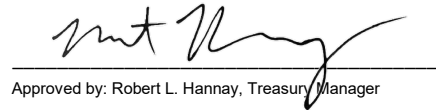
*Non-investment transactions are net receipts and expenditures in Wells Fargo resulting from activities other than investment and interest transactions detailed in this report.



Reviewed by: Steven Goodman-Leibof, Principal Mgmt Analyst

1/9/2024

Date



Approved by: Robert L. Hannay, Treasurer/Manager

1/9/2024

Date



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
December 2023

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Buys										
001 - Water System Consolidated	US Treasuries	T-Note 3.625 5/15/2026	91282CHB0	12/14/2023	12/15/2023	5/15/2026	24,000,000.00	23,694,960.00	71,703.30	23,766,663.30
007 - Wastewater Consolidated	US Treasuries	T-Note 3.625 5/15/2026	91282CHB0	12/14/2023	12/15/2023	5/15/2026	6,000,000.00	5,923,740.00	17,925.82	5,941,665.82
Total							30,000,000.00			

30,000,000.00	29,618,700.00	89,629.12	29,708,329.12
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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
December 2023

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Deposits										
003 - Employees Retirement	LAIF	LAIF LGIP	LGIP1005	12/8/2023	12/8/2023	N/A	5,269,000.00	5,269,000.00	0.00	5,269,000.00
003 - Employees Retirement	LAIF	LAIF LGIP	LGIP1005	12/22/2023	12/22/2023	N/A	5,220,000.00	5,220,000.00	0.00	5,220,000.00
Total							10,489,000.00			

10,489,000.00	10,489,000.00	0.00	10,489,000.00
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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
December 2023

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Matured										
001 - Water System Consolidated	US Treasuries	T-Bill 0 12/28/2023	912796ZN2	12/28/2023	12/28/2023	12/28/2023	16,000,000.00	16,000,000.00	-	16,000,000.00
007 - Wastewater Consolidated	US Treasuries	T-Bill 0 12/28/2023	912796ZN2	12/28/2023	12/28/2023	12/28/2023	4,000,000.00	4,000,000.00	-	4,000,000.00
Total							20,000,000.00			

20,000,000.00	20,000,000.00	-	20,000,000.00
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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
December 2023

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Calls										

No Transactions this Period

0.00	0.00	0.00	0.00
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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
December 2023

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Sales										

No Transactions this Period

0.00	0.00	0.00	0.00
------	------	------	------



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
December 2023

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Withdrawals										
003 - Employees Retirement	LAIF	LAIF LGIP	LGIP1005	12/29/2023	12/29/2023	N/A	13,647,000.00	13,647,000.00	-	13,647,000.00
Total							13,647,000.00			

13,647,000.00	13,647,000.00	-	13,647,000.00
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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Interest Activity
December 2023

Portfolio	Total Interest Received	Interest Transferred to Wells Fargo*	Net Interest Activity (Reinvested)**
001 - Water System Consolidated	247,745.52	(31,200.00)	216,545.52
007 - Wastewater Consolidated	51,593.18	-	51,593.18
049 - Ferc Partnership	-	-	-
009 - BACWA	-	-	-
015 - DERWA	-	-	-
002 - FRWA	-	-	-
014 - IICP	-	-	-
010 - UMRWA	-	-	-
003 - Employees Retirement	-	-	-
065 - Water S2008A DSRF	-	-	-
068 - Water 2010A DSRF	-	-	-
Interest Transactions Total	299,338.70	(31,200.00)	268,138.70
099 - Wells Fargo	-	31,200.00	31,200.00
Total	299,338.70	-	299,338.70

*Coupon and other interest received; reinvestment unavailable.

**Coupon and other interest payments reinvested in specific portfolio.

Aaron Cinco
 Prepared by: Aaron Cinco, Accounting Technician
Kevin Ma
 Reviewed by: Kevin Ma, Accounting Supervisor
David Glasser
 Approved by: David Glasser, Controller

1/8/24
 Date
1/8/24
 Date
1/9/24
 Date



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Interest Activity
December 2023

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Interest Received (Transferred to Wells Fargo)										
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLB 1.04 6/14/2024-22	3130APYA7	12/14/2023	12/14/2023	6/14/2024	-	-	31,200.00	31,200.00
					Total				31,200.00	

CUSIP 91282CEX5 Interest payment of \$300,000 with Settlement Date of 12/31/23 transferred to WFB 1/2/24.

0.00	0.00	31,200.00	31,200.00
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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Interest Activity
December 2023


Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Interest Received (Reinvested)										
001 - Water System Consolidated	Local Government Investment Pool	CAMP LGIP	CAMP6035	12/29/2023	12/29/2023	N/A	-	-	149,046.55	149,046.55
001 - Water System Consolidated	Money Market Mutual Funds	Federated MM	GOFXX	12/1/2023	12/1/2023	N/A	-	-	22,381.92	22,381.92
001 - Water System Consolidated	Money Market Mutual Funds	Morgan Stanley I	MVRXX	12/1/2023	12/1/2023	N/A	-	-	22,850.37	22,850.37
001 - Water System Consolidated	Money Market Mutual Funds	State Street MM	GVMXX	12/1/2023	12/1/2023	N/A	-	-	22,266.68	22,266.68
Total										216,545.52
007 - Wastewater Consolidated	Local Government Investment Pool	CAMP LGIP	CAMP6035	12/29/2023	12/29/2023	N/A	-	-	37,253.43	37,253.43
007 - Wastewater Consolidated	Money Market Mutual Funds	Federated MM	GOFXX	12/1/2023	12/1/2023	N/A	-	-	4,699.95	4,699.95
007 - Wastewater Consolidated	Money Market Mutual Funds	Morgan Stanley I	MVRXX	12/1/2023	12/1/2023	N/A	-	-	4,821.84	4,821.84
007 - Wastewater Consolidated	Money Market Mutual Funds	State Street MM	GVMXX	12/1/2023	12/1/2023	N/A	-	-	4,817.96	4,817.96
Total										51,593.18


0.00	0.00	268,138.70	268,138.70
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EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 18, 2024

MEMO TO: Board of Directors

THROUGH: Clifford C. Chan, General Manager 

FROM: Sophia D. Skoda, Director of Finance 

SUBJECT: Quarterly Payroll, Disbursement and Real Estate Summary Reports for the Water and Wastewater Systems for Quarter Ended December 31, 2023

SUMMARY

File the December 31, 2023, quarterly payroll, disbursement, and real estate reports for the Water and Wastewater Systems with the Board. This report will be presented at the January 23, 2024 Finance/Administration Committee meeting.

DISCUSSION

As directed by Board Resolution Nos. 32834-94 and 32837-94, attached is a record of the payment of demands and real estate transactions. The transactions for the property in the report were executed at fair market price.

CCC:SDS:lc

Attachments: 1. Second Fiscal Quarterly Payroll and Disbursement Summary Report
2. Real Estate Services Quarterly Report

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**EAST BAY MUNICIPAL UTILITY DISTRICT
SECOND FISCAL QUARTERLY PAYROLL AND DISBURSEMENT SUMMARY REPORT**

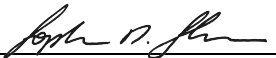
**PAYROLL SUMMARY
(RESOLUTION NO. 32834-94)**

	<u>October 2023</u>		<u>November 2023</u>		<u>December 2023</u>		<u>QUARTERLY TOTALS</u>	
<i>District Payments</i>	WSG	WWG	WSG	WWG	WSG	WWG	WSG	WWG
Gross Pay	\$ 18,754,688	\$ 3,136,521	\$ 18,691,639	\$ 3,161,329	\$ 18,583,993	\$ 3,201,941	\$ 56,030,320	\$ 9,499,791
Retiremen	\$ 7,522,114	\$ 1,274,173	\$ 7,549,224	\$ 1,267,500	\$ 7,566,907	\$ 1,280,514	\$ 22,638,245	\$ 3,822,187
FICA	\$ 1,271,249	\$ 208,668	\$ 1,189,248	\$ 196,440	\$ 1,058,818	\$ 173,304	\$ 3,519,315	\$ 578,412
Kaiser	\$ 2,128,036	\$ 353,401	\$ 2,152,940	\$ 352,640	\$ 2,152,940	\$ 352,640	\$ 6,433,916	\$ 1,058,681
Sutter Hea	\$ 100,920	\$ 20,269	\$ 101,316	\$ 19,732	\$ 101,316	\$ 19,732	\$ 303,552	\$ 59,733
Blue Cros	\$ 338,722	\$ 34,996	\$ (31,696)	\$ (3,406)	\$ (32,045)	\$ (3,537)	\$ 274,981	\$ 28,053
VSP	\$ 30,200	\$ 4,900	\$ 30,504	\$ 4,882	\$ 30,504	\$ 4,882	\$ 91,208	\$ 14,664
Delta Den	\$ 208,684	\$ 23,064	\$ 210,508	\$ 32,565	\$ 210,508	\$ 32,565	\$ 629,700	\$ 88,194
Life Insur:	\$ 185,809	\$ 30,099	\$ (109,292)	\$ (16,368)	\$ (109,205)	\$ (16,641)	\$ (32,688)	\$ (2,910)
Long Tern	\$ 98,647	\$ 16,893	\$ -	\$ -	\$ -	\$ -	\$ 98,647	\$ 16,893
Unemploy	\$ -	\$ -	\$ 35,913	\$ 5,464	\$ 35,913	\$ 5,464	\$ 71,826	\$ 10,928
TOTAL	\$ 30,639,069	\$ 5,102,984	\$ 29,820,304	\$ 5,020,778	\$ 29,599,649	\$ 5,050,864	\$ 90,059,022	\$ 15,174,626

**DISBURSEMENT SUMMARY
(RESOLUTION NO. 32837-94)**

	<u>October 2023</u>		<u>November 2023</u>		<u>December 2023</u>		<u>QUARTERLY TOTALS</u>	
Voucher Payments	\$ 38,961,594	\$ 7,149,565	\$ 44,135,179	\$ 8,637,697	\$ 44,937,633	\$ 7,784,811	\$ 128,034,406	\$ 23,572,073
Electronic payments	\$ 24,114	\$ 258	\$ 531,841	\$ -	\$ 531,841	\$ -	\$ 1,087,796	\$ 258
Pcard payments	\$ 1,125,375	\$ -	\$ 1,250,318	\$ -	\$ 1,250,318	\$ -	\$ 3,626,011	\$ -
TOTAL	\$ 40,111,083	\$ 7,149,823	\$ 45,917,338	\$ 8,637,697	\$ 46,719,792	\$ 7,784,811	\$ 132,748,213	\$ 23,572,331

NOTE:

By: 
Sophia D. Skoda, Director of Finance

1/12/2024
Date

By: 
David Glasser, Controller

1/12/24
Date

REAL ESTATE SERVICES QUARTERLY REPORT
October - December 2023


PROPERTY PURCHASES

OWNER	LOCATION	SIZE	TYPE	PROJECT/PURPOSE	AMOUNT PAID	DATE
-	-	-	-	-	-	-

PROPERTY DISPOSITIONS

APPLICANT	LOCATION	SIZE	TYPE	PURPOSE	AMOUNT RECEIVED	DATE
Cirque Entertainment	Oakport Property	4 acres	Lease	Carnival	\$12,084.00	10/3/23-10/10/23

Approved by:


[Matt Elawady \(Jan 9, 2024 14:23 PST\)](#)

Matt Elawady, Manager of Real Estate Services

Jan 9, 2024

Date

Cc: Andrew Lee
Kevin Ma

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 18, 2024

MEMO TO: Board of Directors

THROUGH: Clifford C. Chan, General Manager *CCC*

FROM: Sophia D. Skoda, Director of Finance *SDS*

SUBJECT: Quarterly Investment Report – December 31, 2023

SUMMARY

In accordance with Section 53646 of the California Government Code, the Treasurer of the District submits to the General Manager, the Internal Auditor, and the Board of Directors the attached December 31, 2023 quarterly investment report. This report will be presented at the January 23, 2024 Finance/Administration Committee meeting.

DISCUSSION

The investments held by the District as of December 31, 2023 are shown in Attachment A and totaled \$482.4 million. The portfolio is in compliance with the Board's adopted policy regarding District investments and as of December 31, 2023, had an average yield to maturity of 3.87 percent. Investments also reflect the working capital of the District's associated Joint Powers Authorities and the East Bay Municipal Utility District Employees' Retirement System.

Attachment B shows the composition and credit allocation of the District's investment portfolio. It also shows a comparison of the yield of the District's portfolio against the yield on the 90-day Treasury Bill and the Federal Funds Rate. On December 31, 2023, the Federal Funds Rate was 5.50 percent (upper bound) and the yield on the 90-day Treasury Bill was 5.20 percent. Forecasts of the projected cash balances of the Water and Wastewater Systems' General Funds for the six months through June 2024 are also included. In compliance with Section 53646(b)3 of the California Government Code, this report indicates the District will meet expenditure requirements for the next six months from a combination of maturing investments and revenues from budgeted operations.

CCC:SDS:rlh

Attachment: Quarterly Investment Report

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EAST BAY MUNICIPAL UTILITY DISTRICT
Portfolio Management
Portfolio Summary
December 31, 2023

ATTACHMENT A

Description	Face Amount Shares	Market Value	Book Value	% of Portfolio	YTM @ Cost	Days To Maturity
US Treasuries	359,000,000	351,142,085	354,331,314	74.02	3.47	333
Local Government Investment Pool	39,694,267	39,694,267	39,694,267	8.37	5.55	1
LAIF	30,227,534	30,227,534	30,227,534	6.37	3.96	1
Cash	28,510,060	28,510,060	28,510,060	6.01	5.23	1
Money Market Mutual Funds	18,952,991	18,952,991	18,952,991	4.00	5.28	1
Federal Agency Issues Coupon	6,000,000	5,885,340	5,904,829	1.24	4.69	166
Total / Average	482,384,852	474,412,277	477,620,995	100.00	3.87	249


Sophia D. Skoda
Director of Finance

1/10/2024
Date

*LAIF includes Retirement funds of \$2,053,597.88

**A portion of the balance in Wells Fargo is swept to a money market fund to increase investment earnings



EAST BAY MUNICIPAL UTILITY DISTRICT
Portfolio Management
Non-Cash Portfolio Holdings by Fund
December 31, 2023

ATTACHMENT A

Water:

Description	Face Amount Shares	Market Value	Book Value
US Treasuries	298,000,000	291,619,500	294,243,419
Local Government Investment Pool	31,756,813	31,756,813	31,756,813
LAIF	17,393,700	17,393,700	17,393,700
Money Market Mutual Funds	15,632,198	15,632,198	15,632,198
Federal Agency Issues Coupon	6,000,000	5,885,340	5,904,829
Total/Average	368,782,712	362,287,552	364,930,959

Wastewater:

Description	Face Amount Shares	Market Value	Book Value
US Treasuries	61,000,000	59,522,585	60,087,895
Local Government Investment Pool	7,937,454	7,937,454	7,937,454
LAIF	4,078,123	4,078,123	4,078,123
Money Market Mutual Funds	3,320,793	3,320,793	3,320,793
Total/Average	76,336,370	74,858,955	75,424,265



EAST BAY MUNICIPAL UTILITY DISTRICT
Portfolio Management
Non-Cash Portfolio Holdings by Fund
December 31, 2023

ATTACHMENT A

JPA:

BACWA	Face Amount Shares	Market Value	Book Value
LAIF Local Government Investment Pool	2,341,202	2,341,202	2,341,202
Total/Average	2,341,202	2,341,202	2,341,202

DERWA

LAIF Local Government Investment Pool	1,034,741	1,034,741	1,034,741
Total/Average	1,034,741	1,034,741	1,034,741

FRWA

LAIF Local Government Investment Pool	1,034,741	1,034,741	1,034,741
Total/Average	1,034,741	1,034,741	1,034,741

IICP

LAIF Local Government Investment Pool	155,729	155,729	155,729
Total/Average	155,729	155,729	155,729

UMRWA

LAIF Local Government Investment Pool	66,223	66,223	66,223
Total/Average	66,223	66,223	66,223



EAST BAY MUNICIPAL UTILITY DISTRICT
Portfolio Management
Non-Cash Portfolio Holdings by Fund
December 31, 2023

ATTACHMENT A

Other:

Employee Retirement System	Face Amount Shares	Market Value	Book Value
LAIF Local Government Investment Pool	2,053,598	2,053,598	2,053,598
Total/Average	2,053,598	2,053,598	2,053,598

FERC

LAIF Local Government Investment Pool	2,069,477	2,069,477	2,069,477
Total/Average	2,069,477	2,069,477	2,069,477



EAST BAY MUNICIPAL UTILITY DISTRICT
Portfolio Management
Portfolio Details by Fund - Investments
December 31, 2023

Description	CUSIP	Settlement Date	Face Amount Shares	Market Value	Book Value	Cost Value	Moody's	S&P	YTM @ Cost	Days To Maturity
Water:										
US Treasuries										
T-Note 0.25 5/15/2024	91282CCC3	5/9/2022	89,000,000	87,400,670	88,217,967	84,762,070	Aaa	AA+	2.69	136
T-Note 2.75 5/15/2025	91282CEQ0	6/22/2022	72,500,000	70,783,925	71,924,683	71,285,059	Aaa	AA+	3.36	501
T-Note 0.75 11/15/2024	91282CDH1	6/22/2022	30,000,000	28,951,200	29,363,740	28,256,250	Aaa	AA+	3.29	320
T-Note 3.625 5/15/2026	91282CHB0	12/15/2023	24,000,000	23,721,600	23,700,494	23,694,960	None	None	4.18	866
T-Note 0.25 3/15/2024	91282CBR1	3/23/2023	16,000,000	15,840,640	15,861,972	15,341,148	Aaa	AA+	4.60	75
T-Note 0.25 5/15/2024	91282CCC3	1/19/2022	16,000,000	15,712,480	15,947,414	15,672,500	Aaa	AA+	1.15	136
T-Note 0.375 9/15/2024	91282CCX7	10/2/2023	16,000,000	15,495,040	15,445,265	15,252,500	Aaa	AA+	5.47	259
T-Note 3 6/30/2024	91282CEX5	7/13/2023	16,000,000	15,832,480	15,822,125	15,655,000	Aaa	AA+	5.32	182
T-Note 0.75 11/15/2024	91282CDH1	1/9/2023	14,000,000	13,510,560	13,583,210	13,119,531	Aaa	AA+	4.33	320
T-Note 2.75 5/15/2025	91282CEQ0	2/21/2023	2,500,000	2,440,825	2,442,900	2,407,227	Aaa	AA+	4.52	501
T-Note 0.75 11/15/2024	91282CDH1	2/21/2023	2,000,000	1,930,080	1,933,649	1,868,750	Aaa	AA+	4.75	320
Subtotal/Average			298,000,000	291,619,500	294,243,419	287,314,995				
CAMP CA Asset Mgmt Program										
CAMP LGIP	CAMP6035	5/9/2014	31,756,813	31,756,813	31,756,813	31,756,813	NR	AAA	5.55	1
Subtotal/Average			31,756,813	31,756,813	31,756,813	31,756,813				
LAIF Local Government Investment Pool										
LAIF LGIP	LGIP1001	6/30/2011	17,393,700	17,393,700	17,393,700	17,393,700	NR	NR	3.96	1
Subtotal/Average			17,393,700	17,393,700	17,393,700	17,393,700				
Money Market Mutual Funds										
Morgan Stanley MM	MVRXX	12/17/2021	5,316,674	5,316,674	5,316,674	5,316,674	Aaa	AAA	5.27	1
Federated MM	GOFXX	12/16/2021	5,190,064	5,190,064	5,190,064	5,190,064	Aaa	AAA	5.27	1
State Street MM	GVMXX	10/20/2022	5,125,461	5,125,461	5,125,461	5,125,461	Aaa	AAA	5.30	1
Subtotal/Average			15,632,198	15,632,198	15,632,198	15,632,198				
Federal Agency Issues Coupon										
FHLB 1.04 6/14/2024-22	3130APYA7	1/9/2023	6,000,000	5,885,340	5,904,829	5,700,726	Aaa	AA+	4.69	166
Subtotal/Average			6,000,000	5,885,340	5,904,829	5,700,726				
Total/Average			368,782,712	362,287,552	364,930,959	357,798,433				



EAST BAY MUNICIPAL UTILITY DISTRICT
Portfolio Management
Portfolio Details by Fund - Investments
December 31, 2023

Description	CUSIP	Settlement Date	Face Amount Shares	Market Value	Book Value	Cost Value	Moody's	S&P	YTM @ Cost	Days To Maturity
Wastewater:										
US Treasuries										
T-Note 0.25 5/15/2024	91282CCC3	5/9/2022	13,000,000	12,766,390	12,885,770	12,380,977	Aaa	AA+	2.69	136
T-Note 2.75 5/15/2025	91282CEQ0	6/22/2022	9,500,000	9,275,135	9,424,614	9,340,801	Aaa	AA+	3.36	501
T-Note 3.625 5/15/2026	91282CHB0	12/15/2023	6,000,000	5,930,400	5,925,123	5,923,740	None	None	4.18	866
T-Note 1.625 5/15/2026	912828R36	6/30/2022	5,000,000	4,717,600	4,828,349	4,719,531	Aaa	AA+	3.18	866
T-Note 0.25 3/15/2024	91282CBR1	3/23/2023	4,000,000	3,960,160	3,965,493	3,835,287	Aaa	AA+	4.60	75
T-Note 0.25 5/15/2024	91282CCC3	1/19/2022	4,000,000	3,928,120	3,986,854	3,918,125	Aaa	AA+	1.15	136
T-Note 0.375 9/15/2024	91282CCX7	10/2/2023	4,000,000	3,873,760	3,861,316	3,813,125	Aaa	AA+	5.47	259
T-Note 0.75 11/15/2024	91282CDH1	6/22/2022	4,000,000	3,860,160	3,915,165	3,767,500	Aaa	AA+	3.29	320
T-Note 2.25 11/15/2025	912828M56	6/30/2022	4,000,000	3,852,520	3,935,122	3,883,125	Aaa	AA+	3.17	685
T-Note 3 6/30/2024	91282CEX5	7/13/2023	4,000,000	3,958,120	3,955,531	3,913,750	Aaa	AA+	5.32	182
T-Note 2.75 5/15/2025	91282CEQ0	2/21/2023	2,000,000	1,952,660	1,954,320	1,925,781	Aaa	AA+	4.52	501
T-Note 0.75 11/15/2024	91282CDH1	2/21/2023	1,500,000	1,447,560	1,450,237	1,401,563	Aaa	AA+	4.75	320
Subtotal/Average			61,000,000	59,522,585	60,087,895	58,823,304				
CAMP CA Asset Mgmt Program										
CAMP LGIP	CAMP6035	8/19/2016	7,937,454	7,937,454	7,937,454	7,937,454	NR	AAA	5.55	1
Subtotal/Average			7,937,454	7,937,454	7,937,454	7,937,454				
LAIF Local Government Investment Pool										
LAIF LGIP	LGIP1001	6/30/2011	4,078,123	4,078,123	4,078,123	4,078,123	NR	NR	3.96	1
Subtotal/Average			4,078,123	4,078,123	4,078,123	4,078,123				
Money Market Mutual Funds										
Morgan Stanley MM	MVRXX	12/17/2021	1,121,914	1,121,914	1,121,914	1,121,914	Aaa	AAA	5.27	1
State Street MM	GVMXX	10/20/2022	1,109,025	1,109,025	1,109,025	1,109,025	Aaa	AAA	5.30	1
Federated MM	GOFXX	12/16/2021	1,089,854	1,089,854	1,089,854	1,089,854	Aaa	AAA	5.27	1
Subtotal/Average			3,320,793	3,320,793	3,320,793	3,320,793				
Total/Average			76,336,370	74,858,955	75,424,265	74,159,674				



EAST BAY MUNICIPAL UTILITY DISTRICT
Portfolio Management
Portfolio Details by Fund - Investments
December 31, 2023

Description	CUSIP	Settlement Date	Face Amount Shares	Market Value	Book Value	Cost Value	Moody's	S&P	YTM @ Cost	Days To Maturity
JPA:										
BACWA										
LAIF LGIP	LGIP1001	6/30/2011	2,341,202	2,341,202	2,341,202	2,341,202	NR	NR	3.96	1
Subtotal/Average			2,341,202	2,341,202	2,341,202	2,341,202				
DERWA										
LAIF LGIP	LGIP1001	2/1/2017	1,034,741	1,034,741	1,034,741	1,034,741	NR	NR	3.96	1
Subtotal/Average			1,034,741	1,034,741	1,034,741	1,034,741				
FRWA										
LAIF LGIP	LGIP1001	6/30/2011	1,034,741	1,034,741	1,034,741	1,034,741	NR	NR	3.96	1
Subtotal/Average			1,034,741	1,034,741	1,034,741	1,034,741				
IICP										
LAIF LGIP	LGIP1001	6/30/2011	155,729	155,729	155,729	155,729	NR	NR	3.96	1
Subtotal/Average			155,729	155,729	155,729	155,729				
UMRWA										
LAIF LGIP	LGIP1001	6/30/2011	66,223	66,223	66,223	66,223	NR	NR	3.96	1
Subtotal/Average			66,223	66,223	66,223	66,223				



EAST BAY MUNICIPAL UTILITY DISTRICT
Portfolio Management
Portfolio Details by Fund - Investments
December 31, 2023

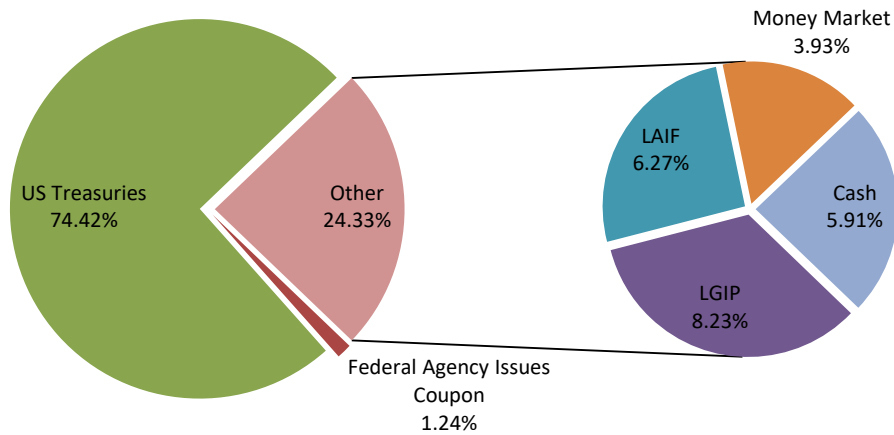
Description	CUSIP	Settlement Date	Face Amount Shares	Market Value	Book Value	Cost Value	Moody's	S&P	YTM @ Cost	Days To Maturity
Other:										
Employee Retirement System										
LAIF LGIP	LGIP1005	6/30/2011	2,053,598	2,053,598	2,053,598	2,053,598	NR	NR	3.96	1
Subtotal/Average			2,053,598	2,053,598	2,053,598	2,053,598				
FERC										
LAIF LGIP	LGIP1001	6/30/2011	2,069,477	2,069,477	2,069,477	2,069,477	NR	NR	3.96	1
Subtotal/Average			2,069,477	2,069,477	2,069,477	2,069,477				
Cash										
WELLS FARGO Cash	CASH2017	4/1/2017	28,510,060	28,510,060	28,510,060	28,510,060	NR	NR	5.23	1
Subtotal/Average			28,510,060	28,510,060	28,510,060	28,510,060				



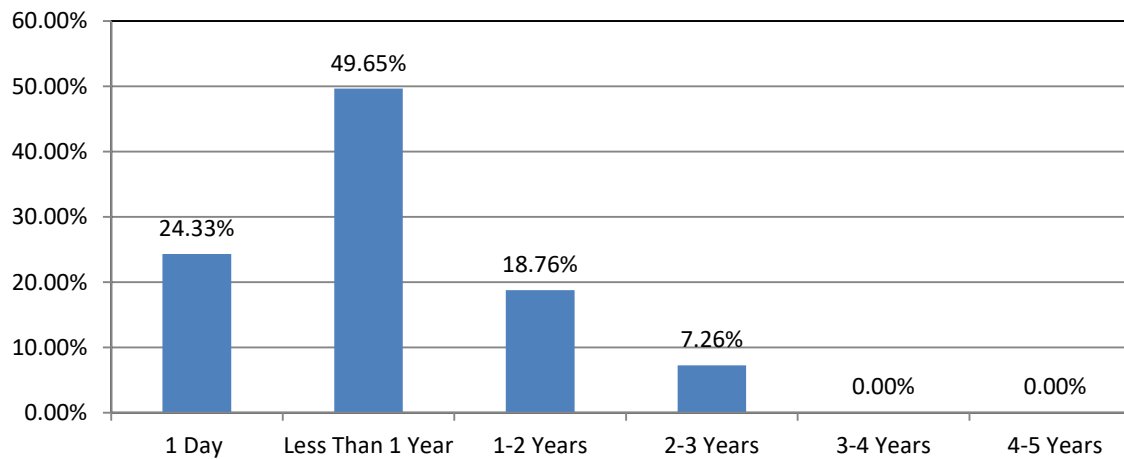
EAST BAY MUNICIPAL UTILITY DISTRICT
Investment Portfolio
Yield and Composition - by Asset Class
December 31, 2023

ATTACHMENT B-1

Portfolio Holding Distribution by Asset Class



Portfolio Holdings Distribution by Maturity Range



Ratings & Amounts

U.S. Treasuries

T-Bills	AA+	-
T-Notes	AA+	359,000,000

Agency Bonds

FAMC	AA+	-
FFCB	AA+	-
FHLB	AA+	6,000,000
FHLMC	AA+	-
FNMA	AA+	-

Municipal Bonds

Municipal	AAA category	-
Municipal	AA category	-

Corporate Bonds

Corporate	AAA category	-
Corporate	AA+ category	-
Corporate	AA- category	-

Overnight Liquidity

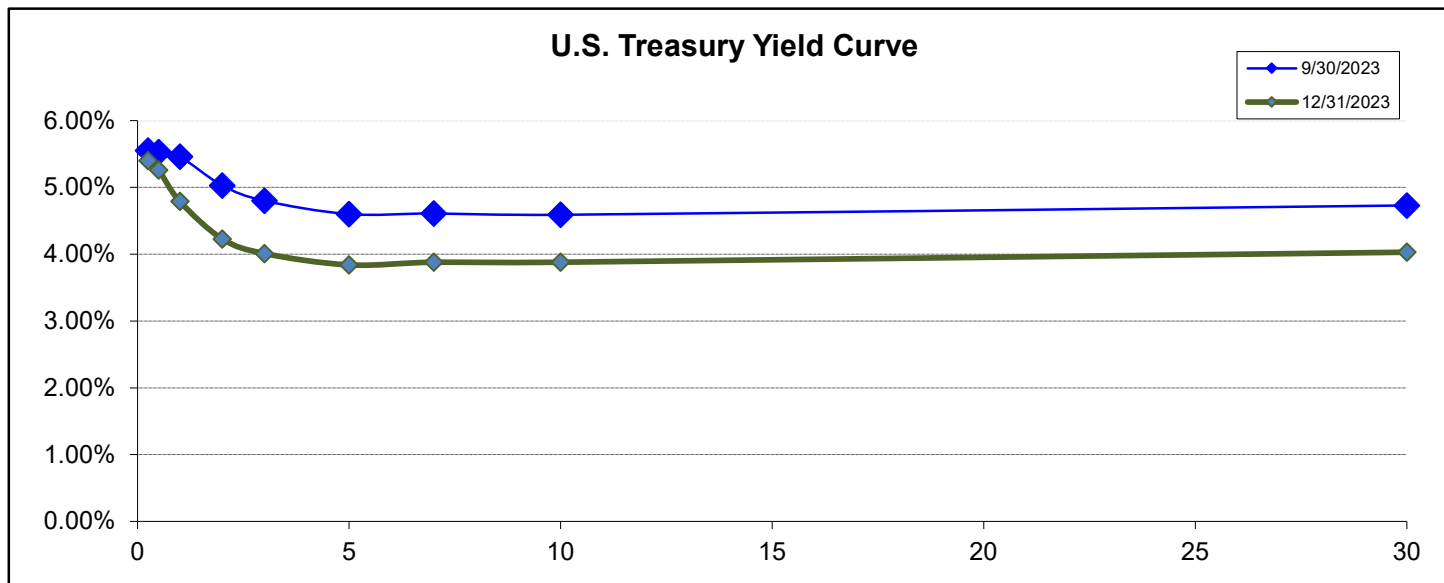
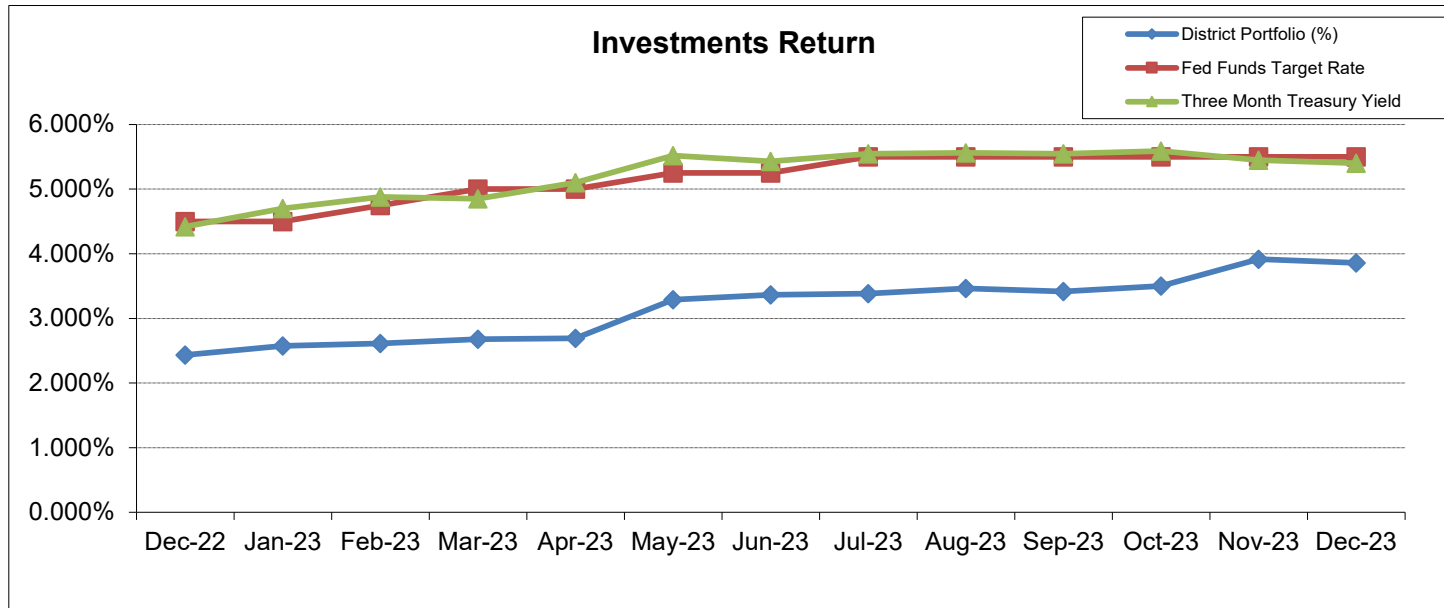
LGIP	AAAmf	39,694,267
MMF	AAAmf	18,952,991
LAIF	N/A	30,227,534
Cash	N/A	28,510,060

\$ 482,384,852



EAST BAY MUNICIPAL UTILITY DISTRICT
Investment Portfolio
Yield and Composition of Investment Portfolio
December 31, 2023

ATTACHMENT B-2





EAST BAY MUNICIPAL UTILITY DISTRICT
Investment Portfolio
Yield and Composition of Investment Portfolio
December 31, 2023

ATTACHMENT B-3

Projected Cash Flow (in \$Millions)

Water System

Month End	Matured Investments	Projected		Cash & Investments	Matured Reinvested
		Receipts	Disbursements		
Dec-23				378.9	
Jan-24	0.0	56.1	79.7	355.3	0.0
Feb-24	0.0	53.4	79.7	329.0	0.0
Mar-24	16.0	327.9	80.9	576.0	16.0
Apr-24	0.0	55.8	79.7	552.1	0.0
May-24	105.0	58.1	219.5	390.7	105.0
Jun-24	22.0	88.4	80.3	398.8	22.0

Wastewater System

Month End	Matured Investments	Projected		Cash & Investments	Matured Reinvested
		Receipts	Disbursements		
Dec-23				86.7	
Jan-24	0.0	10.5	15.9	81.3	0.0
Feb-24	0.0	10.5	15.9	75.9	0.0
Mar-24	4.0	35.5	15.9	95.5	4.0
Apr-24	0.0	10.5	15.9	90.1	0.0
May-24	17.0	10.5	37.4	63.2	17.0
Jun-24	4.0	30.9	15.9	78.2	4.0

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EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 18, 2024

MEMO TO: Board of Directors

THROUGH: Clifford C. Chan, General Manager *CCC*

FROM: Sophia D. Skoda, Director of Finance *SDS*

SUBJECT: EBMUD Series 2024A and 2024B Water System Revenue Bonds

SUMMARY

The proposed Water System Revenue Bonds, Series 2024A (the “2024A Bonds”) are being issued to provide funding for the District’s Capital Improvement Program. The District is planning to issue these bonds as “Green Bonds” based on the Guidance for Issuing Green Bonds, approved by Board Motion No. 063-22 on March 22, 2022. The proposed Water System Revenue Refunding Bonds, Series 2024B (the “2024B Bonds”) (together with the 2024A Bonds, the “2024 Bonds”) are being issued to refund all or a portion of the District’s outstanding Series 2014A, 2014B and 2014C Bonds (together the “2014 Bonds”). Bond proceeds will also be used to pay the costs of issuance of the 2024 Bonds. Together, the total amount of bonds issued under series 2024A and 2024B is expected not to exceed \$525 million in total with \$275 million representing funds for new capital. This item will be presented at the January 23, 2024 Finance/Administration Committee meeting.

DISCUSSION

The 2024A Bonds are proposed to provide approximately \$275 million in funding for the District’s Water System Capital Improvement Program. The 2024A Bonds are consistent with the financing plan in the District’s Biennial Budget for Fiscal Years 2024 and 2025. The 2024B Bonds are proposed to refund all or a portion of the District’s outstanding 2014 Bonds. The 2014 Bonds have a final maturity of June 1, 2044 and \$213.32 million in principal outstanding is callable on or after June 1, 2024 and may be refunded. The District will only refund bonds if net present value savings is at least 3 percent of the refunded par. Based on current market conditions, the full amount of the callable 2014 Bonds meets that savings threshold. The projected savings for the refunding equals 17.3 percent of the refunded par assuming market conditions as of January 3, 2024.

In connection with the issuance of the 2024 Bonds, it is also being proposed that the Bond Indenture under which the District’s Water System Revenue Bonds are issued be amended and restated as described below.

The bond resolution authorizes the issuance of the 2024 Bonds in one or more series or subseries (and with such further or other series designation as applicable) in an aggregate principal amount not to exceed \$525 million. It approves the Preliminary Official Statement and Official Statement that will be used to market the 2024 Bonds to investors. The resolution further authorizes other documents supporting the bond issuance, including Supplemental Indentures, a Bond Purchase Contract, an Escrow Agreement, and a Continuing Disclosure Agreement, and authorizes their execution. It also delegates authority to the General Manager, the Director of Finance or the Treasury Manager or the designee of any of such officers to engage U.S. Bank Trust Company, National Association, the District's bond trustee, as trustee for the 2024 Bonds and as escrow agent for the refunded 2014 Bonds. The bond resolution further authorizes the General Manager, the Director of Finance, the Treasury Manager, and the other proper officers of the District to take the necessary actions and execute other agreements, documents and certificates in order to provide for the sale and delivery of the 2024 Bonds. The 2024 Bonds are currently scheduled to be sold via a negotiated sale in February 2024 using underwriters from the District's underwriting pool. The timing of the bond sale may be adjusted for market conditions and other factors. This item supports the District's Long-Term Financial Stability Strategic Plan goal.

Summaries of the key bond documents are provided below:

- Authorizing Resolution relating to the 2024 Bonds authorizes the issuance of the bonds in one or more series or subseries (with such further or other series designation as applicable) in an aggregate amount not to exceed \$525 million, with a final maturity not later than June 1, 2054 and at a true interest cost to the District of not in excess of 5.75 percent per annum. The Authorizing Resolution provides that with respect to any of the 2024 Bonds that are issued to refund the 2014 Bonds, the net present value savings to the District shall not be less than 3 percent of the refunded par.
- Preliminary Official Statement (including Appendices) is the disclosure document prepared by the District that provides information about the District and the Water System (primarily in Appendix A) and the terms of the bond sale to potential investors. A final Official Statement will be prepared after the sale of the 2024 Bonds for distribution to actual purchasers of such bonds. Under federal securities laws, these disclosure documents are required to contain all information that would be material to investors in making their decision whether to purchase the District's bonds, and must not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein not misleading, in light of the circumstances under which it was presented.
- Thirty-First Supplemental Indenture supplements the Water System Bond Indenture between the District and its bond trustee. The Thirty-First Supplemental Indenture amends and restates the Bond Indenture to (a) remove the label "subordinated" from the definition of revenues pledged under the Bond Indenture since there is only one lien on net revenues of the Water System securing repayment of all of the District's Water System Revenue Bonds

equally; and (b) incorporate into the master Bond Indenture certain amendments previously made to the Indenture by the Sixteenth Supplemental Indenture that have become effective.

- Thirty-Second Supplemental Indenture relating to the 2024 Bonds supplements the Water System Bond Indenture between the District and its bond trustee and provides the terms of each of the 2024A Bonds and 2024B Bonds, including the principal and interest payment dates and the interest rates on the new 2024 Bonds. Under the Bond Indenture, the District is obligated to set rates to provide net revenues sufficient to cover 1.1 times the annual debt service on all of the outstanding Water System Revenue Bonds, which will include the 2024 Bonds. The Thirty-Second Supplemental Indenture also includes amendments to the Indenture that will become effective at a future date when consent equal to a majority in principal amount of the then outstanding bonds is obtained. The amendments include modifications to the District's rate covenant; modifications to the provisions allowing for the District to issue additional bonds or incur other Parity Debt payable from net revenues on a parity with the payment by the District of the Water System Revenue Bonds; and modifications to the timing requirement for the District to furnish its audited financial statements to the Trustee for each Fiscal Year.
- Continuing Disclosure Agreement obligates the District to provide certain annual financial and operating information regarding the District and the Water System and notices of certain events in connection with the 2024 Bonds to the information repository for municipal bonds. Under the securities laws, the underwriters are required to obtain this commitment from the District to provide ongoing disclosure in connection with the District's bonds. Under the Continuing Disclosure Agreement, Digital Assurance Certification, LLC, as the District's dissemination agent, is entitled to receive compensation for its services and receives certain indemnification from the District in connection with its services.
- Escrow Agreement relating to the refunding of the 2014 Bonds is the agreement between the District and its bond trustee that provides for the deposit of proceeds of the 2024 Bonds with the bond trustee, as escrow agent, to be held in trust and invested in federal securities until such amounts are applied to pay and redeem the refunded 2014 Bonds on their call date. As escrow agent under the Escrow Agreement, the bond trustee is entitled to receive compensation for its services and receives certain indemnification from the District in connection with its services (similar to the indemnification it receives as bond trustee under the Bond Indenture).
- Purchase Contract is the agreement between the District and the underwriters of the 2024 Bonds in connection with a negotiated sale of the bonds. The Purchase Contract provides the terms and conditions under which the underwriters agree to purchase the 2024 Bonds from the District for reoffering to the public and specifies the circumstances under which the underwriters' obligation may be terminated prior to delivery of the 2024 Bonds. The Authorizing Resolution provides that the discount to be paid to the underwriters in connection with their purchase of the bonds shall not exceed 0.25 percent of the aggregate principal amount of the Bonds to be purchased.

NEXT STEPS

This item will be presented to the Board for consideration at its meeting on January 23, 2024.

CCC:SDS:rlh

- Attachments:
1. Thirty-First Supplemental Indenture
 2. Thirty-Second Supplemental Indenture
 3. Escrow Agreement
 4. Purchase Contract
 5. Continuing Disclosure Agreement
 6. Preliminary Official Statement

THIRTY-FIRST SUPPLEMENTAL INDENTURE

between

EAST BAY MUNICIPAL UTILITY DISTRICT

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Successor Trustee

Dated as of March 1, 2024

(Supplemental to the Water System Subordinated Revenue Bond
Indenture dated as of April 1, 1990)

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Thirty-First Supplemental Indenture
(Supplemental to the Water System
Subordinated Revenue Bond Indenture dated
as of April 1, 1990)

To Amend and Restate the Provisions of such
Water System Subordinated Revenue Bond Indenture

This Thirty-First Supplemental Indenture, dated as of March 1, 2024 (the “Thirty-First Supplemental Indenture”), between the East Bay Municipal Utility District (the “District”) and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”);

W I T N E S S E T H :

WHEREAS, this Thirty-First Supplemental Indenture amends and is supplemental to the Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990 (the “Original Indenture”), as amended and supplemented (the “Indenture”), between the District and the Trustee, providing for the issuance of bonds initially designated as “Water System Subordinated Revenue Bonds” and subsequent to the execution and delivery of the Eighteenth Supplemental Indenture (as defined below) designated as “Water System Revenue Bonds” (the “Bonds”);

WHEREAS, pursuant to Article IX of the Original Indenture, the Indenture and the rights and obligations of the District, of the Trustee and of the Owners of the Bonds may be modified or amended from time to time and at any time by a Supplemental Indenture entered into by the District and the Trustee in accordance with the terms thereof;

WHEREAS, the District and the Trustee have previously executed and delivered the Sixteenth Supplemental Indenture, dated as of February 1, 2010 (the “Sixteenth Supplemental Indenture”), which Sixteenth Supplemental Indenture contained a number of amendments to the Original Indenture which were to become effective upon the earliest to occur of certain specified events, and as a result of the conditions to effectiveness having been satisfied, such amendments to the Original Indenture contained in the Sixteenth Supplemental Indenture became effective as of June 21, 2022;

WHEREAS, the District and the Trustee have previously executed and delivered the Eighteenth Supplemental Indenture, dated as of September 15, 2010 (the “Eighteenth Supplemental Indenture”), pursuant to which Eighteenth Supplemental Indenture, the Original Indenture was amended to add a covenant of the District not to issue any senior lien Water Bonds (as such term is defined in the Original Indenture) in the future, and the effect of such amendment is that the lien on net revenues of the Water System securing such Water Bonds as established under Resolution No. 30050 of the District, adopted on January 26, 1983, as amended and supplemented (the “Water Bond Resolution” as defined in the Original Indenture) has been closed and discharged;

WHEREAS, in accordance with Section 9.01(B)(8) of the Original Indenture, the Indenture may be modified or amended from time to time and at any time by a Supplemental Indenture which

the District may adopt without the consent of any Bondholders for any purpose that does not materially and adversely affect the interests of the Owners of the Bonds;

WHEREAS, the District has found and determined (1) that it is in the best interests of the District to amend and restate the Original Indenture as provided herein in order to (a) reflect that, with all of the senior lien Water Bonds having been paid and the lien established under the Water Bond Resolution having been discharged, Bonds issued under and pursuant to the Original Indenture are no longer payable on a basis junior and subordinate to any senior lien Water Bonds, and to eliminate references in the Indenture to “subordinate” and to the Water Bond Resolution; (b) reflect the incorporation of the amendments made to the Original Indenture by the Sixteenth Supplemental Indenture that have become effective, and (c) make other minor modifications thereto to certain references that have become dated; and (2) that such amendment and restatement of the Original Indenture will not materially and adversely affect the interests of the Owners of the Bonds; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this Thirty-First Supplemental Indenture, do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Thirty-First Supplemental Indenture;

NOW, THEREFORE, the parties hereto agree, as follows:

ARTICLE XLVI

AMENDMENT AND RESTATEMENT OF THE INDENTURE

SECTION 46.01 Definitions. Unless otherwise specifically provided in the recitals hereto or otherwise herein, capitalized terms used in this Thirty-First Supplemental Indenture shall have the meanings ascribed to them in the Original Indenture. The terms defined in the recitals hereto shall, for all purposes of this Thirty-First Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings specified in such recitals, to be equally applicable to both the singular and plural forms of any of the terms therein defined.

SECTION 46.02 Amendment and Restatement of the Indenture. The Original Indenture shall be and hereby is amended and restated in the form of Exhibit A hereto to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text).

SECTION 46.03 Miscellaneous. This Thirty-First Supplemental Indenture and all the terms and provisions herein contained shall form part of the Indenture. The Indenture is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, except as specifically amended or restated hereby. Reference to this Thirty-First Supplemental Indenture need not be made in any Bond, document, agreement, letter, certificate, Supplemental Indenture or any communication issued or made subsequent to or with respect to the Indenture, it being hereby agreed that any reference to the Indenture shall be

sufficient to refer to, and shall mean and be a reference to, the Indenture as amended and restated hereby. In case any one or more of the provisions contained herein should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired hereby.

SECTION 46.04 Effective Date of Thirty-First Supplemental Indenture. This Thirty-First Supplemental Indenture shall take effect upon its execution and delivery.

SECTION 46.05 Execution in Counterparts. This Thirty-First Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed the Thirty-First Supplemental Indenture by their officers thereunto duly authorized as of the day and year first written above.

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____

Sophia D. Skoda
Director of Finance

ATTEST:

By: _____

Rischa S. Cole
Secretary of the District

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____

Serena Kohne
Vice President

EXHIBIT A
(SEE ATTACHED)

WATER SYSTEM ~~SUBORDINATED~~ REVENUE BOND INDENTURE

between

EAST BAY MUNICIPAL UTILITY DISTRICT

and

~~FIRST INTERSTATE~~ U.S. BANK ~~OF CALIFORNIA~~ TRUST COMPANY, NATIONAL
ASSOCIATION,
as successor Trustee

Dated as of April 1, 1990

(as amended and restated pursuant to
the Thirty First Supplemental Indenture)

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INDENTURE

This INDENTURE, dated as of April 1, 1990, by and between EAST BAY MUNICIPAL UTILITY DISTRICT (the "District") and ~~FIRST-INTERSTATE~~U.S. BANK OF CALIFORNIATRUST COMPANY, NATIONAL ASSOCIATION, as successor trustee (the "Trustee");

WITNESSETH:

WHEREAS, the District is authorized by Section 12850 et seq. of the California Public Utilities Code and ~~Resolution No. 31,546,~~resolutions adopted by the Board of Directors (the "Board") of the District ~~on March 25, 1986~~from time-to-time pursuant to Section 12852 of the California Public Utilities Code, to issue its revenue bonds; and

WHEREAS, the District has determined to enter into this Indenture in order to provide for the authentication and delivery of certain revenue bonds (the "Bonds"), to establish and declare the terms and conditions upon which the Bonds shall be issued and secured and to secure the payment of the principal thereof and premium (if any) and interest thereon;

WHEREAS, the execution and delivery of this Indenture has in all respects been duly and validly authorized by resolutions duly passed and approved by the District; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this Indenture do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Indenture;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued, authenticated and delivered hereunder and to provide the terms and conditions under which all property, rights and interests hereby assigned and pledged are to be dealt with and disposed of, and to secure the performance and observance of the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and in consideration of the premises and of the material covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby agree and covenant with the Trustee for the benefit of the respective Owners, from time to time, of the Bonds; or any part thereof, as follows:

ARTICLE I

EQUALITY OF SECURITY; DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

SECTION 1.01 Equality of Security. In consideration of the acceptance of the Bonds by the Owners thereof from time to time, this Indenture shall be deemed to be and shall constitute a contract between the District, the Trustee and the Owners from time to time of the Bonds and the covenants and agreements herein set forth to be performed by or on behalf of the District or the Trustee shall be for the equal and proportionate benefit, security and protection of all Owners of the

Bonds, without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reasons of the series, time of issue, sale or negotiation thereof or for any cause whatsoever, except as expressly provided therein or herein. Nothing herein shall prevent additional security being provided to particular Bonds or the creation of a bond reserve fund therefor under any Supplemental Indenture.

SECTION 1.02 Definitions. The terms defined in this Section shall, for all purposes of this Indenture and of any Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Unless otherwise defined in this Indenture, all terms used herein which are defined in the Act shall have the meanings assigned to such terms in the Act.

Accreted Value

“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.

Act

“Act” means the Municipal Utility District Act, constituting Division 6 of the Public Utilities Code of the State of California, and all laws of the State of California amendatory thereof or supplemental thereto, including the Revenue Bond Law of 1941, as made applicable by Article 6a of Chapter 6 of said Division 6, and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

Adjusted Net Water Revenues

“Adjusted Net Water Revenues” for any fiscal period means the sum of (a) the Water Revenues for such fiscal period plus (b) the amounts, if any, withdrawn by the District from the Rate Stabilization Fund for treatment as Water Revenues for such fiscal period, less the sum of (c) all Water Operation and Maintenance Costs for such fiscal period, and (d) the amounts, if any, withdrawn by the District from Water Revenues for such fiscal period for deposit in such Rate Stabilization Fund.

Annual Debt Service

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

Assumed Debt Service

“Assumed Debt Service” means for any Fiscal Year, the aggregate amount of principal and interest which would be payable on all ~~Water Bonds,~~ Bonds and Parity Debt if each Excluded Principal Payment were amortized for a period specified by the District (but no longer than thirty (30) years from the date of the issuance of the ~~Water Bonds,~~ 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 District, calculated based on a fixed interest rate equal to the rate at which the District could borrow for such period, as certified by a certificate of a financial advisor or investment banker delivered to the Trustee, who may rely conclusively on such certificate, within thirty (30) days of the date of calculation.

Board

“Board” means the Board of Directors of the District.

Bond Obligation

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

Bonds; Serial Bonds; Term Bonds

“Bonds” means the East Bay Municipal Utility District Water System ~~Subordinated~~ Revenue Bonds authorized by, and at any time Outstanding pursuant to, this Indenture.

“Serial Bonds” means Bonds, maturing in specified years, for which no Mandatory Sinking Account Payments are provided.

“Term Bonds” means Bonds payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

Business Day

“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

“Capital Appreciation Indebtedness” means ~~Water Bonds~~, Bonds and Parity Debt on which interest is compounded and paid less frequently than annually.

Certificate, Statement, Request, Requisition or Order of the District

“Certificate,” “Statement,” “Request,” “Requisition” and “Order” of the District mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the District by its General Manager or any other person authorized by the General 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 shall be read and construed as a single instrument. If and to the

extent required by Section 1.03, each such instrument shall include the statements provided for in Section 1.03.

Code

“Code” means the Internal Revenue Code of 1986, and the regulations applicable thereto or issued thereunder, as amended from time to time.

Corporate Trust Office

“Corporate Trust Office” or “corporate trust office” means the corporate trust office of the Trustee at ~~3451~~ California Street, ~~8th Floor~~ Suite 1000, San Francisco, CA ~~94104~~94111, Attention: Corporate Trust Department, or such other or additional offices as may be designated by the Trustee.

Costs of Issuance

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District 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.

Current Interest Indebtedness

“Current Interest Indebtedness” means the ~~Water Bonds~~, Bonds and Parity Debt on which interest is paid at least annually.

Debt Service

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

(a) Excluded Principal Payments shall be excluded from such calculation and Assumed Debt Service shall be included in such calculation;

(b) if the ~~Water Bonds~~, Bonds or Parity Debt are Variable Rate Indebtedness, the interest rate thereon for periods when the actual interest rate cannot yet be determined shall be assumed to be ~~twelve percent~~equal to the average of the SIFMA Municipal Swap Index for the five (12%5) per annum years preceding such date of calculation (provided, however, that if such index is no longer published, the interest rate on such Bonds or Parity Debt shall be calculated based upon such similar index as the District shall designate in writing to the Trustee) (the “Assumed SIFMA-based Rate”);

(c) principal and interest payments on ~~Water Bonds~~, Bonds and Parity Debt shall be excluded to the extent such payments are to be paid from amounts on deposit with the

Trustee or another fiduciary in escrow or trust specifically therefor and to the extent that such interest payments are to be paid from the proceeds of ~~Water Bonds,~~ Bonds or Parity Debt held by the Trustee or another fiduciary as capitalized interest;

(d) in determining the principal amount ~~due~~, payment shall (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 Account Payments or any scheduled redemption or payment of ~~Water Bonds,~~ Bonds or Parity Debt on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Indebtedness;

(e) if any interest rate swap agreement is in effect with respect to, and ~~is the~~ regularly scheduled payments thereunder are payable on a parity with, the ~~Water Bonds,~~ Bonds or Parity Debt to which it relates, ~~no amounts~~ interest deemed to be payable ~~under on~~ any such Bonds or Parity Debt with respect to which an interest rate swap agreement is in effect shall be included in based on the ~~calculation of Debt Service unless~~ net economic effect expected by the District to be produced by the terms of such Bonds or Parity Debt and such interest rate swap agreement, including but not limited to the ~~sum of~~ effects that (i) ~~interest payable on such Water Bonds, Bonds or Parity Debt,~~ such Bonds or Parity Debt would, but for such interest rate swap agreement, be treated as Variable Rate Indebtedness instead shall be treated as Bonds or Parity Debt bearing interest at a fixed interest rate, and (ii) such Bonds or Parity Debt would, but for such interest rate swap agreement, be treated as Bonds or Parity Debt bearing interest at a fixed interest rate instead shall be treated as Variable Rate Indebtedness; and accordingly, the amount of interest deemed to be payable on any Bonds or Parity Debt with respect to which an interest rate swap agreement is in force shall be an amount equal to the amount of interest that would be payable at the rate or rates stated in such Bonds or Parity Debt plus ~~(ii) the~~ amounts payable by the District under such interest rate swap agreement, less (iii) minus the amounts receivable by the District under such interest rate swap agreement ~~are greater than the interest payable on the Water Bonds, Bonds or Parity Debt to which it relates, then, in such instance, the amount of such payments to,~~ and for the purpose of calculating as nearly as practicable such amounts, the following assumptions shall be made ~~that exceed the~~:

(1) if an interest rate swap agreement has been entered into by the District with respect to ~~be, paid on the Water Bonds,~~ Bonds or Parity Debt ~~shall be included in such calculation. For such purposes, providing for the payment of a net variable amount interest rate under any such interest rate swap agreement with respect to such Bonds or Parity Debt by the District, the interest rate on such Bonds or Parity Debt for future periods when the actual interest rate cannot yet be determined~~ shall be assumed (but only during the period the interest rate swap agreement is in effect) to be equal to ~~twelve percent~~ the sum of (12% A) per annum the fixed rate or rates stated in such Bonds or Parity Debt minus (B) the fixed rate paid by the counterparty of such interest rate swap agreement to the District, plus (C) the lesser of (x) the interest rate cap, if any, provided by a counterparty with respect to such interest rate swap agreement (but only during the period that such interest rate cap is in effect) and (y) the applicable variable interest rate calculated in accordance with paragraph (b) above; and

(2) if an interest rate swap agreement has been entered into by the District with respect to Bonds or Parity Debt providing for the payment of a fixed rate of interest to maturity or for a specific term under such interest rate swap agreement with respect to such Bonds or Parity Debt by the District, the interest on such Bonds or Parity Debt shall be included in the calculation of payments (but only during the period the interest rate swap agreement is in effect) by including for each period of calculation an amount equal to the amount of interest payable at the fixed interest rate pursuant to such interest rate swap agreement.

Notwithstanding any other paragraph of this definition of Debt Service, except as set forth in this paragraph (e), no amounts payable under any interest rate swap agreement (including termination payments) shall be included in the calculation of Debt Service;

~~(f) if any Water Bonds, Bonds or Parity Debt include an option or an obligation to tender all or are~~ Variable Rate Indebtedness subject to tender for purchase and funds for the purchase price may be provided by a ~~portion~~ letter of ~~such Water Bonds, Bonds or Parity Debt to credit, line of credit, revolving credit agreement, standby bond purchase agreement or other liquidity facility which, if drawn upon, could create a repayment obligation which has a lien on Adjusted Net Water Revenues on parity with the District, lien of the Trustee or another fiduciary or agent and require that such Water Bonds, Bonds or Parity Debt or portion thereof be purchased if properly presented,~~ then for purposes of determining the amounts of principal ~~and interest due, in any Fiscal Year on such Bonds or Parity Debt, (i)~~ the options or obligations ~~to tender shall be treated as a principal maturity occurring on the first date on which holders or of the~~ owners thereof may or are required to tender, ~~except that any of~~ such ~~option Bonds or obligation Parity Debt~~ to tender the same for purchase or payment prior to the stated maturity or maturities shall be ignored and not treated as a principal maturity; ~~if (1) such Water Bonds, Bonds or Parity Debt are rated in one of the two highest long-term Rating Categories by Moody's and by Standard & Poor's or such Water Bonds, Bonds or Parity Debt are rated in the highest short-term, note or commercial paper Rating Categories by Moody's and by Standard & Poor's; and (2) (i) funds for the purchase price are to be provided by a letter of credit or standby bond purchase agreement and the obligation any repayment obligations of the District with respect to the provider of such letter of credit or, line of credit, revolving credit agreement, standby bond purchase agreement or other liquidity facility, other than its obligations on such Water Bonds, Bonds or Parity Debt, shall be subordinated to the obligation of~~ treated as Excluded Principal Payments; and

(g) if interest on any Bonds or Parity Debt is reasonably anticipated to be reimbursed to the District on by the United States of America pursuant to Section 54AA of the Code, or any future similar program, then interest payments with respect to such Bonds and or Parity Debt or, if not subordinate, shall be incurred (assuming such immediate tender) under the conditions and meeting the tests for the issuance of Parity Debt set forth herein reduced by the amount of such interest reasonably anticipated to be paid or reimbursed by the United States of America.

Event of Default

“Event of Default” means any of the events specified in Section 7.01.

Excluded Principal Payments

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

Fiscal Year

“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 District which designation shall be provided to the Trustee in a certificate of the District.

Indenture

“Indenture” means this indenture, dated as of April 1, 1990, by and between the Trustee and the District, as originally executed or as it may from time to time be supplemented or amended by any Supplemental Indenture delivered pursuant to the provisions hereof.

Information Services

~~The term “Information Services” means Financial Information, Inc.’s “Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services’ “Called Bond Service,” 55 Broad Street, 28th Floor, New York, New York 10004; Moody’s “Municipal and Government,” 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and S&P’s “Called Bond Record,” 25 Broadway, 3rd Floor, New York, New York 10004~~the Electronic Municipal Market Access (EMMA) system operated by the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other ~~addresses~~addressees and/or such other services providing information with respect to called bonds, or no such services, as the District may designate in a Request of the District delivered to the Trustee.

Interest Fund

“Interest Fund” means the fund by that name established pursuant to Section 5.02.

Investment Securities

“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) 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) 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) 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) 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 shall be purchased directly from such a bank, trust company or national banking association and shall 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 shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall 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 shall 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 shall 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) 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) 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) 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) 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 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 shall have a market value (exclusive of accrued interest and valued at least monthly) at least equal to the principal amount of such investment and shall 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 shall 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 shall 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) 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) a guaranteed investment contract with a financial institution or insurance company which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated not lower than their respective ratings on the Bonds by Moody's (if Moody's is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds);

(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) and Standard & Poor's (if Standard & Poor's is then rating the Bonds) or have an investment advisor registered with the Securities and Exchange ~~District~~Commission with not less than 5 years experience investing in such securities and obligations and with assets under management in excess of \$500,000,000; and

(xiv) any investment approved by the Board for which confirmation is received from each rating agency then rating any of the Bonds that such investment will not adversely affect such agency's rating on such Bonds.

Mandatory Sinking Account Payment

"Mandatory Sinking Account Payment" means the amount required to be deposited by the District in sinking account for the payment of Term Bonds.

Maximum Annual Debt Service

"Maximum Annual Debt Service" ~~shall mean~~means the greatest amount of principal and interest becoming due and payable on all ~~Water Bonds,~~ Bonds and Parity Debt in the Fiscal Year in which the calculation is made or any subsequent Fiscal Year; ~~provided, however, that for the purposes of computing Maximum Annual~~ calculated using the principles and assumptions set forth under the definition of Debt Service;

~~(a) Excluded Principal Payments shall be excluded from such calculation and Assumed Debt Service shall be included in such calculation;~~

~~(b) if the Water Bonds, Bonds or Parity Debt are Variable Rate Indebtedness, the interest rate thereon for periods when the actual interest rate cannot yet be determined shall be assumed to be twelve percent (12%) per annum;~~

~~(c) — principal and interest payments on Water Bonds, Bonds and Parity Debt shall 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 Water Bonds, Bonds or Parity Debt held by the Trustee or another fiduciary as capitalized interest;~~

~~(d) — in determining the principal amount due in each Fiscal Year, payment shall (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 Account Payments or any scheduled redemption or payment of Water Bonds, Bonds or Parity Debt on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Indebtedness;~~

~~(e) — if any interest rate swap agreement is in effect with respect to, and is payable on a parity with, the Water Bonds, Bonds or Parity Debt to which it relates, no amounts payable under such interest rate swap agreement shall be included in the calculation of Maximum Annual Debt Service unless the sum of (i) interest payable on such Water Bonds, Bonds or Parity Debt, plus (ii) amounts payable by the District under such interest rate swap agreement, less (iii) amounts receivable by the District under such interest rate swap agreement are greater than the interest payable on the Water Bonds, Bonds or Parity Debt to which it relates, then, in such instance, the amount of such payments to be made that exceed the interest to be paid on the Water Bonds, Bonds or Parity Debt shall be included in such calculation. For such purposes, the variable amount under any such interest rate swap agreement shall be assumed to be equal to twelve percent (12%) per annum; and~~

~~(f) — if any Water Bonds, Bonds or Parity Debt include an option or an obligation to tender all or a portion of such Water Bonds, Bonds or Parity Debt to the District, the Trustee or another fiduciary or agent and require that such Water Bonds, Bonds or Parity Debt or portion thereof be purchased if properly presented, then for purposes of determining the amounts of principal and interest due in any Fiscal Year, the options or obligations to tender shall 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 shall be ignored and not treated as a principal maturity, if (1) such Water Bonds, Bonds or Parity Debt are rated in one of the two highest long term Rating Categories by Moody's and by Standard & Poor's or such Water Bonds, Bonds or Parity Debt are rated in the highest short term, note or commercial paper Rating Categories by Moody's and by 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 District with respect to the provider of such letter of credit or standby bond purchase agreement, other than its obligations on such Water Bonds, Bonds or Parity Debt, shall be subordinated to the obligation of the District on the Bonds and Parity Debt or, if not subordinate, shall be incurred (assuming such immediate tender) under the conditions and meeting the tests for the issuance of Parity Debt set forth herein.~~

Moody's

“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 shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District and not objected to by the Trustee.

Opinion of Bond Counsel

“Opinion of Bond Counsel” means a written opinion of a law firm of national standing in the field of public finance selected by the District and not objected to by the Trustee.

Outstanding

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this 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 District shall have been discharged in accordance with Section 10.02, including Bonds (or portions of Bonds) referred to in Section 11.10; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

Owner or Bondholder or Bondowner

“Owner” or “Bondholder” or “Bondowner”, whenever used herein with respect to a Bond, means the person in whose name such Bond is registered.

Parity Debt

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

Person

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

Principal Fund

“Principal Fund” means the fund by that name established pursuant to Section 5.02.

Rate Stabilization Fund

“Rate Stabilization Fund” means the Rate Stabilization Fund initially created under Resolution No. 30050 of the District, adopted on January 26, 1982, as amended and supplemented from time to time; it being understood that all obligations of the District under such Resolution No.

30050 have ceased and been discharged, provided that, the Rate Stabilization Fund created thereunder has been continued for purposes of this Indenture.

Rating Category

“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

“Rebate Fund” means that fund established under Section 6.07 of this Indenture.

Rebate Instructions

“Rebate Instructions” means those calculations and directions required to be delivered to the Trustee by the District under the Tax Certificate.

Rebate Requirement

“Rebate Requirement” means the Rebate Requirement defined in the Tax Certificate.

Redemption Fund

“Redemption Fund” means the fund by that name established pursuant to Section 5.05.

Redemption Price

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

Revenue Fund

“Revenue Fund” means the Revenue Fund established pursuant to Section 5.01.

Securities Depositories

“Securities Depositories” means the following: The Depository Trust Company, ~~711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax (312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Dex (215) 496-5058~~40 58th Street, Brooklyn, New York 11220; or, in accordance with then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other securities depositories, or no such depositories, as the District may designate in a Request of the District delivered to the Trustee.

Series

“Series,” whenever used herein 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 herein provided.

SIFMA Municipal Swap Index

“SIFMA Municipal 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 & Financial Markets Association (formerly the Bond Market Association) (“SIFMA”) or by any Person acting in cooperation with or under the sponsorship of SIFMA and effective from such date.

Sinking Accounts

“Sinking Accounts” means the accounts in the Principal Fund so designated and established pursuant to Section 5.02 for the payment of Term Bonds.

Standard & Poor’s

“Standard & Poor’s” means Standard & Poor’s Corporation, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District and not objected to by the Trustee.

State

“State” means the State of California.

~~Subordinated Water Revenues~~

~~“Subordinated Water Revenues” for any fiscal period means the sum of (a) the Water Revenues for such fiscal period plus (b) the amounts, if any, withdrawn by the District from the Rate Stabilization Fund created in the Water Bond Resolution for treatment as Water Revenues for such fiscal period, less the sum of (c) all Water Operation and Maintenance Costs for such fiscal period, (d) the amounts, if any, withdrawn by the District from Water Revenues for such fiscal period for deposit in such Rate Stabilization Fund, and (e) all amounts required to be paid under the Water Bond Resolution for principal, interest, reserve fund and any other debt service requirements on the Water Bonds as the same become due and payable.~~

Supplemental Indenture

“Supplemental Indenture” means any indenture hereafter duly executed and delivered, supplementing, modifying or amending this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Tax Certificate

“Tax Certificate” means the Tax Certificate delivered by the District 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.

Trustee

“Trustee” means ~~First—Interstate~~U.S. Bank of—California~~Trust Company, National Association~~, acting as trustee hereunder, or its successor, as Trustee as provided in Section 8.01.

Variable Rate Indebtedness

“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 Bond Resolution

~~“Water Bond Resolution” means Resolution No. 30050 of the District, adopted on January 26, 1982, as amended and supplemented from time to time.~~

Water Bonds

~~“Water Bonds” means all bonds and other obligations of the District issued pursuant to the Water Bond Resolution.~~

Water Operation and Maintenance Costs

“Water Operation and Maintenance Costs” means the reasonable and necessary costs of maintaining and operating the Water System, calculated on sound accounting principles, including (among other things) the reasonable expenses of management, repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes and other similar costs, but excluding in all cases depreciation and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, and excluding all costs paid from the proceeds of taxes received by the District.

Water Revenues

“Water Revenues” means all charges received for, and all other income and receipts derived by the District from, the operation of the Water System, or arising from the Water System, together with income from the investment of any moneys in any fund or account established under the ~~water Bond Resolution or this~~ Indenture; provided, however, there shall be excluded therefrom any amounts reimbursed to the District by the United States of America pursuant to Section 54AA of the Code, or any future similar program.

Water System

“Water System” means the entire water system of the District and all of the facilities thereof, including all facilities for the storage, transmission or distribution of water or the generation or

transmission of hydroelectric power, together with all additions, betterments, extensions and improvements to said system or any part thereof. The term "Water System" does not include the sewage disposal system or facilities of Special District No. 1 of the District (including any power generation facilities constituting a part of said system).

Water System Fund

"Water System Fund" means the fund of that name established by a Supplemental Indenture to hold the proceeds of a Series of Bonds or a portion thereof prior to expenditure on the Water System.

SECTION 1.03 Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof shall include (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and (4) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the District may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant, a financial advisor, an investment banker or an independent consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the District) upon a certificate or opinion of or representation by an officer of the District, unless such counsel, accountant or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the District, or the same counsel or accountant or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel, accountants or independent consultants may certify to different matters, respectively.

ARTICLE II

THE BONDS

SECTION 2.01 Authorization of Bonds. Bonds may be issued hereunder, in book-entry form or otherwise, from time to time as the issuance thereof is approved by the District. The maximum principal amount of Bonds which may be issued hereunder is not limited; subject, however, to any limitations contained in the Act and to the right of the District, which is hereby reserved, to limit the aggregate principal amount of Bonds which may be issued or outstanding hereunder. The Bonds are designated generally as "East Bay Municipal Utility District ~~Subordinated~~ Water Revenue Bonds"; each Series thereof to bear such additional designation as may

be necessary or appropriate to distinguish such Series from every other Series of Bonds. The Bonds may be issued in such Series as from time to time shall be established and authorized by the District, subject to the covenants, provisions and conditions herein contained.

SECTION 2.02 Terms of the Bonds. The Bonds of each Series shall bear interest, if any, at such rate or rates or determined in such manner and payable at such intervals as may be determined by the District at the time of issuance thereof pursuant to the Supplemental Indenture under which such Bonds are issued, not to exceed the maximum rate of interest permitted by law and shall mature and become payable on such date or dates and in such year or years as the District may determine by the Supplemental Indenture creating such Series. Principal of, premium, if any, and interest on such Bonds shall be payable in such manner as may be specified in the Supplemental Indenture creating such Series.

The Bonds of any Series may be issued in such denominations as may be authorized by the Supplemental Indenture creating such Series in fully registered form without coupons or in fully registered book-entry form or, for a Series maturing in one year or less, bearer form.

SECTION 2.03 Form of Bonds. The Bonds of any Series shall be in such form or forms as may be specified in the Supplemental Indenture creating such Series.

SECTION 2.04 Execution of Bonds. The Bonds shall be executed in the name and on behalf of the District with the facsimile or manual signature of the President of the Board, under seal attested by the facsimile or manual signature of the Secretary. Such seal may be in the form of a facsimile of the District's seal and may be reproduced, imprinted or impressed on the Bonds. Unless otherwise provided in any Supplemental Indenture, the Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the District before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or issued by the District, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the District as though those who signed and attested the same had continued to be such officers of the District, and also any Bond may be signed and attested on behalf of the District by such persons as at the actual date of execution of such Bond shall be the proper officers of the District although at the nominal date of such Bond any such person shall not have been such officer of the District.

Except as may be provided in any Supplemental Indenture, only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form recited in the Supplemental Indenture creating such Series, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of authentication when manually executed by the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.05 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the register required to be kept pursuant to the provisions of Section 2.07 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee.

Whenever any Bond or Bonds shall be surrendered for transfer, the District shall execute and the Trustee shall 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 shall require the Bondholder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

SECTION 2.06 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; 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 shall require the Bondholder requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

SECTION 2.07 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 shall at all times be open to inspection during normal business hours by the District upon reasonable prior notice; and, upon presentation, for such purpose, the Trustee shall, 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.

SECTION 2.08 Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds. Any temporary Bond may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the District, shall be in registered form and may contain such reference to any of the provisions of this 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 shall be executed by the District and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the District 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 shall 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 shall be entitled to the name benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

SECTION 2.09 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the District, at the expense of the Owner of said Bond, shall execute, and the Trustee shall 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 shall be cancelled by it and delivered to, or upon the Order of, the District. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the District and the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the District, at the expense of the Owner, shall execute, and the Trustee shall 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

shall have matured or shall have been 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 District may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the District and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional, contractual obligation on the part of the District whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture. Neither the District nor the Trustee shall 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 may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same.

ARTICLE III

ISSUANCE OF BONDS

SECTION 3.01 Issuance of Bonds. The District may by Supplemental Indenture establish one or more Series of Bonds, payable from ~~Subordinated~~Adjusted Net Water Revenues and secured by the pledge made under this Indenture equally and ratably with Bonds previously issued, and the District may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Bonds of any Series so established, in such principal amount as shall be determined by the District, but only, with respect to each Series of Bonds, including the first Series of Bonds issued hereunder, upon compliance by the District with the provisions of Section 3.02 and any additional requirements set forth in said Supplemental Indenture and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such additional Series of Bonds:

(a) No Event of Default shall have occurred and then be continuing.

(b) The aggregate principal amount of Bonds issued hereunder shall not exceed any limitation imposed by law or by any Supplemental Indenture.

(c) The District shall have placed on file with the Trustee a Certificate of the District certifying that the sum of: (1) the ~~Subordinated~~Adjusted Net Water Revenues ~~plus all amounts required to be paid under the Water Bond Resolution for principal, interest, reserve fund and any other debt service requirements on the Water Bonds~~ for any period of 12 consecutive months during the 18 months immediately preceding the date on which such additional Bonds or Parity Debt will become Outstanding; plus (2) 90 percent of the amount by which the District projects ~~Subordinated~~Adjusted Net Water Revenues for such period of 12 months 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 percent of the amount by which the District projects ~~Subordinated~~Adjusted Net Water Revenues will increase during the period of 12 months commencing on the date of issuance of such additional Series of Bonds 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, shall (4) have been at least equal to 1.1 times the amount of Maximum Annual Debt Service on all ~~Water Bonds,~~ Bonds and Parity Debt then Outstanding and the additional Bonds or Parity Debt then proposed to be issued.

SECTION 3.02 Proceedings for Issuance of Additional Series of Bonds. Whenever the District shall determine to issue a Series of Bonds pursuant to Section 3.01, the District shall authorize the execution of a Supplemental Indenture specifying the principal amount, and prescribing the 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 this Indenture.

Before such additional Series of Bonds shall be issued and delivered, the District shall 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 District 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 District in accordance with this Indenture; that such Series, when duly executed by the District and authenticated and delivered by the Trustee, will be valid and binding limited obligations of the District; and that upon the delivery of such Series the aggregate principal amount of Bonds then Outstanding will not exceed the amount permitted by law or by this Indenture.
- (d) The Certificate of the District required by Section 3.01(c).
- (e) A Certificate of the District or of an independent certified public accountant that upon delivery of such Bonds, the aggregate principal amount of Bonds then Outstanding will not exceed the amount permitted hereunder.

SECTION 3.03 Issuance of Refunding Bonds.

- (1) The principal or Redemption Price of the Outstanding Bonds or Parity Debt to be refunded.

(2) All expenses incident to the calling, retiring or paying of such Outstanding Bonds or Parity Debt and the Costs of Issuance of such refunding Bonds.

(3) Interest on all Outstanding Bonds or Parity Debt to be refunded to the date such Bonds or Parity Debt will be called for redemption or paid at maturity.

(4) Interest on the refunding Bonds from the date thereof to the date of payment or redemption of the Bonds or Parity Debt to be refunded.

(B) Before such additional Series of refunding Bonds shall be issued and delivered, the District shall 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):

(1) An executed copy of the Supplemental Indenture authorizing such Series.

(2) An Opinion of Bond Counsel to the effect that the execution of the Supplemental Indenture has been duly authorized by the District in accordance with this Indenture; that such Series, when duly executed by the District and authenticated and delivered by the Trustee, will be valid and binding limited obligations of the District; and that upon the delivery of such Series the aggregate principal amount of Bonds then Outstanding will not exceed the amount permitted by law or by this Indenture.

(3) If any of the Bonds to be refunded are to be redeemed prior to their stated maturity dates, irrevocable instructions to the Trustee to give the applicable notice of redemption or a waiver of the notice of redemption signed by the Owners of all or the portion of the Bonds or Parity Debt to be redeemed, or proof that such notice has been given by the District; provided, however, that in lieu of such instructions or waiver or proof of notice of redemption, the District may cause to be deposited with the Trustee all of the Bonds and Parity Debt proposed to be redeemed (whether cancelled or uncanceled) with irrevocable instructions to the Trustee to cancel said Bonds or Parity Debt so to be redeemed upon the exchange and delivery of said refunding Bonds; and provided further that no provision of this Indenture shall be construed to require the redemption of Bonds prior to their respective maturity dates in connection with the refunding thereof.

(4) A Certificate of the District that (on the basis of calculations as of the date of sale of such Series of refunding Bonds) Maximum Annual Debt Service on all ~~Water Bonds~~, Bonds and Parity Debt Outstanding following the issuance of such Series of refunding Bonds is less than or equal to the Maximum Annual Debt Service on all ~~Water Bonds~~, Bonds and Parity Debt Outstanding prior to the issuance of the Series of refunding Bonds.

(C) The proceeds of the sale of the refunding Bonds shall be applied by the Trustee according to the written direction of the District to the retirement of the Outstanding Bonds or Parity Debt for the refunding of which said refunding Bonds are to be issued. All Bonds or Parity Debt purchased, redeemed or retired by use of funds received from the sale of refunding Bonds, and all Bonds surrendered to the Trustee against the issuance of refunding Bonds, shall be forthwith cancelled and shall not be reissued.

SECTION 3.04 Application of Proceeds. Proceeds of each Series of Bonds shall be applied as specified in the Supplemental Indenture pursuant to which such Series of Bonds is created.

SECTION 3.05 Limitations on the Issuance of Obligations Payable from Subordinated Adjusted Net Water Revenues. The District 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 Subordinated Adjusted Net Water Revenues except the following:

- (a) Bonds of any Series authorized pursuant to Sections 3.01 and 3.02.
- (b) Refunding Bonds authorized pursuant to Section 3.03.
- (c) Parity Debt payable on a parity with the Bonds and which will have, when issued, an equal lien and charge upon the Subordinated Adjusted Net Water 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 shall have occurred and then be continuing, as evidenced in a Certificate of the District filed with the Trustee;
 - (3) Unless such Parity Debt is for the refunding purposes specified in Section 3.03, the District shall have obtained and placed on file with the Trustee a Certificate of the District that (on the basis of calculations as of the date of delivery of such Parity Obligations) that the requirements of Section 3.01(c) with respect to additional Bonds have been met with respect to such Parity Debt;
 - (4) The District shall have filed with the Trustee an Opinion of Bond Counsel to the effect that such Parity Debt has been duly authorized in accordance with law; and
 - (5) The Trustee shall be designated as paying agent or trustee for such Parity Debt and the District shall deliver to the Trustee a transcript of the proceedings providing for the issuance of such Parity Debt (but the Trustee shall not be responsible for the validity or sufficiency of such proceedings or such Parity Debt).
- (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 Subordinated Adjusted Net Water Revenues after the prior payment of all amounts then required to be paid hereunder from Subordinated Adjusted Net Water 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 this Indenture.

ARTICLE IV

SECTION 4.01 ~~Terms of Redemption~~ ~~REDEMPTION OF BONDS~~ Each Series of Bonds may be made subject to redemption or mandatory or optional tender and purchase prior to their respective stated maturities, as a whole or in part, at such time or times, upon such terms and conditions and upon such notice and with such effect as may be provided in the Supplemental Indenture creating such Series of Bonds.

Unless otherwise specified in a Supplemental Indenture, each notice of redemption shall be mailed by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, to each Owner, the Securities Depositories and ~~two~~one or more Information Services. Notice of redemption to the Securities Depositories shall be given by certified, registered or overnight mail or by such other method as may be requested by the Securities Depositories. Each notice of redemption shall state the date of such notice, the date of issue of the Bonds to which such notice relates, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee and the name and telephone number of an appropriate person to contact at the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the District nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the District nor the Trustee shall be liable for any inaccuracy in such numbers.

Failure by the Trustee to give notice to any one or more of the Information Services or Securities Depositories or failure of any Owner to receive notice or any defect in any such notice shall not affect the sufficiency of the proceedings for redemption.

ARTICLE V

~~SUBORDINATED~~ADJUSTED NET WATER REVENUES

SECTION 5.01 Pledge of ~~Subordinated~~Adjusted Net Water Revenues; Revenue Fund.

(A) The Bonds are revenue obligations of the District and are payable as to both principal and interest, and any premium upon redemption thereof, exclusively from the ~~Subordinated~~Adjusted Net Water Revenues and other funds pledged hereunder. All ~~Subordinated~~Adjusted Net Water Revenues are hereby pledged 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 this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein. There are hereby pledged 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 hereunder (except for amounts held in the Rebate Fund), subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein. Said pledge shall constitute a first lien on the ~~Subordinated~~Adjusted Net Water Revenues and amounts in such funds and shall 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 ~~Subordinated~~Adjusted Net Water Revenues are hereby pledged to the payment of Bonds and Parity Debt without priority or distinction of one over the other and the ~~Subordinated~~Adjusted Net Water Revenues constitute a trust fund for the security and payment of the Bonds and Parity Debt; but nevertheless out of ~~Subordinated~~Adjusted Net Water Revenues certain amounts may be applied for other purposes as provided herein.

Out of ~~Subordinated~~Adjusted Net Water Revenues there shall be applied as hereinafter set forth all sums required for the payment of the principal of (including any premium thereon) and interest on the Bonds and all Parity Debt, together with any sinking fund payments of Bonds and Parity Debt and reserve fund requirements with respect thereto. All remaining ~~Subordinated~~Adjusted Net Water Revenues, after making the foregoing allocation, shall be available to the District for all lawful District purposes, including the payment of all amounts required to be paid under any other resolution or other instrument of the District for principal, interest, reserve fund and any other debt service requirements on subordinated Commercial Paper Notes and Bank Notes issued pursuant to ~~Resolution No. 32048~~the authority of Chapter 7.5 of the District Act or otherwise, to all of which the Bonds and Parity Debt are superior in right of payment. The pledge of ~~Subordinated~~Adjusted Net Water Revenues herein made shall be irrevocable until all of the Bonds and all Parity Debt are no longer Outstanding.

(B) As long as any Bonds are Outstanding or any Parity Debt remains unpaid, the District shall forthwith deposit in a trust fund, designated as the "Revenue Fund," which fund the District shall designate and maintain, all ~~Subordinated~~Adjusted Net Water Revenues, when and as received by the District. Investment income on amounts held by the District hereunder (other than amounts held in the Rebate Fund or for which particular instructions ~~[(such as with respect to the Water System Fund)]~~ are provided in a Supplemental Indenture) shall also be deposited in the Revenue Fund. All moneys at any time held in the Revenue Fund shall be held in trust for the benefit of the Owners of the Bonds and Parity Debt and shall be disbursed, allocated and applied solely for the uses and purposes set forth in Section 5.02.

SECTION 5.02 Allocation of ~~Subordinated~~Adjusted Net Water Revenues.

(A) So long as any Bonds are Outstanding, the District shall transfer the moneys in the Revenue Fund into the following respective funds (each of which the Trustee shall establish, maintain and hold in trust for the benefit of the Owners of the Bonds) in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of ~~Subordinated~~Adjusted Net Water Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority; provided that on a parity with such deposits the Trustee may set aside or transfer amounts with respect to outstanding Parity Debt as provided in the proceedings for such Parity Debt delivered to the Trustee pursuant to Section 3.05 hereof (which shall 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):

(1) Interest Fund. Commencing in November, 1990, the District shall transfer to the Trustee and the Trustee shall set aside in the Interest Fund on or before the Business Day prior to each interest payment date therefor an amount equal to the interest becoming due and payable on the Outstanding Bonds which are Current Interest Indebtedness (excluding any interest for which there are moneys on deposit in the Interest Fund from the proceeds of any Series of Bonds or other source to pay such interest).

(2) Principal Fund; Sinking Accounts. The District shall transfer to the Trustee and the Trustee shall set aside in the Principal Fund on or before the Business Day prior to each principal or Sinking Account payment date therefor an amount equal to (a) the amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds, plus (b) the Mandatory Sinking Account Payments to be paid into the respective Sinking Accounts for the Term Bonds; provided that if the District certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from excess amounts on deposit in a bond reserve fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid. All of the aforesaid Mandatory Sinking Account Payments shall be made without priority of any payment into any one such Sinking Account over any other such payments.

(B) Any ~~Subordinated~~Adjusted Net Water Revenues remaining in the Revenue Fund after the foregoing transfers described in ~~Subsection~~subsection (A) above, except as otherwise provided in a Supplemental Indenture, shall be held free and clear of this Indenture by the District and it may use and apply such ~~Subordinated~~Adjusted Net Water Revenues for any lawful purpose of the District, including the redemption of Bonds upon the terms and conditions set forth in the Supplemental Indenture relating to such Bonds and the purchase of Bonds as and when and at such prices as it may determine.

(C) If on any principal payment date, interest payment date or mandatory redemption date the amounts on deposit in the Interest Fund and Principal Fund, including the Sinking Accounts therein are insufficient to make such payments, the Trustee shall immediately notify the District, by telephone or facsimile machine, of such deficiency and direct that the District transfer the amount of such deficiency to the Trustee on such payment date. The District hereby covenants and agrees to transfer to the Trustee from any ~~Subordinated~~Adjusted Net Water Revenues in its possession the amount of such deficiency on the principal, interest or mandatory redemption date referenced in such notice.

SECTION 5.03 Application of Interest Fund. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture) and making payments on interest rate swap agreements, as provided in Section 5.06.

SECTION 5.04 Application of Principal Fund.

(A) All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of paying the Bond Obligation of the Bonds when due and payable, except that all amounts in the Sinking Accounts shall be used and withdrawn by the Trustee solely to purchase or redeem or pay at maturity Term Bonds, as provided herein.

(B) The Trustee shall establish and maintain within the Principal Fund a separate account for the Term Bonds of each Series and maturity. On or before the Business Day prior to any date upon which a Mandatory Sinking Account Payment is due, the Trustee shall transfer the amount of such Mandatory Sinking Account Payment (being the principal thereof, in the case of Current Interest Bonds, and the Accreted Value, in the case of Capital Appreciation Bonds) from the Principal Fund to the applicable Sinking Account. With respect to each Sinking Account, on each Mandatory Sinking Account Payment date established for such Sinking Account, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption of Term Bonds of such Series and maturity for which such Sinking Account was established, in the manner provided in the Supplemental Indenture pursuant to which such Series of Bonds was created; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon receipt of a Request of the District, apply moneys in such Sinking Account to the purchase of Term Bonds of such Series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as is directed by the District, except that the purchase price (excluding accrued interest, in the case of Current Interest Bonds) shall not exceed the principal amount or Accreted Value thereof. If the Trustee has purchased Term Bonds of such Series and maturity with moneys in such Sinking Account, or purchased or redeemed Term Bonds of such Series and maturity at any time from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, or if the District has purchased or otherwise acquired Term Bonds and deposited such Term Bonds with the Trustee, such Term Bonds so purchased or deposited or redeemed by the Trustee or the District shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Term Bonds purchased or deposited pursuant to this subsection shall be cancelled and destroyed by the Trustee. Any amounts remaining in a Sinking Account when all of the Term Bonds for which such account was established are no longer Outstanding shall be withdrawn by the Trustee and transferred to the District to be used for any lawful purpose. All Term Bonds so purchased shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series and maturity of Term Bonds, then as a credit against such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the District. All Term Bonds redeemed from the Redemption Fund shall be credited to such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the District.

SECTION 5.05 Application of Redemption Fund. The Trustee shall establish, maintain and hold in trust a special fund designated as the "Redemption Fund." All moneys deposited by the District with the Trustee for the purpose of optionally redeeming Bonds of any Series shall, unless otherwise directed by the District, be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds of such Series, in the manner, at the times and upon the terms and conditions specified in the Supplemental Indenture pursuant to which such Series of Bonds was created; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon receipt of a Request of the District, apply such amounts to the purchase of Bonds of such Series at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding, in the case of Current Interest Bonds, accrued interest, which is payable from the Interest ~~Account~~Fund) as is directed by the District, except that the purchase price (exclusive of such accrued interest) may not exceed the Redemption Price or Accreted Value then applicable to such Bonds. All Term Bonds purchased or redeemed from the Redemption Fund shall be allocated to Mandatory Sinking Account Payments applicable to such Series and maturity of Term Bonds as may be specified in a Request of the District.

SECTION 5.06 Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts held by the Trustee and established pursuant to this Indenture shall be invested, as directed by the District, solely in Investment Securities. All Investment Securities shall, as directed by the District in writing or by telephone, promptly confirmed in writing, be acquired subject to the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the District. If and to the extent the Trustee does not receive investment instructions from the District with respect to the moneys in the funds and accounts held by the Trustee pursuant to this Indenture, such moneys shall be invested in Investment Securities described in clause (xi) of the definition thereof and the Trustee shall thereupon request investment instructions from the District for such moneys.

Unless otherwise provided 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, shall be transferred to the Revenue Fund when received. All interest, profits and other income received from the investment of moneys in the Rebate Fund shall be deposited in the Rebate Fund, except as provided in Section 6.07. Notwithstanding anything to the contrary contained in this paragraph, 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 shall 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 this Indenture into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this 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 District may impose its customary charge therefor. The Trustee may sell at the best price obtainable, or present for redemption, any Investment Securities so purchased whenever it shall 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 shall not be liable or responsible for any loss resulting from such investment.

The District may and the Trustee shall, upon the Request of the District, enter into a financial futures or financial option contract with an entity the debt securities of which are rated in their respective highest short-term Rating Categories by Moody's and Standard & Poor's.

The District may and the Trustee shall, upon the Request of the District, 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 District or the Trustee, if any, pursuant to such a swap agreement may be applied to the deposits required hereunder; in which case, the entity with which the District 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 and Standard & Poor's. If the District so designates, amounts payable under the interest rate swap agreement shall be secured by Subordinated Adjusted Net Water Revenues and other assets pledged hereunder to the Bonds on a parity basis therewith and, in such event, the District shall pay to the Trustee for deposit in the Interest Fund, at the times and in the manner provided by Section 5.02, 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 shall pay to the other party to the

interest rate swap agreement, to the extent required thereunder, amounts deposited in the Interest Fund for the payment of interest on the Bonds with respect to which such agreement was entered into.

The Trustee and the District shall each keep proper books of record and accounts containing complete and correct entries of all transactions made by it relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Bonds, including moneys derived from, pledged to, or to be used to make payments on the Bonds. Such records shall specify the account or fund to which each investment (or portion thereof) is to be allocated and shall set forth, in the case of each investment security, (a) its purchase price, (b) identifying information, including par amount, coupon rate, and payment dates, (c) the amount received at maturity or its sale price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition and disposition or maturity.

The Trustee shall also provide to the District in accordance with a Request of the District, with respect to each Investment Security such documentation as is reasonably available to the Trustee and is required by the Code or other applicable law to be obtained by the District as evidence to establish that each investment had been acquired and disposed of on an established market in an arm's-length transaction at a price equal to its fair market value and with no amounts having been paid to reduce the yield on the investments, or shall be United States Treasury Obligations-State and Local Government Series as set forth in the Tax Certificate.

ARTICLE VI

COVENANTS

SECTION 6.01 Punctual Payment. The District 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 this Indenture, according to the true intent and meaning thereof, and shall punctually pay or cause to be paid all Mandatory Sinking Account Payments, but in each case only out of ~~Subordinated~~Adjusted Net Water Revenues as provided in this Indenture.

SECTION 6.02 Extension of Payment of Bonds. The District 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 by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this 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 shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the District to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

SECTION 6.03 Waiver of Laws. The District 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 this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the District to the extent permitted by law.

SECTION 6.04 Further Assurances. The District 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 this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

SECTION 6.05 Against Encumbrances~~and Certain Amendments to the Water Bond Resolution.~~ The District will not create any pledge, lien or charge upon any of the Subordinated Adjusted Net Water Revenues having priority over or having parity with the lien of the Bonds except only as permitted in Section 3.05. The District will not ~~amend or change the Water Bond Resolution in any manner which would permit the issuance of~~ issue any additional ~~Water Bonds in a greater principal amount than would have been permitted thereunder under Section 3.05 thereof prior to such amendment or change or reduce the percentage or coverage requirements contained in Section 5.13 thereof~~ bonds under Resolution No. 30050 of the District adopted on January 26, 1982.

SECTION 6.06 Accounting Records and Financial Statements.

(A) The District will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the Subordinated Adjusted Net Water Revenues. Such books of record and account shall be available for inspection by the Trustee at reasonable hours and under reasonable circumstances.

(B) The District will furnish the Trustee, within one hundred and twenty (120) days after the end of each Fiscal Year, the financial statements of the District 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 and that such accountant's examination of the financial statements was performed in accordance with generally accepted auditing standards and a Certificate of the chief financial officer of the District 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 District to cure such default. Thereafter, a copy of such financial statements will be furnished to any owner of Bonds upon written request to the District.

SECTION 6.07 Rebate Fund.

(A) The Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary in order to comply with the terms and requirements of the Tax Certificate. Subject to the provisions of the Tax Certificate, all money at any time deposited in the Rebate Fund shall be held by the Trustee for the account of the District in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the federal government of the United States of America, and neither the Trustee nor the Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Indenture and by the Tax Certificate (which is incorporated herein by reference). The District hereby covenants to comply with the directions contained in the Tax Certificate and the Trustee hereby covenants to comply with all written instructions of the District delivered to the Trustee pursuant to the Tax Certificate (which

instructions shall state the actual amounts to be deposited in or withdrawn from the Rebate Fund and shall not require the Trustee to make any calculations with respect thereto). The Trustee shall be deemed conclusively to have complied with the provisions of this Section 6.07(A) if it follows such instructions of the District, and the Trustee shall have no liability or responsibility to enforce compliance by the District with the terms of the Tax Certificate nor to make computations in connection therewith.

(B) Notwithstanding any other provision of the Indenture, including in particular Article X hereof, the obligation to remit the Rebate Requirement to the federal government of the United States of America and to comply with all other requirements of this Section and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

SECTION 6.08 Tax Covenants. The District 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 District may exclude the application of the covenants contained in this Section 6.08 and Section 6.07 to such Series of Bonds. The District will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the District, or take or omit to take any action that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code. To that end, the District will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds. In the event that at any time the District is of the opinion that for purposes of this Section 6.08 it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Indenture, the District shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Without limiting the generality of the foregoing, the District agrees that there shall be paid from time to time all amounts required to be rebated to the federal government of the United States of America pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Bonds from time to time. The District specifically covenants to pay or cause to be paid to the federal government of the United States of America the Rebate Requirement at the times and in the amounts determined under and as described in the Tax Certificate.

Notwithstanding any provision of this Section 6.08 and Section 6.07 hereof, if the District shall receive an Opinion of Bond Counsel to the effect that any action required under this Section 6.08 and Section 6.07 hereof is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, the District and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 6.09 Rates and Charges. The District will, at all times while any of the Bonds remain outstanding, fix, prescribe and collect rates, fees and charges in connection with the services and facilities furnished by the Water System so as to yield Water Revenues in each ~~fiscal year~~Fiscal Year sufficient so that the ~~sum of the Subordinated~~Adjusted Net Water Revenues for such year ~~plus all amounts required to be paid under the Water Bond Resolution for such year for principal, interest, reserve fund and any other debt service requirements on the Water Bonds~~ shall be at least equal to 1.1 times the amount of Debt Service on all ~~Water Bonds~~, Bonds and Parity Debt for such ~~fiscal year~~Fiscal Year.

SECTION 6.10 Rate Stabilization Fund. No deposit of Water Revenues to the Rate Stabilization Fund ~~created in the Water Bond Resolution~~ may be made to the extent such Water Revenues were included in ~~Subordinated~~Adjusted Net Water Revenues in a certificate pursuant to Section 3.01(c) of the Indenture and withdrawal of such Water Revenues to be deposited in the Rate Stabilization Fund from the Water Revenues (and thus ~~Subordinated~~Adjusted Net Water Revenues) employed in rendering said certificate would have caused noncompliance with Section 3.01(c), or to the extent withdrawals of Water Revenues for any ~~fiscal year~~Fiscal Year so to be deposited in the Rate Stabilization Fund would have reduced the debt service ratio computed pursuant to Section 6.09 for such ~~fiscal year~~Fiscal Year below 1.1.

SECTION 6.11 Maintenance and Operation of System; Insurance. The District 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 District and upon terms and conditions deemed reasonable by the District, the District will procure and maintain at all times: (a) insurance on the Water System against such risks as and in such amounts as the District deems prudent taking into account insurance coverage for similar utilities, and (b) public liability insurance in such amounts as the District deems prudent taking into account insurance coverage for similar utilities.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

SECTION 7.01 Events of Default. The following events shall 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 shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise, or default in the redemption from any Sinking Account of any Bonds 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 shall become due and payable;

(c) if the District shall fail to observe or perform any covenant, condition, agreement or provision in this Indenture on its part to be observed or performed, other than as referred to in subsection (a) or (b) of this Section, for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, has been given to the District by the Trustee; except that, if such failure can be remedied but not within such sixty (60) day period and if the District has taken all action reasonably possible to remedy such failure within such sixty (60) day period, such failure shall not become an Event of Default for so long as the District shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Trustee;

(d) if any default shall exist under any agreement governing any Parity Debt and such default shall continue beyond the therein stated grace period, if any, with respect to such default;

(e) ~~if any default shall exist under Section 8.01 of the Water Bond Resolution and such default shall continue beyond the therein stated grace period, if any, with respect to such default~~[reserved];

(f) if the District files 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 makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself;

(g) if a court of competent jurisdiction shall enter an order, judgment or decree declaring the District insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the District, or approving a petition filed against the District seeking reorganization of the District under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days from the date of the entry thereof; and

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the ~~Subordinated~~Adjusted Net Water Revenues, and such custody or control shall not be terminated within 60 days from the date of assumption of such custody or control.

SECTION 7.02 Application of ~~Subordinated~~Adjusted Net Water Revenues and Other Funds After Default; Acceleration. If an Event of Default shall occur and be continuing, the District shall immediately transfer to the Trustee all ~~Subordinated~~Adjusted Net Water Revenues held by it and received thereafter and the Trustee shall apply all ~~Subordinated~~Adjusted Net Water Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture (except as otherwise provided in this 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 Bondholders 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 this Indenture;

(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 this 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 shall 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 shall 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 principal amount of the Bonds at the time outstanding shall be entitled, upon notice in writing to the District, 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 shall become and shall be immediately due and payable, anything in this 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 shall have been so declared due and payable, the District shall pay to or shall 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 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) shall have been made good or cured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate principal amount of the Bonds at the time outstanding, by written notice to the District 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 shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 7.03 **Trustee to Represent Bondholders.** The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) 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, this Indenture, the Act 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 Bondholders, 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, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall 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 herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under this Indenture, the Act or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the **Subordinated****Adjusted Net** Water Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this 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 shall 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 this Indenture (including Section 7.05).

SECTION 7.04 Bondholders' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding shall 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

hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this 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 shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders or holders of Parity Debt not parties to such direction.

SECTION 7.05 Limitation on Bondholders' Right to Sue. No Owner of any Bond shall 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 this Indenture, the Act or any other applicable law with respect to such Bond, unless (1) such Owner shall 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 shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (5) the Trustee shall 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 hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under this Indenture, the Act or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

SECTION 7.06 Absolute Obligation of the District. Nothing in Section 7.06 or in any other provision of this Indenture, or in the Bonds, contained shall affect or impair the obligation of the District, 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 dates of maturity, or upon call for redemption, as herein provided, but only out of the ~~Subordinated~~Adjusted Net Water Revenues and other assets herein pledged 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.

SECTION 7.07 Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Bondholders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, then in every such case the District, the Trustee and the Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the District, the Trustee and the Bondholders shall continue as though no such proceedings had been taken.

SECTION 7.08 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee onto 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, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

SECTION 7.09 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 shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this 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.

ARTICLE VIII

THE TRUSTEE

SECTION 8.01 Appointment; Duties, Immunities and Liabilities of Trustee.

(A) ~~First Interstate~~ U.S. Bank of California Trust Company, National Association is hereby appointed as Trustee under this Indenture and hereby accepts the trust imposed upon it as Trustee hereunder and to perform all the functions and duties of the Trustee hereunder, subject to the terms and conditions set forth in this Indenture. The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by this 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.

(B) The District may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall 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 shall cease to be eligible in accordance with subsection (E) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall 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 shall appoint a successor Trustee by an instrument in writing.

(C) The Trustee may at any time resign by giving written notice of such resignation to the District and by giving the Bondholders 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 District shall promptly appoint a successor Trustee by an instrument in writing.

(D) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall 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

Bondholder (on behalf of himself and all other Bondholders) 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 this Indenture, shall signify its acceptance of such appointment by executing and delivering to the District and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall 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 herein; but, nevertheless at the Request of the District or the request of the successor Trustee, such predecessor Trustee shall 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 this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the District shall 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 District shall give notice of the succession of such Trustee to the trusts hereunder by mail to the Bondholders at the addresses shown on the registration books maintained by the Trustee. If the District fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the District.

(E) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall 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 fifty million dollars (\$50,000,000), 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 for the purpose of this subsection the combined capital and surplus of such bank or trust company shall 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 shall cease to be eligible in accordance with the provisions of this subsection (E), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

If, by reason of the judgment of any court, the Trustee or any successor Trustee is rendered unable to perform its duties hereunder, and if no successor Trustee be then appointed, all such duties and all of the rights and powers of the Trustee hereunder shall be assumed by and vest in the Treasurer of the District in trust for the benefit of the Bondowners.

SECTION 8.02 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 shall 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 shall be eligible under subsection (E) of Section 8.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 8.03 ~~Liability of Trustee.~~

(A) The recitals of facts herein and in the Bonds contained shall be taken as statements of the District, 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 this Indenture or of the Bonds or of any Investment Security, as to the sufficiency of the ~~Subordinated~~Adjusted Net Water Revenues or the priority of the lien of this Indenture thereon, or as to the financial or technical feasibility of any Water System and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence, willful misconduct or breach of the express terms and conditions hereof. 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 this Indenture. The Trustee may in good faith hold any other form of indebtedness of the District, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the District and make disbursements for the District and enter into any commercial or business arrangement therewith, without limitation.

(B) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, but the Trustee shall be answerable for the negligence or misconduct of any such attorney, agent, or receiver selected by it; provided that the Trustee shall not be answerable for the negligence or misconduct of any attorney or certified public accountant selected by it with due care.

(C) The Trustee shall 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 principal amount 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 this Indenture.

(D) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Bondholders pursuant to the provisions of this Indenture, including, without limitation, the provisions of Article VII hereof, unless such Bondholders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

(E) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(F) The Trustee shall not be deemed to have knowledge of and shall not be required to take any action with respect to, any Event of Default (other than an Event of Default

described in subsections (a) or (b) of Section 7.01) or event which would, with the giving of notice, the passage of time or both, constitute an Event of Default, unless the Trustee shall have actual knowledge of such event or shall have been notified of such event by the District or the Owners of 25% of the Bond Obligation Outstanding. Without limiting the generality of the foregoing, the Trustee shall not be required to ascertain, monitor or inquire as to the performance or observance by the District of the terms, conditions, covenants or agreements set forth in Article VI hereof (including, without limitation, the covenants of the District set forth in Sections 6.07 or 6.08 hereof), other than the covenants of the District to make payments with respect to the Bonds when due as set forth in Section 6.01 and to file with the Trustee when due, such reports and certifications as the District is required to file with the Trustee hereunder.

(G) No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(H) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the District, personally or by agent or attorney.

(I) The Trustee shall not be responsible for:

(1) the application or handling by the District of any ~~Subordinated~~ Adjusted Net Water Revenues or other moneys transferred to or pursuant to any Requisition or Request of the District in accordance with the terms and conditions hereof;

(2) the application and handling by the District of any other fund or account designated to be held by the District hereunder;

(3) any error or omission by the District in making any computation or giving any instruction pursuant to Sections 6.07 and 6.08 hereof and may rely conclusively on the Rebate Instructions and any computations or instructions furnished to it by the District in connection with the ~~requirements~~ requirements of Section 6.08 and the Tax Certificate;

(4) the construction, operation or maintenance of any Water System by the District.

(J) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VIII.

SECTION 8.04 Right of Trustee to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including, without limitation, counsel of or to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the District, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable. The Trustee may also rely conclusively on any report or certification of any certified public accountant, investment banker, financial consultant, or other expert selected by the District or selected by the Trustee with due care in connection with matters required to be proven or ascertained in connection with its administration of the trusts created hereby.

SECTION 8.05 Compensation and Indemnification of Trustee. The District covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the District will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence, default or willful misconduct. The District, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damages, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with: (1) the acceptance or administration of the trusts created hereby, including costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder; (2) the Water System to be financed, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of such Water System or any part thereof; (3) the sale of any Bonds and the carrying out of any of the transactions contemplated by the Bonds, the Indenture, any Supplemental Indenture or related documents; or (4) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other disclosure document utilized in connection with the sale of the Bonds. The rights of the Trustee and the obligations of the District under this Section 8.05 shall survive the discharge of the Bonds and this Indenture and the resignation or removal of the Trustee.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THIS INDENTURE

SECTION 9.01 Amendments Permitted.

(A) (1) This Indenture and the rights and obligations of the District, 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 District 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 shall 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 shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this Section.

(2) This Indenture and the rights and obligations of the District 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 District and the Trustee which shall become binding when the written consents of each provider of a letter of credit or a policy of bond insurance for the Bonds shall have been filed with the Trustee, provided that at such time the payment of all the principal of and interest on all Outstanding Bonds shall be insured by a policy or policies of municipal bond insurance or payable under a letter of credit the provider of which shall 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 or Standard & Poor's. A copy of each such Supplemental Indenture shall be sent by the District to Moody's and Standard & Poor's.

(3) No such modification or amendment shall (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 Account 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, 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 ~~Subordinated~~Adjusted Net Water Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture, or deprive the Owners of the Bonds of the lien created by this Indenture on such ~~Subordinated~~Adjusted Net Water Revenues and other assets (in each case, except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution and delivery by the Trustee and the District of any Supplemental Indenture pursuant to this subsection (A), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Owners of the Bonds at the addresses shown on the registration books of the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(B) This Indenture and the rights and obligations of the District, 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 District may adopt without the consent of any Bondholders 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 District in this 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 herein reserved to or conferred upon the District;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency of omission, or of curing or correcting any defective provision, contained in

this Indenture, or in regard to matters or questions arising under this Indenture, as the District may deem necessary or desirable, and which shall not materially and adversely affect the interests of the Owners of the Bonds;

(3) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof 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 shall 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 District may deem desirable; subject to the provisions of Section 3.01, 3.03 and 3.05;

(5) to provide for the issuance of Bonds in book-entry form or bearer form, provided that no such provision shall materially and adversely affect the interests of the Owners of the Bonds;

(6) if the District 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 Section 3.02 or Section 3.03; and

(8) for any other purpose that does not materially and adversely affect the interests of the Owners of the Bonds.

SECTION 9.02 Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the District, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.03 Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after any Supplemental Indenture becomes effective pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the District and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such execution and presentation of his Bond for such purpose at the Corporate Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the District and the Trustee, to any modification or amendment contained in such ~~Supplemental~~Supplemental Indenture, shall be prepared and executed by the District and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the Principal Corporate Trust Office, without cost to any Bondholder, for Bonds

then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts of the same Series, tenor and maturity.

SECTION 9.04 Amendment of Particular Bonds. The provisions of this Article shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE X

DEFEASANCE

SECTION 10.01 Discharge of Indenture. Bonds of any Series or a portion thereof may be paid by the District in any of the following ways:

- (a) by paying or causing to be paid the Bond Obligations of and interest on such Outstanding Bonds, as and when the same become due and payable;
- (b) 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 Section 10.03) to pay or redeem such Outstanding Bonds; or
- (c) by delivering to the Trustee, for cancellation by it, such Outstanding Bonds.

If the District shall pay all Series for which any Bonds are Outstanding and also pay or cause to be paid all other sums payable hereunder by the District, then and in that case, at the election of the District (evidenced by a Certificate of the District, filed with the Trustee, signifying the intention of the District to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of ~~Subordinated~~Adjusted Net Water Revenues and, other assets made under this Indenture and all covenants, agreements and other obligations of the District under this Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the District, the Trustee shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to this Indenture which, as evidenced by a verification report, upon which the Trustee may conclusively rely, from a firm of certified public accountants, or other firm acceptable to the Trustee, are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

SECTION 10.02 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 Section 10.03) 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 shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the District in respect of such Bond shall cease, terminate and be completely discharged, provided that the Owner thereof shall thereafter be entitled to the payment of the principal of and premium, if any, and interest on the Bonds, and the District shall 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 Section 10.04 and the continuing duties of the Trustee hereunder.

The District may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

SECTION 10.03 Deposit of Money or Securities with Trustee. Whenever in this 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 this Indenture and shall 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 shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) Investment Securities described in clauses (i), (ii) or (v) of the definition thereof the principal of and interest on which when due will, in the opinion of an independent certified public accountant 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 shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Request of the District) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

SECTION 10.04 Payment of Bonds After Discharge of Indenture. Any moneys held by the Trustee in trust for the payment of the principal or Redemption Price of, or interest on, any Bonds and remaining unclaimed for four years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption as provided in this Indenture), if such moneys were so held at such date, or four years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon Request of the District, be repaid to the District free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the District as aforesaid, the Trustee may (at the cost of the District) first mail to the Owners of any Bonds remaining unpaid at the addresses shown on the registration books maintained by the Trustee a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof. All moneys held by or on behalf of the

Trustee for the payment of principal or Accreted Value of or interest or premium on Bonds, whether at redemption or maturity, shall be held in trust for the account of the Owners thereof and the Trustee shall not be required to pay Owners any interest on, or be liable to the Owners or any other person (other than the District) for any interest earned on, moneys so held. Any interest earned thereon shall belong to the District and shall be deposited monthly by the Trustee into the Revenue Fund.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01 Liability of District Limited to ~~Subordinated~~Adjusted Net Water Revenues. Notwithstanding anything in this Indenture or in the Bonds contained, the District shall not be required to advance any moneys derived from any source other than the ~~Subordinated~~Adjusted Net Water Revenues and other assets pledged hereunder for any of the purposes in this Indenture mentioned, whether for the payment of the principal or Redemption Price of or interest on the Bonds or for any other purpose of this Indenture.

SECTION 11.02 Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the District or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the District or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 11.03 Limitation of Rights to District, Trustee and Bondholders. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the District, the Trustee, and the Owners of the Bonds and any Parity Debt, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the District, the Trustee, and the Owners of the Bonds and any Parity Debt.

SECTION 11.04 Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 11.05 Destruction or Delivery of Cancelled Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the District of any Bonds, the Trustee may, in its sole discretion, in lieu of such cancellation and delivery, destroy such Bonds, and deliver a certificate of such destruction to the District.

SECTION 11.06 Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The District hereby declares that it would have adopted this Indenture and each and every other section, paragraph,

sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

SECTION 11.07 Notice to District and Trustee. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the Corporate Trust Office of the Trustee. Any notice to or demand upon the District, shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed, as the case may be, to the District at ~~2130 Adeline~~375 Eleventh Street, Oakland, California 94607, Attention: Treasurer (or such other address as may have been filed in writing by the District with the Trustee).

SECTION 11.08 Evidence of Rights of Bondholders. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondholders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the District if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the bond registration books held by the Trustee. The Trustee may establish a record date as of which to measure consent of the Bondowners in order to determine whether the requisite consents are received.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the District in accordance therewith or reliance thereon.

SECTION 11.09 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the District, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the District or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the District or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

SECTION 11.10 Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds (or portions of Bonds in the case of registered Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04.

SECTION 11.11 Funds and Accounts. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the industry, to the extent practicable, and with due regard for the protection of the security of the Bonds and the rights of every holder thereof.

SECTION 11.12 Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

SECTION 11.13 Waiver of Personal Liability. No Board member, officer, agent or employee of the District or the Trustee shall be individually or personally liable for the payment of the principal or Redemption Price of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such Board member, officer, agent or employee of the District or the Trustee from the performance of any official duty provided by law or by this Indenture.

SECTION 11.14 Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

SECTION 11.15 Business Day. Except as specifically set forth in a Supplemental Indenture, any payments or transfers which would otherwise become due on any day which is not a Business Day shall become due or shall be made on the next succeeding Business Day.

SECTION 11.16 Effective Date of Indenture. This Indenture shall take effect upon its execution and delivery.

SECTION 11.17 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Indenture by their officers thereunto duly authorized as of the day and year first written above.

EAST BAY MUNICIPAL UTILITY DISTRICT

General Manager

(Seal)

ATTEST:

Secretary

| ~~FIRST INTERSTATE BANK OF CALIFORNIA~~

| U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as successor Trustee

By _____
Vice President

| By _____
~~Assistant Vice President~~

Document comparison by Workshare Compare on Wednesday, January 10, 2024 10:18:55 PM

Input:	
Document 1 ID	netdocuments://4854-9027-4444/1
Description	EXHIBIT A to 31st Supplemental Indenture (Water System Revenue Bond Indenture)
Document 2 ID	netdocuments://4854-9027-4444/2
Description	EXHIBIT A to 31st Supplemental Indenture (Water System Revenue Bond Indenture)
Rendering set	Standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
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Padding cell	

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Insertions	228
Deletions	260
Moved from	9
Moved to	9
Style changes	0
Format changes	0
Total changes	506

THIRTY-SECOND SUPPLEMENTAL INDENTURE

between

EAST BAY MUNICIPAL UTILITY DISTRICT

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Trustee

Dated as of March 1, 2024

(Supplemental to the Water System Revenue Bond Indenture
dated as of April 1, 1990)

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Thirty-Second Supplemental Indenture
(Supplemental to the Water System
Revenue Bond Indenture dated
as of April 1, 1990)
Authorizing the Issuance of

\$ _____ Aggregate Principal Amount of
East Bay Municipal Utility District
Water System Revenue Bonds,
Series 2024A (Green Bonds)
and
\$ _____ Aggregate Principal Amount of
East Bay Municipal Utility District
Water System Revenue Refunding Bonds,
Series 2024B

This Thirty-Second Supplemental Indenture, dated as of March 1, 2024 (the “Thirty-Second Supplemental Indenture”), between the East Bay Municipal Utility District (the “District”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”);

W I T N E S S E T H :

WHEREAS, this Thirty-Second Supplemental Indenture is supplemental to the Water System Revenue Bond Indenture, dated as of April 1, 1990, as amended and supplemented (the “Indenture”), between the District and the Trustee, providing for the issuance of bonds now designated as “Water System Revenue Bonds” (the “Bonds”);

WHEREAS, the Indenture provides that the District may issue additional Bonds as well as refunding bonds from time to time as authorized by a Supplemental Indenture;

WHEREAS, the District has previously authorized the issuance of up to \$653,000,000 of water system revenue bonds, pursuant to Resolution No. 34031-15 adopted by the Board on April 28, 2015, and as of the date hereof, \$184,540,000 of Water System Revenue Bonds have been issued under and pursuant to the authority of Resolution No. 34031-15;

WHEREAS, in accordance with the Indenture there has been issued, among other Bonds, (i) \$128,315,000 aggregate principal amount of Water System Revenue Refunding Bonds, Series 2014A (the “Series 2014A Bonds”), pursuant to the Twenty-Third Supplemental Indenture, dated as of June 1, 2014, between the District and the Trustee, of which \$128,315,000 principal amount is Outstanding as of the date hereof; (ii) \$242,730,000 aggregate principal amount of Water System Revenue Refunding Bonds, Series 2014B (the “Series 2014B Bonds”), pursuant to the Twenty-Fourth Supplemental Indenture, dated as of June 1, 2014, between the District and the Trustee, of which \$153,665,000 principal amount is Outstanding as of the date hereof; and (iii) \$75,000,000 aggregate principal amount of Water System Revenue Bonds, Series 2014C (the “Series 2014C Bonds”), pursuant to the Twenty-Fifth Supplemental Indenture, dated as of June 1,

2014, between the District and the Trustee, of which \$75,000,000 principal amount is Outstanding as of the date hereof;

WHEREAS, the District has determined to issue its Water System Revenue Bonds, Series 2024A (Green Bonds) (the "Series 2024A Bonds") in the aggregate principal amount of \$_____, pursuant to this Thirty-Second Supplemental Indenture for the purpose of providing moneys to finance and/or reimburse the District for certain costs of various capital improvements to the Water System of the District and to pay the Costs of Issuance related to the Series 2024A Bonds, all \$_____ of which is being issued under and pursuant to the authority of Resolution No. 34031-15;

WHEREAS, the District has determined to issue its Water System Revenue Refunding Bonds, Series 2024B (the "Series 2024B Bonds") in the aggregate principal amount of \$_____, pursuant to this Thirty-Second Supplemental Indenture and Section 53580 *et seq.* of the Government Code of the State of California (the "Refunding Act") for the purpose of providing moneys to refund all of the Outstanding Series 2014A Bonds, a portion of the Outstanding Series 2014B Bonds and all of the Outstanding Series 2014C Bonds, and to pay the Costs of Issuance related to the Series 2024B Bonds;

WHEREAS, the Indenture creates a valid and binding pledge and assignment of and security interest in the Adjusted Net Water Revenues and all amounts held by the Trustee under the Indenture (except for amounts held in the Rebate Fund) for the payment of the Bonds as and to the extent provided therein in accordance with the terms thereof without the need for any physical delivery, recordation, filing or further act, in accordance with Section 5451 of the Government Code of the State of California;

WHEREAS, pursuant to Article IX of the Indenture, the Indenture and the rights and obligations of the District, of the Trustee and of the Owners of the Bonds may be modified or amended from time to time and at any time by a Supplemental Indenture entered into by the District and the Trustee in accordance with the terms thereof, including with the written consent of the Owners of a majority in aggregate amount of the Bond Obligation of the Bonds then Outstanding;

WHEREAS, the District has determined to seek to amend the Indenture in certain respects as set forth in Section 47.16 hereof, such amendments to the provisions of the Indenture to become effective and binding in accordance with Article IX of the Indenture when the written consent of the Owners of a majority in aggregate amount of the Bond Obligation of the Bonds then Outstanding has been obtained; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this Thirty-Second Supplemental Indenture (subject to Section 47.16 with respect to the effectiveness of the amendments set forth in said Section), do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Thirty-Second Supplemental Indenture;

NOW, THEREFORE, the parties hereto agree, as follows:

ARTICLE XLVII

SERIES 2024A BONDS AND SERIES 2024B BONDS

SECTION 47.01 Definitions. The terms defined in this Section shall, for all purposes of this Thirty-Second Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Terms defined in the Indenture not otherwise defined herein shall have the meanings specified therein.

“Amendments Effective Date” means the date on which the written consent (or deemed written consent) to the amendments to the Indenture set forth in Section 47.16 of this Thirty-Second Supplemental Indenture of the Owners of a majority in aggregate amount of the Bond Obligation of the Bonds then Outstanding has been obtained and a written Certificate of the District to such effect shall have been delivered by the District and filed with the Trustee.

“Beneficial Owner” means any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2024 Bond (including any Person holding a Series 2024 Bond through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2024 Bond for federal income tax purposes.

“Book-Entry System” means the system maintained by the Securities Depository and described in Section 47.03 hereof.

“Closing Date” means the date of delivery of the Series 2024 Bonds to the Representative of the Underwriters, against payment therefor, such date being _____, 2024.

“Continuing Disclosure Agreement” means any continuing disclosure agreement entered into by the District and Digital Assurance Certification, LLC, as dissemination agent, in connection with the Series 2024 Bonds in order to comply with the continuing disclosure requirements promulgated under Securities Exchange Commission Rule 15c2-12.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Refunded Series 2014 Bonds” means (i) all of the \$128,315,000 outstanding principal amount of the District’s Series 2014A Bonds, (ii) the \$10,005,000 principal amount of the District’s Series 2014B Bonds maturing on June 1, 2030, and (iii) all of the \$75,000,000 outstanding principal amount of the District’s Series 2014C Bonds.

“Representation Letter” means the Letter of Representations from the District to DTC relating to the Book-Entry System for the Series 2024 Bonds.

“Representative” means J.P. Morgan Securities LLC, as representative of the Underwriters of the Series 2024 Bonds.

“Securities Depository” means DTC or, if applicable, any successor securities depository appointed pursuant to Section 47.03 hereof.

“Securities Depository Participant” means any broker-dealer, bank or other financial institution for which a Securities Depository holds Series 2024 Bonds as Securities Depository from time to time.

“Series 2014 Escrow Agreement” means the Escrow Agreement relating to the defeasance and redemption of the Refunded Series 2014 Bonds, dated as of [March 1], 2024, by and between the District and U.S. Bank Trust Company, National Association, as escrow agent and as trustee for the Refunded Series 2014 Bonds.

“Series 2024A Bonds” means the East Bay Municipal Utility District Water System Revenue Bonds, Series 2024A (Green Bonds).

“Series 2024A (Green Bonds) Water System Fund” means the fund by that name established pursuant to Section 47.13 hereof.

“Series 2024AB Costs of Issuance Fund” means the fund by that name established pursuant to Section 47.14 hereof.

“Series 2024B Bonds” means the East Bay Municipal Utility District Water System Revenue Refunding Bonds, Series 2024B.

“Series 2024 Bonds” means the Series 2024A Bonds and the Series 2024B Bonds, as described in Section 47.02.

SECTION 47.02 Authorization.

(A) Designation of Bonds. A thirty-ninth and fortieth Series of Bonds to be issued under the Indenture is hereby created. These Series of Bonds shall be known as: (i) the “East Bay Municipal Utility District Water System Revenue Bonds, Series 2024A (Green Bonds)” (herein referred to as the “Series 2024A Bonds”); and (ii) the “East Bay Municipal Utility District Water System Revenue Refunding Bonds, Series 2024B” (herein referred to as the “Series 2024B Bonds”). The Series 2024A Bonds shall be issued in the aggregate principal amount of \$ _____. The Series 2024B Bonds shall be issued in the aggregate principal amount of \$ _____.

The Series 2024 Bonds shall be issued in accordance with the Act and pursuant to Resolution No. _____-24 adopted by the Board on _____, 2024, and this Thirty-Second Supplemental Indenture. The Series 2024A Bonds shall be issued for the purpose of (i) financing certain costs (including by reimbursement of such costs to the District) of various capital improvements to the Water System of the District, and (ii) paying Costs of Issuance in connection with the delivery of the Series 2024A Bonds. The Series 2024B Bonds shall be issued for the purpose of providing moneys, together with certain other funds to be made available upon the delivery thereof, to (i) refund the Refunded Series 2014 Bonds; and (ii) pay Costs of Issuance in connection with the delivery of the Series 2024B Bonds.

The Series 2024A Bonds and Series 2024B Bonds shall be Current Interest Indebtedness.

(B) Registered Form. The Series 2024A Bonds and Series 2024B Bonds shall be issued in fully registered form and shall be initially registered in the name of “Cede & Co.,” as nominee of DTC in accordance with Section 47.03 hereof. The Series 2024 Bonds of each Series shall be evidenced by one bond maturing on each maturity date of the Series 2024 Bonds of such Series as set forth in Section 47.02(C) hereof. The Series 2024 Bond of each Series may be assigned by the Trustee a distinctive number or letter and number, and a record of the same shall be maintained by the Trustee. Registered ownership of the Series 2024 Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 47.03 hereof.

(C) Maturities; Interest Rates; Denominations.

(1) Series 2024A Bonds. The Series 2024A Bonds shall be dated the date of delivery thereof, shall be issued in denominations of \$5,000 principal amount or any integral multiple thereof, and shall bear interest from the date thereof at the following rates per annum, and shall mature on June 1 in the following years in the following amounts:

Series 2024A Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate

(2) Series 2024B Bonds. The Series 2024B Bonds shall be dated the date of delivery thereof, shall be issued in denominations of \$5,000 principal amount or any integral multiple thereof, and shall bear interest from the date thereof at the following rates per annum, and shall mature on June 1 in the following years in the following amounts:

Series 2024B Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate

(D) Payment of the Series 2024 Bonds. Interest on the Series 2024 Bonds of each Series shall be payable semiannually on June 1 and December 1 of each year, commencing on [June 1, 2024]. Interest on the Series 2024 Bonds of each Series is payable, except as otherwise provided in the next succeeding paragraph of this Section 47.02(D), by check mailed by first-class mail on each interest payment date to the Owners thereof as of the close of business on the fifteenth (15th) day of the calendar month immediately preceding such interest payment date (each, a “record date”), except that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of Series 2024 Bonds of a Series, upon written request of such Owner to the Trustee received at least ten (10) days prior to the record date for the payment of interest, specifying the account or accounts to which such payment shall be made (which request shall remain in effect until revoked by such Owner in a subsequent writing delivered to the Trustee), such interest shall be paid in immediately available funds by wire transfer to such account or accounts on the following interest payment date. Interest on the Series 2024 Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. The principal of and premium, if any, on the Series 2024 Bonds are payable when due, except as otherwise provided in the next succeeding paragraph of this Section 47.02(D), upon presentation thereof at the corporate trust office of the Trustee in San Francisco, California, or at such other place as designated by the Trustee. Principal of, premium, if any, and interest on the Series 2024 Bonds are payable in lawful money of the United States of America.

So long as the Series 2024 Bonds are maintained in book-entry form, payments of principal, premium, if any, and interest shall be made by the Trustee to the Securities Depository by wire transfer in accordance with mutually satisfactory arrangements between the Trustee and the Securities Depository.

The Trustee shall provide CUSIP number identification, with appropriate dollar amounts for each CUSIP number, on all redemption payments and interest payments, whether by check or by wire transfer.

SECTION 47.03 Book-Entry System. The Series 2024 Bonds shall be initially issued registered in the name of “Cede & Co.,” as nominee for DTC and registered Owner thereof, and held in the custody of (or by a custodian of) the Securities Depository. A single certificate will be issued and delivered to the Securities Depository for each maturity of the Series 2024A Bonds and each maturity of the Series 2024B Bonds, and the Beneficial Owners will not receive physical delivery of bond certificates for the Series 2024 Bonds except as provided herein. For so long as the Securities Depository shall continue to serve as securities depository for the Series 2024 Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Series 2024 Bonds will receive, hold or deliver any Series 2024 Bond certificate.

At the written direction of the District, with notice to the Trustee, but without the consent of the Owners of the Series 2024 Bonds or the Trustee, the District, may appoint a successor Securities Depository and enter into an agreement with the successor Securities Depository, to establish procedures with respect to a Book-Entry System for the Series 2024 Bonds not inconsistent with the provisions of the Indenture. Any successor Securities Depository shall be a “clearing agency” registered under Section 17A of the Securities Exchange Act of 1934, as amended.

The District and the Trustee may rely conclusively upon (i) a certificate of the Securities Depository as to the identity of the Securities Depository Participants in the Book-Entry System with respect to the Series 2024 Bonds and (ii) a certificate of any such Securities Depository Participant as to the identity of, and the respective principal amount of the Series 2024 Bonds beneficially owned by, the Beneficial Owners.

Whenever, during the term of the Series 2024 Bonds, the beneficial ownership thereof is determined by a book-entry at the Securities Depository, the requirements in the Indenture of holding, delivering or transferring the Series 2024 Bonds shall be deemed modified to require the appropriate person to meet the requirements of the Securities Depository as to registering or transferring the book-entry to produce the same effect. Any provision hereof permitting or requiring delivery of the Series 2024 Bonds shall, while the Series 2024 Bonds are in the Book-Entry System, be satisfied by the notation on the books of the Securities Depository in accordance with applicable state law.

Except as otherwise specifically provided in the Indenture and the Series 2024 Bonds with respect to the rights of Securities Depository Participants and Beneficial Owners, when a Book-Entry System is in effect, the District and the Trustee may treat the Securities Depository (or its nominee) as the sole and exclusive Owner of the Series 2024 Bonds registered in its name for the purposes of payment of the principal of and interest on the Series 2024 Bonds or portion thereof to be redeemed or purchased, and of giving any notice permitted or required to be given to the Owners of Series 2024 Bonds under the Indenture, and neither the District nor the Trustee shall be affected by any notice to the contrary. Neither the District nor the Trustee will have any responsibility or obligation to the Securities Depository, any Securities Depository Participant, any

Beneficial Owner or any other Person which is not shown on the registration books required to be maintained by the Trustee, with respect to: (i) the accuracy of any records maintained by the Securities Depository or any Securities Depository Participant; (ii) the payment by the Securities Depository or by any Securities Depository Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price (if applicable) of, or interest on, any Series 2024 Bonds; (iii) the delivery of any notice by the Securities Depository or any Securities Depository Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2024 Bonds; or (v) any other action taken by the Securities Depository or any Securities Depository Participant. The Trustee shall pay all principal of and interest on the Series 2024 Bonds registered in the name of Cede & Co. only to or “upon the order of” the Securities Depository, and all such payments shall be valid and effective to fully satisfy and discharge the District’s obligations with respect to the principal of and interest on such Series 2024 Bonds to the extent of the sum or sums so paid.

The Book-Entry System may be discontinued by the Trustee and the District, at the direction and expense of the District, and the District and the Trustee will cause the delivery of Series 2024 Bond certificates to such Beneficial Owners of the Series 2024 Bonds and registered in the names of such Beneficial Owners as shall be specified to the Trustee by the Securities Depository in writing, under the following circumstances:

(i) The Securities Depository determines to discontinue providing its service with respect to the Series 2024 Bonds and no successor Securities Depository is appointed as described above. Such a determination may be made at any time by giving thirty (30) days’ notice to the District and the Trustee and discharging its responsibilities with respect thereto under applicable law; or

(ii) The District determines not to continue the Book-Entry System through a Securities Depository, upon not less than forty-five (45) days’ prior written notice to the Trustee.

When the Book-Entry System is not in effect, all references herein to the Securities Depository shall be of no further force or effect.

So long as any Series 2024 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Series 2024 Bond and all notices with respect to such Series 2024 Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

In the event of a redemption or any other transaction necessitating a reduction in aggregate principal amount of any Series 2024 Bond Outstanding, DTC in its discretion: (a) may request the District and the Trustee to issue and authenticate a new Series 2024 Bond certificate of the applicable Series; or (b) shall make an appropriate notation on the Series 2024 Bond certificate or otherwise on its Book-Entry System with respect to such Series 2024 Bond in accordance with applicable DTC procedures indicating the date and amounts of such reduction in principal.

Prior to any transfer of Series 2024 Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system), the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with

any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

SECTION 47.04 Redemption of Series 2024 Bonds.

(A) Series 2024A Bonds.

(1) Optional Redemption. The Series 2024A Bonds maturing on or before June 1, 20__ are not subject to optional redemption prior to maturity. The Series 2024A Bonds maturing on and after June 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part (by such maturities as may be specified by the District and by lot within a maturity), on any date on or after June 1, 20__, at a redemption price equal to the principal amount of Series 2024A Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

(2) Mandatory Sinking Account Redemption. The Series 2024A Bonds maturing on June 1, 20__ are also subject to redemption prior to their stated maturity, in part, by lot, from Mandatory Sinking Account Payments required by and as specified in Section 47.09(A), commencing on June 1, 20__, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

(B) Series 2024B Bonds.

(1) Optional Redemption. The Series 2024B Bonds maturing on or before June 1, 20__ are not subject to optional redemption prior to maturity. The Series 2024B Bonds maturing on and after June 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part (by such maturities as may be specified by the District and by lot within a maturity), on any date on or after June 1, 20__, at a redemption price equal to the principal amount of Series 2024B Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

(2) Mandatory Sinking Account Redemption. The Series 2024B Bonds maturing on June 1, 20__ are also subject to redemption prior to their stated maturity, in part, by lot, from Mandatory Sinking Account Payments required by and as specified in Section 47.09(B), commencing on June 1, 20__, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

SECTION 47.05 Selection of Series 2024 Bonds for Redemption. Whenever provision is made in this Thirty-Second Supplemental Indenture for the redemption of less than all of the Series 2024 Bonds of a Series, the maturities of the Series 2024 Bonds of such Series to be redeemed shall be specified by the District. In the case of partial redemption of less than all of the Series 2024 Bonds of a Series of any maturity, the Trustee shall select the Series 2024 Bonds of such Series of such maturity to be redeemed, from all Series 2024 Bonds of the respective Series not previously called for redemption, in authorized denominations, by lot, in any manner which

the Trustee in its sole discretion shall deem appropriate and fair. The Trustee shall promptly notify the District in writing of the Series 2024 Bonds so selected for redemption.

SECTION 47.06 Notice of Redemption of Series 2024 Bonds. The District shall notify the Trustee at least twenty-five (25) days prior to the redemption date for any Series 2024 Bonds pursuant to Section 47.04(A)(1) or Section 47.04(B)(1) (or such shorter time as may be agreed to by the Trustee). Notice of redemption shall be given 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 Series 2024 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 electronic means of communication or 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 District may designate in a Request of the District delivered to the Trustee. Notice of redemption shall be given in the form and otherwise in accordance with the terms of the Indenture and this Thirty-Second Supplemental Indenture.

In the event of an optional redemption of Series 2024A Bonds or Series 2024B Bonds, if the District shall not have deposited or otherwise made available to the Trustee the money required for the payment of the redemption price of such Series of Series 2024 Bonds to be redeemed at the time of the mailing of notice of redemption, such notice of redemption shall state that the redemption is expressly conditioned upon the timely deposit of sufficient funds therefor with the Trustee.

SECTION 47.07 Partial Redemption of Series 2024 Bonds. Upon surrender of any Series 2024 Bond redeemed in part only, the District shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the District, a new Series 2024 Bond of authorized denominations, and of the same Series, maturity and interest rate, equal in aggregate principal amount to the unredeemed portion of the Series 2024 Bond surrendered.

SECTION 47.08 Effect of Redemption of Series 2024 Bonds. If notice of redemption has been duly given pursuant to Section 47.06, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Series 2024 Bonds (or portions thereof) so called for redemption is held by the Trustee, on the redemption date designated in such notice, the Series 2024 Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice together with interest accrued thereon to the date fixed for redemption, interest on the Series 2024 Bonds so called for redemption shall cease to accrue, the Series 2024 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Owners of the Series 2024 Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price and accrued interest.

All Series 2024 Bonds redeemed pursuant to the provisions of this Article shall be cancelled upon surrender thereof and destroyed.

SECTION 47.09 Series 2024 Sinking Accounts.

(A) Series 2024A Sinking Account. An Account is hereby established within the Principal Fund created by Section 5.02 of the Indenture to be designated the “Series 2024A Sinking Account.” On each Business Day prior to the following payment dates, from amounts transferred by the District to the Trustee for deposit in the Principal Fund, the Trustee shall set aside in the Series 2024A Sinking Account therein an amount equal to the Mandatory Sinking Account Payment due on such date as set forth below:

Series 2024A Term Bonds Due June 1, 20____

Mandatory
Sinking Account
Payment Dates
(June 1)

Mandatory
Sinking Account
Payments

†

† Final Maturity.

Upon an optional redemption of a portion of any Series 2024A Term Bonds pursuant to Section 47.04(A)(1), the District shall provide the Trustee with a revised schedule of the foregoing Mandatory Sinking Account Payments which shall provide for a reduction in the amount of one or more of the Mandatory Sinking Account Payments coming due on such Series 2024A Term Bond after such redemption as specified by the District in such schedule to reflect such redeemed portion.

Moneys in the Series 2024A Sinking Account shall be applied as provided in Section 5.02(A) and Section 5.04(B) of the Indenture.

(B) Series 2024B Sinking Account. An Account is hereby established within the Principal Fund created by Section 5.02 of the Indenture to be designated the “Series 2024B Sinking Account.” On each Business Day prior to the following payment dates, from amounts transferred by the District to the Trustee for deposit in the Principal Fund, the Trustee shall set aside in the Series 2024B Sinking Account therein an amount equal to the Mandatory Sinking Account Payment due on such date as set forth below:

Series 2024B Term Bonds Due June 1, 20__

Mandatory
Sinking Account
Payment Dates
(June 1)

Mandatory
Sinking Account
Payments

†

† Final Maturity.

Upon an optional redemption of a portion of any Series 2024B Term Bonds pursuant to Section 47.04(B)(1), the District shall provide the Trustee with a revised schedule of the foregoing Mandatory Sinking Account Payments which shall provide for a reduction in the amount of one or more of the Mandatory Sinking Account Payments coming due on such Series 2024B Term Bond after such redemption as specified by the District in such schedule to reflect such redeemed portion.

Moneys in the Series 2024B Sinking Account shall be applied as provided in Section 5.02(A) and Section 5.04(B) of the Indenture.

SECTION 47.10 Form of Series 2024 Bonds. The Series 2024 Bonds of each Series and the certificate of authentication and registration to be executed thereon shall be in substantially the form set forth as Exhibit A hereto. The Series 2024A Bond and Series 2024B Bond letters and numbers, maturity dates, principal amounts and interest rates shall be inserted therein in conformity with Section 47.02.

SECTION 47.11 Issuance of Series 2024 Bonds. Upon the execution and delivery of this Thirty-Second Supplemental Indenture, the District shall execute and the Trustee shall authenticate and deliver (i) the Series 2024A Bonds in the aggregate principal amount of \$_____ and (ii) the Series 2024B Bonds in the aggregate principal amount of \$_____, on the Closing Date upon an Order of the District.

SECTION 47.12 Application of Proceeds of Series 2024 Bonds. The net proceeds of the sale of the Series 2024 Bonds in the aggregate amount of \$_____ (representing the \$_____ aggregate principal amount of the Series 2024 Bonds plus \$_____ original issue premium, less \$_____ of Underwriters' discount) shall be received by the Trustee on behalf of the District and deposited in the 2024 Proceeds Account (which the Trustee shall establish and hold in trust for such purpose). The Trustee shall deposit or transfer such net proceeds received with respect to the Series 2024A Bonds and Series 2024B Bonds, together with \$_____ of available funds transferred by the District and received by the Trustee on or before the Closing Date, or a total of \$_____, as set forth below in this Section 47.12:

(i) \$_____ of the net proceeds from the sale of the Series 2024A Bonds shall be transferred by the Trustee to the District for deposit in the Series 2024A (Green Bonds) Water System Fund to be used in accordance with Section 47.13(A);

(ii) \$_____ of the net proceeds from the sale of the Series 2024B Bonds, together with the \$_____ of available funds contributed by the District and received by the Trustee, or a total of \$_____, shall be transferred to U.S. Bank Trust Company, National Association, as escrow agent for the Refunded Series 2014 Bonds for deposit in the escrow fund created pursuant to the Series 2014 Escrow Agreement; and

(iii) The remaining proceeds from the sale of the Series 2024 Bonds in the amount of \$_____ shall be deposited in the Series 2024AB Costs of Issuance Fund to be applied to pay Costs of Issuance of the Series 2024 Bonds in accordance with Section 47.14.

SECTION 47.13 Establishment and Application of Series 2024A (Green Bonds) Water System Fund.

(A) The District shall establish, maintain and hold in trust a separate fund designated as the “Series 2024A (Green Bonds) Water System Fund.” The moneys on deposit in the Series 2024A (Green Bonds) Water System Fund shall be used and withdrawn by the District to pay (or to reimburse the District for the payment of) costs of construction, reconstruction, replacement, acquisition or improvement of any facility or facilities necessary or convenient for the storage, transmission or distribution of water; or incidental to, or in connection with, the operation of the Water System which the District has determined to be a project appropriate for “green bond” funding, or to pay or reimburse the District for interest on the Series 2024A Bonds during the respective construction periods for the improvements to the Water System funded by the Series 2024A Bonds.

(B) Moneys on deposit in the Series 2024A (Green Bonds) Water System Fund may be invested in (i) Investment Securities, (ii) 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 of the guarantor of which, or, in the case of a monoline financial guaranty insurance company, the claims paying ability of which, is rated on the date of execution of such investment agreement not lower than “Aa2” by Moody’s (if Moody’s is then rating any of the District’s Outstanding Bonds) and “AA” by Standard & Poor’s (if Standard & Poor’s is then rating any of the District’s Outstanding Bonds), or (iii) the Local Agency Investment Fund (as that term is defined in Section 16429.1 of the California Government Code, as such section may be amended or recodified from time to time), and with a term so as to provide moneys when needed for payments to be made therefrom. Interest, profit or other income derived from the investment of moneys held in the Series 2024A (Green Bonds) Water System Fund shall be credited to such Fund. Interest, profit or other income derived from the investment of moneys held in the Series 2024A (Green Bonds) Water System Fund may also be transferred to the Trustee for deposit in the Rebate Fund in an amount determined by the District to be required.

SECTION 47.14 Establish and Application of the Series 2024AB Costs of Issuance Fund. The Trustee shall establish and maintain in trust a separate fund designated as the “Series 2024AB Costs of Issuance Fund.” Moneys deposited in said fund as provided in Section 47.12 hereof shall be used to pay Costs of Issuance in connection with the Series 2024 Bonds and the refunding of the Refunded Series 2014 Bonds, upon receipt by the Trustee of a Requisition of the District in substantially the form set forth as Exhibit B hereto stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On [September 30, 2024], or upon earlier direction of the District stating that amounts in said fund are no longer required for the payment of such costs, expenses and obligations, said fund shall be terminated and any amounts then remaining in said fund shall be transferred by the Trustee to the Interest Fund to be applied to pay interest on the Series 2024 Bonds.

SECTION 47.15 Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of its respective obligations under the Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure of the District to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, any Series 2024 Bondholder or Beneficial Owner or the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Owners of at least 25% of the aggregate principal amount of Outstanding Series 2024 Bonds and upon provision of indemnification satisfactory to the Trustee, shall) take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District, as the case may be, to comply with its obligations under this Section 47.15.

SECTION 47.16 Amendments to the Indenture to Take Effect on the Amendments Effective Date. The Indenture is amended in the following respects effective on the Amendments Effective Date for all Bonds then Outstanding:

(1) Amendment to Section 3.01(c) of the Indenture. Section 3.01(c) of the Indenture shall be amended and restated in its entirety as follows:

(c) The District shall have placed on file with the Trustee a Certificate of the District certifying that either: (I) the Adjusted Net Water Revenues for any period of 12 consecutive months during the 18 months immediately preceding the date on which such additional Bonds or Parity Debt will become Outstanding shall have been at least equal to 1.1 times the amount of Maximum Annual Debt Service on all Bonds and Parity Debt then Outstanding and the additional Bonds or Parity Debt then proposed to be issued, or (II) the projected Adjusted Net Water Revenues for each of the three full Fiscal Years immediately succeeding the date of issuance of such additional Bonds or Parity Debt in which interest is not capitalized in whole or in part from the proceeds of Bonds or Parity Debt shall be at least equal to 1.1 times the Annual Debt Service on all Bonds and Parity Debt to be Outstanding in such Fiscal Year. For purposes of the calculations described in clause (I) and clause (II) this paragraph (c), the following amounts may be included in Adjusted Net Water Revenues as so stated in the Certificate of the District: (1) an allowance for the amount by which the District projects

Adjusted Net Water Revenues for such Fiscal Year or such period of 12 months (as applicable) would have been increased had increases in rates, fees and charges approved by the District prior to the issuance of such additional Bonds or Parity Debt but which was not in effect during all or part of such Fiscal Year or such period of 12 months (as applicable), been in effect throughout such Fiscal Year or such period of 12 months (as applicable); and (2) an allowance for 75 percent of the amount by which the District projects Adjusted Net Water Revenues will increase (including as a result of an expected reduction in Water Operation and Maintenance Costs) during the Fiscal Year or period of 12 months (as applicable) 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 such Parity Debt, that are not reflected in Adjusted Net Water Revenues for such Fiscal Years or such period of 12 months (as applicable).

(2) Amendment to Section 6.06(B) of the Indenture. Section 6.06(B) of the Indenture shall be amended and restated in its entirety as follows:

(B) The District will furnish the Trustee, within one hundred and eighty (180) days after the end of each Fiscal Year (or promptly following such later date upon which the audited financial statements of the District shall have become available), the financial statements of the District 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 and that such accountant's examination of the financial statements was performed in accordance with generally accepted auditing standards and a Certificate of the chief financial officer of the District 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 District to cure such default. Thereafter, a copy of such financial statements will be furnished to any owner of Bonds upon written request to the Trustee.

(3) Amendment to Section 6.09 of the Indenture. Section 6.09 of the Indenture shall be amended and restated in its entirety as follows:

SECTION 6.09 Rates and Charges. To the fullest extent permitted by law, the District will, at all times while any of the Bonds remain outstanding, fix and prescribe rates, fees and charges in connection with the services and facilities furnished by the Water System so as to yield Water Revenues which are reasonably expected in each Fiscal Year to be sufficient so that the Adjusted Net Water Revenues for such Fiscal Year shall be at least equal to 1.1 times the amount of Debt Service on all Bonds and Parity Debt for such Fiscal Year.

For avoidance of doubt, so long as the District has complied with its obligations set forth in the immediately preceding paragraph, the failure to produce

or collect Adjusted Net Water Revenues to meet the threshold set forth in such paragraph at the end of a Fiscal Year shall not constitute a default or an Event of Default, so long as the District has complied with the requirements set forth in the first paragraph of this Section 6.09 at the commencement of the succeeding Fiscal Year.

SECTION 47.17 Terms of Series 2024 Bonds Subject to the Indenture. Except as in this Thirty-Second Supplemental Indenture expressly provided, every term and condition contained in the Indenture shall apply to this Thirty-Second Supplemental Indenture and to the Series 2024 Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Thirty-Second Supplemental Indenture.

This Thirty-Second Supplemental Indenture and all the terms and provisions herein contained shall form part of the Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Indenture. The Indenture is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby; and provided that, in accordance with Article IX of the Indenture and the terms of this Thirty-Second Supplemental Indenture, the amendments set forth in Section 47.16 of this Thirty-Second Supplemental Indenture shall become effective on the Amendments Effective Date.

SECTION 47.18 Effective Date of Thirty-Second Supplemental Indenture. This Thirty-Second Supplemental Indenture shall take effect upon its execution and delivery.

SECTION 47.19 Execution in Counterparts. This Thirty-Second Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed the Thirty-Second Supplemental Indenture by their officers thereunto duly authorized as of the day and year first written above.

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____
Sophia D. Skoda
Director of Finance

ATTEST:

By: _____
Rischa S. Cole
Secretary of the District

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Serena Kohne
Vice President

EXHIBIT A

(FORM OF SERIES 2024A BONDS AND SERIES 2024B BONDS)

No. _____

\$ _____

EAST BAY MUNICIPAL UTILITY DISTRICT
(ALAMEDA AND CONTRA COSTA COUNTIES, CALIFORNIA)
WATER SYSTEM REVENUE [REFUNDING] BOND,
SERIES 2024[A (GREEN BONDS)][B]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the District or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

<u>Maturity Date</u>	<u>Dated Date</u>	<u>Interest Rate</u>	<u>CUSIP</u>
June 1, 20__	_____, 2024	____%	271014__

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

EAST BAY MUNICIPAL UTILITY DISTRICT, a municipal utility district duly organized and existing under and pursuant to the laws of the State of California (the “District”), for value received, hereby promises to pay (but only out of the Adjusted Net Water Revenues and funds hereinafter referred to) to the registered owner named above or registered assigns, on the maturity date specified above (subject to any right of prior redemption or payment as provided in the hereinafter mentioned Indenture), the principal amount specified above together with interest thereon from its Dated Date until the principal hereof shall have been paid, at the interest rate per annum specified above, payable semiannually on June 1 and December 1 in each year, commencing [June 1, 2024]. Interest hereon is payable in lawful money of the United States of America by (except as otherwise provided in the hereinafter mentioned Indenture) check mailed by first-class mail on each interest payment date to the registered owner as of the close of business on the 15th day of the calendar month immediately preceding such interest payment date (each, a “record date”), except that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of the hereinafter described Series 2024[A][B] Bonds, upon written request of such Owner to the Trustee received at least 10 days prior to the record date for the payment of interest, specifying the account or accounts to which such payment shall be made (which request shall

remain in effect until revoked by such Owner in a subsequent writing delivered to the Trustee), such interest shall be paid in immediately available funds by wire transfer to such account or accounts on the following interest payment date. The principal hereof and premium, if any, hereon are payable when due upon (except as otherwise provided in the hereinafter mentioned Indenture) presentation hereof at the corporate trust office of U.S. Bank Trust Company, National Association, as successor trustee (together with any successor as trustee under said Indenture, the "Trustee"), in San Francisco, California, or at such other place as designated by the Trustee, in lawful money of the United States of America.

This Bond is one of a duly authorized issue (of the series and designation indicated on the face hereof) of Water System Revenue Bonds of the District issued pursuant to a Water System Revenue Bond Indenture, dated as of April 1, 1990, as amended and supplemented, between the Trustee and the District, providing for the issuance of said bonds (the "Bonds"). Said authorized issue of Bonds is not limited in aggregate principal amount, except as otherwise provided in said Water System Revenue Bond Indenture, and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in said Water System Revenue Bond Indenture provided, all issued and to be issued pursuant to the provisions of the Act (as defined in the Water System Revenue Bond Indenture). This Bond is issued pursuant to the Water System Revenue Bond Indenture, as amended and supplemented, including as amended and supplemented by a Thirty-Second Supplemental Indenture, dated as of [March 1], 2024, between the Trustee and the District, authorizing the issuance of the series of bonds designated "Water System Revenue [Refunding] Bonds, Series 2024[A (Green Bonds)][B]", of which this Bond is one, such series being herein referred to as the "Series 2024[A][B] Bonds" (the Water System Revenue Bond Indenture, as amended and supplemented, including as amended and supplemented by the Thirty-Second Supplemental Indenture, being herein collectively referred to as the "Indenture"). Reference is hereby made to the Indenture and to the Act for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Adjusted Net Water Revenues (as that term is defined in the Indenture), and the rights of the registered owners of the Bonds; and all the terms of the Indenture and the Act are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by its acceptance hereof, consents and agrees. Additional Bonds may be issued, and indebtedness may be incurred, on a parity with the Bonds of this authorized issue, but only subject to the conditions and limitations contained in the Indenture.

The Bonds and the interest thereon (to the extent set forth in the Indenture), together with the Parity Debt (as defined in the Indenture) issued by the District, and the interest thereon, are payable from, and are secured by a charge and lien on, the "Adjusted Net Water Revenues" (as more particularly defined in the Indenture). All of the Bonds and Parity Debt are equally secured by a pledge of, and charge and lien upon, all of the Adjusted Net Water Revenues, and the Adjusted Net Water Revenues constitute a trust fund for the security and payment of the interest on and principal of the Bonds; but nevertheless out of Adjusted Net Water Revenues certain amounts may be applied for other purposes as provided in the Indenture.

The Bonds are special limited obligations of the District and are payable, both as to principal and interest, and as to any premiums upon the redemption thereof, out of the Adjusted Net Water Revenues and certain funds held under the Indenture. The general fund of the District

is not liable, and the credit or taxing power of the District is not pledged, for the payment of the Bonds or the interest thereon. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the District or any of its income or receipts, except the Adjusted Net Water Revenues and the funds held under the Indenture. No registered owner of this Bond shall ever have the right to compel any exercise of the taxing power of the District to pay this Bond or the interest hereon.

The Series 2024[A][B] Bonds are being issued by means of a Book-Entry System with no physical distribution of bond certificates to be made except as provided in the Indenture. One bond certificate with respect to each date on which the Series 2024[A][B] Bonds are stated to mature, registered in the name of the Cede & Co, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The Book-Entry System will evidence positions held in the Series 2024[A][B] Bonds by the Securities Depository Participants, beneficial ownership of the Series 2024[A][B] Bonds in authorized denominations being evidenced in the records of such Securities Depository Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Securities Depository Participants pursuant to rules and procedures established by the Securities Depository and its Securities Depository Participants. The District and the Trustee will recognize Cede & Co., while the registered owner of this Series 2024[A][B] Bond, as the owner of this Series 2024[A][B] Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on this Series 2024[A][B] Bond and (ii) notices. Transfer of principal, interest and any redemption premium payments to Securities Depository Participants, and transfer of principal, interest and any redemption premium payments to Beneficial Owners of the Series 2024[A][B] Bonds by Securities Depository Participants will be the responsibility of such Securities Depository Participants and other nominees of such Beneficial Owners. The District will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, Cede & Co., its Securities Depository Participants or persons acting through such Securities Depository Participants. While Cede & Co. is the registered owner of this Series 2024[A][B] Bond, notwithstanding any other provision hereof, payments of principal of, redemption premium, if any, and interest on this Series 2024[A][B] Bond shall be made in accordance with existing arrangements between the Trustee or its successors under the Indenture and the Securities Depository.

{To be included in Series 2024A Bonds} [The Series 2024A Bonds maturing on and after June 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part on any date (by such maturities as may be specified by the District and by lot within a maturity), on or after June 1, 20__, at a redemption price equal to the principal amount of Series 2024A Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

The Series 2024A Bonds maturing on June 1, 20__ are also subject to redemption prior to maturity, in part, by lot, from Mandatory Sinking Account Payments required by and as specified in the Indenture, commencing on June 1, 20__, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.]

{To be included in Series 2024B Bonds} [The Series 2024B Bonds maturing on and after June 1, 20__ are subject to redemption prior to their respective stated maturities, at the option

of the District, from any source of available funds, as a whole or in part on any date (by such maturities as may be specified by the District and by lot within a maturity), on or after June 1, 20__, at a redemption price equal to the principal amount of Series 2024B Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

The Series 2024B Bonds maturing on June 1, 20__ are also subject to redemption prior to maturity, in part, by lot, from Mandatory Sinking Account Payments required by and as specified in the Indenture, commencing on June 1, 20__, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.]

This Bond is transferable or exchangeable for other authorized denominations by the registered owner hereof, in person or by its attorney duly authorized in writing, at the corporate trust office of the Trustee in San Francisco, California, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer or exchange a new fully registered Bond or Bonds without coupons, of authorized denomination or denominations, of the same series, tenor, maturity and interest rate for the same aggregate principal amount will be issued to the registered owner in exchange hereof.

The District, the Trustee and any paying agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the District, the Trustee and any paying agent shall not be affected by any notice to the contrary.

The rights and obligations of the District and of the registered owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of the Bonds.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Bond, together with all other indebtedness of the District pertaining to the Adjusted Net Water Revenues, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture or the Act.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

IN WITNESS WHEREOF, EAST BAY MUNICIPAL UTILITY DISTRICT has caused this Bond to be executed in its name and on its behalf by the President of the Board of Directors and attested by its Secretary, and this Bond to be dated as of the ____ day of March, 2024.

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____
President of the Board of Directors

Attested:

By: _____
Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION
AND REGISTRATION]

This is one of the Bonds described in the within mentioned Indenture and registered on the date set forth below.

Dated: [Closing Date], 2024

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

For value received _____ hereby sell, assign and transfer unto _____ the within Bond and hereby irrevocably constitute and appoint _____ attorney, to transfer the same on the books of the District at the office of the Trustee, with full power of substitution in the premises.

NOTE: The signature to this Assignment must correspond with the name on the face of the within registered bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: _____

Signature Guaranteed by:

NOTE: Signature must be guaranteed by an eligible guarantor institution.

EXHIBIT B
(FORM OF REQUISITION)

REQUISITION NO. 1

EAST BAY MUNICIPAL UTILITY DISTRICT
(Alameda and Contra Costa Counties, California)

\$ _____
**Water System Revenue Bonds,
Series 2024A (Green Bonds)**

\$ _____
**Water System Revenue
Refunding Bonds, Series 2024B**

Series 2024AB Costs of Issuance Fund

Dated: [Closing Date], 2024

TO: U.S. Bank Trust Company, National Association, as Trustee

The undersigned hereby certifies as follows:

1. I am the [Director of Finance][Treasury Manager] of the East Bay Municipal Utility District, a municipal utility district duly organized and existing under and by virtue of the laws of the State of California (the “District”).
2. I am a duly authorized representative of the District under the Water System Revenue Bond Indenture, dated as of April 1, 1990, as amended and supplemented, including as amended and supplemented by the Thirty-Second Supplemental Indenture, dated as of [March 1], 2024 (the “Thirty-Second Supplemental Indenture” and as so amended and supplemented, the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), and I am delivering this Requisition on behalf of the District.
3. The undersigned hereby authorizes payment of the amounts specified in Attachment 1 hereto to the persons identified in Attachment 1, such amounts to be paid from the Series 2024AB Costs of Issuance Fund pursuant to Section 47.14 of the Thirty-Second Supplemental Indenture.
4. The undersigned hereby certifies that: (i) obligations in the amounts stated in Attachment 1 have been incurred by the District and are presently due and payable; (ii) each item is a proper charge against the Series 2024AB Costs of Issuance Fund for the general classification indicated in Attachment 1 therefor; and (iii) each item has not been previously paid from the Series 2024AB Costs of Issuance Fund.

Dated as of the date first written above.

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____
[Director of Finance][Treasury Manager]

[Signature Page to Requisition No. 1, Series 2024AB Costs of Issuance Fund]

ATTACHMENT 1

Series 2024AB Costs of Issuance Fund

Payee

Amount

Purpose

ESCROW AGREEMENT
RELATING TO THE DEFEASANCE AND REDEMPTION OF
ALL OR A PORTION OF EAST BAY MUNICIPAL UTILITY DISTRICT
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2014A
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2014B
AND WATER SYSTEM REVENUE BONDS, SERIES 2014C

THIS ESCROW AGREEMENT (the “Escrow Agreement”), dated [CLOSING DATE], 2024, is by and between the East Bay Municipal Utility District (the “District”) and U.S. Bank Trust Company, National Association, as trustee with respect to the Series 2014A Bonds, Series 2014B Bonds and Series 2014C Bonds referred to below (the “Trustee”) and as escrow agent hereunder (the “Escrow Agent”).

W I T N E S S E T H:

WHEREAS, the District has previously authorized and issued its \$128,315,000 aggregate principal amount of East Bay Municipal Utility District Water System Revenue Refunding Bonds, Series 2014A, of which \$128,315,000 principal amount remains outstanding (the “Series 2014A Bonds”), pursuant to the Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, as amended and supplemented (the “Indenture”), including as amended and supplemented by the Twenty-Third Supplemental Indenture, dated as of June 1, 2014, by and between the District and the Trustee, relating to the Series 2014A Bonds;

WHEREAS, the District has previously authorized and issued its \$242,730,000 aggregate principal amount of East Bay Municipal Utility District Water System Revenue Refunding Bonds, Series 2014B, of which \$153,665,000 principal amount remains outstanding (the “Series 2014B Bonds”), pursuant to the Indenture, including as amended and supplemented by the Twenty-Fourth Supplemental Indenture, dated as of June 1, 2014, by and between the District and the Trustee, relating to the Series 2014B Bonds;

WHEREAS, the District has previously authorized and issued its \$75,000,000 aggregate principal amount of East Bay Municipal Utility District Water System Revenue Bonds, Series 2014C, of which \$75,000,000 principal amount remains outstanding (the “Series 2014C Bonds”), pursuant to the Indenture, including as amended and supplemented by the Twenty-Fifth Supplemental Indenture, dated as of June 1, 2014, by and between the District and the Trustee, relating to the Series 2014C Bonds;

WHEREAS, the District has determined to issue \$_____ aggregate principal amount of its East Bay Municipal Utility District Water System Revenue Refunding Bonds, Series 2024B (the “Series 2024B Bonds”), pursuant to the Indenture, including as amended and supplemented by the Thirty-First Supplemental Indenture, dated as of [March 1], 2024 (the “Thirty-First Supplemental Indenture”), by and between the District and the Trustee, providing for the issuance of the Series 2024B Bonds, for the purpose, among others, of refunding (i) [all of] the \$128,315,000 outstanding principal amount of the Series 2014A Bonds (hereinafter, the “Refunded Series 2014A Bonds”), (ii) the \$10,005,000 principal amount of the \$153,665,000 outstanding principal amount of Series 2014B Bonds that matures on June 1, 2030 (such maturity hereinafter the “Refunded Series 2014B Bonds”), and (iii) [all of] the \$75,000,000

outstanding principal amount of the Series 2014C Bonds (hereinafter, the “Refunded Series 2014C Bonds,” and such Refunded Series 2014C Bonds, together with the Refunded Series 2014A Bonds and the Refunded Series 2014B Bonds, being hereinafter sometimes collectively referred to as, the “Refunded Bonds,” such Refunded Bonds as more particularly described in the forms of notices attached as exhibits hereto);

WHEREAS, on the date hereof, the District is irrevocably depositing with the Trustee under the Indenture, and as Escrow Agent hereunder, a specified amount of the proceeds from the sale of the Series 2024B Bonds, together with certain other available funds, in an amount sufficient to pay on June 1, 2024 (the “Redemption Date”) the redemption price of the Refunded Bonds, together with accrued interest thereon to the Redemption Date;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the District and the Escrow Agent agree as follows:

SECTION 1. Deposit of Moneys. Pursuant to Section 46.12 of the Thirty-First Supplemental Indenture, the District has caused to be delivered to the Escrow Agent \$_____ (representing \$_____ of proceeds of the sale of the Series 2024B Bonds and \$_____ contributed by the District) to be held in irrevocable escrow by the Escrow Agent hereunder, separate and apart from other funds and accounts of the District and the Escrow Agent, in a fund hereby created and established to be known as the “Series 2014 Bonds Escrow Fund” (hereinafter, the “Escrow Fund”), all to be applied solely as provided in this Escrow Agreement.

The deposit to the Escrow Fund is in a total amount which has been calculated by Montague DeRose and Associates LLC, as municipal advisor to the District in connection with the Series 2024B Bonds, and verified by Robert Thomas CPA, LLC (the “Verification Agent”) to be sufficient to pay on the Redemption Date, the redemption price of the Refunded Bonds (*i.e.*, 100% of the principal amount thereof) and accrued interest thereon.

SECTION 2. Receipt and Investment of Moneys. The Escrow Agent hereby acknowledges receipt of the moneys described in Section 1 hereof and agrees to immediately invest the moneys deposited to the Escrow Fund in accordance with Section 1 hereof in the Federal Securities set forth in Schedule 1 hereto and to deposit such Federal Securities in the Escrow Fund. All other amounts in the Escrow Fund (*i.e.*, initially, \$_____) not so invested shall be held as cash. The District and the Trustee, as Escrow Agent hereunder, acknowledge and agree that this Escrow Agreement shall constitute a Request of the District for purposes of Section 10.03 of the Indenture.

SECTION 3. Reinvestment Requirements. In the event that the Escrow Agent receives any payment of principal or interest from the Federal Securities, prior to the date on which such payment is required for the purposes set forth herein, the Escrow Agent shall, at the written direction of the District, reinvest the amount of such payment, or any portion thereof, in other noncallable bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America and otherwise satisfying the criteria set forth in Section 10.03 of the Indenture maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, as

verified in a report prepared by the Verification Agent or another independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of public agencies, and provided the District has obtained and delivered to the Escrow Agent an unqualified opinion of nationally recognized bond counsel that such reinvestment will not adversely affect the exclusion from gross income of interest on the Refunded Bonds or the Series 2024B Bonds for purposes of federal income taxation. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 3 which is not required for the purposes set forth in this Section 3 or Section 5, as verified in the Verification Report or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of public agencies, shall be paid to the District promptly upon the receipt of such interest income by the Escrow Agent. In the absence of such written direction, the Escrow Agent shall hold such amounts uninvested.

SECTION 4. Substitution of Securities. Upon the written request of the District, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the Federal Securities, provided there are substituted therefor from the proceeds of such Federal Securities, bonds and other obligations which, as to principal and interest, constitute direct obligations of, or are unconditionally guaranteed by, the United States of America and otherwise satisfying the criteria set forth in Section 10.03 of the Indenture, but only after the District has obtained and delivered to the Escrow Agent (i) an unqualified opinion of nationally recognized bond counsel that such reinvestment will not adversely affect the exclusion from gross income of interest on the Refunded Bonds or the Series 2024B Bonds for purposes of federal income taxation, and (ii) a report by the Verification Agent or another independent certified public accountant or firm of certified public accountants to the effect that such reinvestment will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay the principal or redemption price of, and interest on, the Refunded Bonds in accordance with this Escrow Agreement. The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

SECTION 5. Redemption of Refunded Bonds.

(a) Application of Moneys to Payment of Refunded Bonds. From the maturing principal of the Federal Securities and the investment income and other earnings thereon, if any, and the moneys on deposit in the Escrow Fund, the Escrow Agent shall apply the amounts on deposit in the Escrow Fund to pay on the Redemption Date, the redemption price (*i.e.*, 100.0% of the principal amount) of the Refunded Bonds plus accrued interest thereon. The amounts required to be paid on each of the Refunded Series 2014A Bonds, the Refunded Series 2014B Bonds and the Refunded Series 2014C Bonds on the Redemption Date are shown on Schedule 2 hereto. Any moneys remaining in the Escrow Fund after payment of the Refunded Bonds in full as provided in this Section 3(a) shall be remitted by the Escrow Agent to the District.

(b) Irrevocable Instructions to Provide Notices.

(i) The District hereby irrevocably instructs the Escrow Agent (as Trustee for the Refunded Bonds) to provide notice, substantially in the forms set forth in Exhibit A, within three (3) business days of the date of deposit of amounts pursuant to Section 1 hereof, that an irrevocable deposit has been made with the Escrow Agent for the payment of the redemption price of the Refunded Series 2014A Bonds, Refunded Series 2014B Bonds and Refunded Series 2014C Bonds and that such Refunded Bonds have been deemed to be paid as of the date hereof in accordance with the Indenture, in each case (i) to the registered owners of the respective series of the Refunded Bonds by first-class mail, (ii) to the Securities Depository (as defined in the Indenture) by electronic means of communication or by first-class mail and (iii) to the Municipal Securities Rulemaking Board (MSRB) through the Electronic Municipal Market Access System (referred to as “EMMA”), at www.emma.msrb.org, by electronic means of communication.

(ii) The District hereby irrevocably instructs the Escrow Agent (as Trustee for the Refunded Bonds) to provide notice, substantially in the forms set forth in Exhibit B, at least twenty (20) days but not more than sixty (60) days prior to the Redemption Date (*i.e.*, June 1 2024), of the redemption of the Refunded Series 2014A Bonds, Refunded Series 2014B Bonds and Refunded Series 2014C Bonds, in each case (i) to the registered owners of the respective series of the Refunded Bonds by first-class mail, (ii) to the Securities Depository (as defined in the Indenture) by electronic means of communication or by first-class mail and (iii) to the Municipal Securities Rulemaking Board (MSRB) through the Electronic Municipal Market Access System (referred to as “EMMA”), at www.emma.msrb.org, by electronic means of communication, all in accordance with the Indenture.

The Escrow Agent hereby confirms that it will take all actions required to be taken by it under the Indenture and this Escrow Agreement in order to effectuate the defeasance, redemption and payment of the Refunded Bonds as provided herein.

(c) Unclaimed Moneys. Any moneys which remain unclaimed for two years after the date such moneys have become due and payable hereunder shall be repaid by the Escrow Agent to the District, and the Escrow Agent shall thereupon be released and discharged with respect thereto, and the owners of the Refunded Bonds shall look only to the District for the payment of the Refunded Bonds; provided, however, that before making such repayment to the District, the Escrow Agent shall, at the expense of the District, cause to be mailed to the registered owners of any Refunded Bonds that have not been delivered for cancellation, a notice that such money remains unclaimed and that, after a date set forth in the notice, which date shall not be less than thirty (30) days after the date of mailing of the notice, the balance of the money then unclaimed will be returned to the District.

(d) Priority of Payments. The owners of the Refunded Bonds shall have a lien on the moneys and securities in the Escrow Fund which are allocable and sufficient to repay the Refunded Bonds, in accordance with this Escrow Agreement, until such moneys and securities are used and applied as provided in this Escrow Agreement.

(e) Termination of Obligation. As provided in the Indenture, upon deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 hereof and the purchase of the various Federal Securities as provided in Section 2 hereof, and notice of or provision for notice of redemption having been given as set forth in Section 3(b) hereof, all liability of the District under the Indenture in respect of the Refunded Bonds shall cease, terminate, and be completely discharged and satisfied and the owners thereof shall be entitled to the payment of the redemption price thereof only out of the moneys deposited therefor as provided in this Escrow Agreement.

SECTION 6. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein. The Escrow Agent may conclusively rely, as to the trust and accuracy of the statements and correctness of the opinions and the calculations provided to it in connection with this Escrow Agreement, and shall be protected in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Agent in accordance with this Escrow Agreement and reasonably believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any facts or matter stated in such notice, instruction, request, certificate or opinion.

Any company into which the Escrow Agent 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 shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

SECTION 7. Escrow Agent's Authority and Duties in Making Investments. Except as provided in Sections 2, 3 and 4 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Escrow Agreement or to sell, transfer or otherwise dispose of the cash or the Federal Securities held hereunder.

With respect to any investments made by the Escrow Agent in accordance with this Escrow Agreement, the District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Escrow Agent hereunder.

If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of securities that is to be submitted pursuant to this Escrow Agreement, the Escrow Agent shall promptly request alternative written investment instructions from the District with respect to escrowed funds which were to be invested in securities. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold funds uninvested and without liability for interest until receipt of further written instructions from the District. In the absence of investment instructions from the District, the Escrow Agent shall not be responsible for the

investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the District's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

SECTION 8. Indemnity. The District hereby assumes liability for, and agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, officers, directors, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the cash deposited therein, and any payment, transfer or other application of moneys by the Escrow Agent in accordance with the provisions of this Escrow Agreement; provided, however, that the District shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's employees or the willful breach by the Escrow Agent of the terms of this Escrow Agreement. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Escrow Agreement.

SECTION 9. Responsibilities of Escrow Agent. The Escrow Agent shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the cash deposit to pay the Refunded Bonds or any payment, transfer or other application of moneys by the Escrow Agent in accordance with the provisions of this Escrow Agreement, or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for the correctness thereof or the correctness of any recitals or statements contained in the Refunded Bonds. The Escrow Agent makes no representation as to the validity of this Escrow Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability with respect thereto. The Escrow Agent shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct or willful breach, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Escrow Agreement. The Escrow Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the District of its obligations. No provision of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

SECTION 10. Term. This Escrow Agreement shall commence upon its execution and delivery and terminate on the later to occur of either (i) the date upon which the Refunded Bonds have been paid in accordance with this Escrow Agreement or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 5(c) of this Escrow Agreement.

SECTION 11. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and the District; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien whatsoever on any moneys in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Escrow Agreement until payment or provision for payment in full of the Refunded Bonds.

SECTION 12. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the District or the Escrow Agent to be performed shall be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

SECTION 13. Counterparts. This Escrow Agreement may be executed in counterparts, any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 14. Governing Law. This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of California.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first above written.

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____
Sophia D. Skoda
Director of Finance

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee under
the Indenture and as Escrow Agent hereunder

By: _____
Serena Kohne
Vice President

SCHEDULE 1
FEDERAL SECURITIES

<u>[TYPE</u>	<u>MATURITY DATE</u>	<u>PAR AMOUNT</u>	<u>COUPON]</u>
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<u>[TYPE</u>	<u>MATURITY DATE</u>	<u>PAR AMOUNT</u>	<u>INTEREST RATE</u>	<u>YIELD</u>	<u>PRICE</u>	<u>COST</u>	<u>ACCRUED INTEREST</u>	<u>TOTAL COST]</u>
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SCHEDULE 2

REQUIREMENTS OF THE REFUNDING BONDS

REQUIREMENTS OF THE REFUNDED SERIES 2014A BONDS

<u>Date</u>	<u>Interest</u>	<u>Called Principal</u>	<u>Total Requirements</u>
06/01/24	\$	\$128,315,000.00	\$ _____

REQUIREMENTS OF THE REFUNDED SERIES 2014B BONDS

<u>Date</u>	<u>Interest</u>	<u>Called Principal</u>	<u>Total Requirements</u>
06/01/24	\$	\$10,005,000.00	\$ _____

REQUIREMENTS OF THE REFUNDED SERIES 2014C BONDS

<u>Date</u>	<u>Interest</u>	<u>Called Principal</u>	<u>Total Requirements</u>
06/01/24	\$	\$75,000,000.00	

EXHIBIT A
FORM OF DEFEASANCE NOTICES TO BE DELIVERED

**NOTICE OF FULL DEFEASANCE
EAST BAY MUNICIPAL UTILITY DISTRICT
WATER SYSTEM REVENUE REFUNDING BONDS,
SERIES 2014A**

NOTICE IS HEREBY GIVEN to the owners of the above-captioned Bonds (the “Series 2014A Bonds”) that the East Bay Municipal Utility District (the “District”) has deposited with U.S. Bank Trust Company, National Association, the successor trustee for the Series 2014A Bonds (the “Trustee”) under the Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and the Trustee, as amended and supplemented, including by a Twenty-Third Supplemental Indenture, dated as of June 1, 2014, by and between the District and the Trustee (collectively, the “Indenture”), cash and noncallable bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, paying principal and interest in an amount which, together with the amounts held as cash, shall be sufficient to redeem on June 1, 2024 (the “Redemption Date”) all of the \$128,315,000 outstanding principal amount of the Series 2014A Bonds as more fully identified in the table below (the “Refunded Series 2014A Bonds”), at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon.

Refunded Series 2014A Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate	CUSIP Number
2027	\$11,655,000	5.00%	271014WS7
2028	12,235,000	5.00	271014WT5
2029	1,470,000	3.00	271014XB3
2029	11,380,000	5.00	271014WU2
2030	13,460,000	5.00	271014WV0
2031	14,140,000	5.00	271014WW8
2032	14,845,000	5.00	271014WX6
2033	15,585,000	5.00	271014WY4
2034	16,365,000	5.00	271014WZ1
2035	775,000	3.50	271014XC1
2035	16,405,000	5.00	271014XA5

In accordance with the Indenture, the pledge of the Subordinated Water Revenues (as defined in such Indenture) provided for in the Indenture, and all other obligations of the District under the Indenture in respect of such Refunded Series 2014A Bonds, shall cease and terminate and be completely discharged and satisfied and all payments of the interest on, and the principal or redemption price of, such Refunded Series 2014A Bonds called for redemption shall be paid only from moneys on deposit with the Trustee and available as aforesaid.

None of the District, the Trustee or the Escrow Agent shall have any responsibility for any defect in any CUSIP number that appears in this defeasance notice. The CUSIP numbers have been assigned by an independent service for convenience of reference and the District, the Trustee and the Escrow Agent shall not be liable for any inaccuracy in such numbers.

DATED this ____th day of March, 2024.

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

**NOTICE OF PARTIAL DEFEASANCE
EAST BAY MUNICIPAL UTILITY DISTRICT
WATER SYSTEM REVENUE REFUNDING BONDS,
SERIES 2014B**

NOTICE IS HEREBY GIVEN to the owners of the above-captioned Bonds (the “Series 2014B Bonds”) that the East Bay Municipal Utility District (the “District”) has deposited with U.S. Bank Trust Company, National Association, the successor trustee for the Series 2014B Bonds (the “Trustee”) under the Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and the Trustee, as amended and supplemented, including by a Twenty-Fourth Supplemental Indenture, dated as of June 1, 2014, by and between the District and the Trustee (collectively, the “Indenture”), cash and noncallable bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, paying principal and interest in an amount which, together with the amounts held as cash, shall be sufficient to redeem on June 1, 2024 (the “Redemption Date”) a portion of the \$153,665,000 outstanding principal amount of the Series 2014B Bonds, consisting of the \$10,005,000 principal amount of Series 2014B Bonds that matures on June 1, 2030, as more fully identified in the table below (such portion of the Series 2014B Bonds, the “Refunded Series 2014B Bonds”), at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon.

Refunded Series 2014B Bonds

<u>Maturity Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>
2030	\$10,005,000	5.00%	271014YC0

In accordance with the Indenture, the pledge of the Subordinated Water Revenues (as defined in such Indenture) provided for in the Indenture, and all other obligations of the District under the Indenture in respect of such Refunded Series 2014B Bonds, shall cease and terminate and be completely discharged and satisfied and all payments of the interest on, and the principal or redemption price of, such Refunded Series 2014B Bonds called for redemption shall be paid only from moneys on deposit with the Trustee and available as aforesaid.

None of the District, the Trustee or the Escrow Agent shall have any responsibility for any defect in any CUSIP number that appears in this defeasance notice. The CUSIP numbers have been assigned by an independent service for convenience of reference and the District, the Trustee and the Escrow Agent shall not be liable for any inaccuracy in such numbers.

DATED this ____th day of March, 2024.

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

**NOTICE OF FULL DEFEASANCE
EAST BAY MUNICIPAL UTILITY DISTRICT
WATER SYSTEM REVENUE REFUNDING BONDS,
SERIES 2014C**

NOTICE IS HEREBY GIVEN to the owners of the above-captioned Bonds (the “Series 2014C Bonds”) that the East Bay Municipal Utility District (the “District”) has deposited with U.S. Bank Trust Company, National Association, the successor trustee for the Series 2014C Bonds (the “Trustee”) under the Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and the Trustee, as amended and supplemented, including by a Twenty-Fifth Supplemental Indenture, dated as of June 1, 2014, by and between the District and the Trustee (collectively, the “Indenture”), cash and noncallable bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, paying principal and interest in an amount which, together with the amounts held as cash, shall be sufficient to redeem on June 1, 2024 (the “Redemption Date”) all of the \$75,000,000 outstanding principal amount of the Series 2014C Bonds as more fully identified in the table below (the “Refunded Series 2014C Bonds”), at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon.

Refunded Series 2014C Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate	CUSIP Number
2044	\$75,000,000	5.00%	271014YP1

In accordance with the Indenture, the pledge of the Subordinated Water Revenues (as defined in such Indenture) provided for in the Indenture, and all other obligations of the District under the Indenture in respect of such Refunded Series 2014C Bonds, shall cease and terminate and be completely discharged and satisfied and all payments of the interest on, and the principal or redemption price of, such Refunded Series 2014C Bonds called for redemption shall be paid only from moneys on deposit with the Trustee and available as aforesaid.

None of the District, the Trustee or the Escrow Agent shall have any responsibility for any defect in any CUSIP number that appears in this defeasance notice. The CUSIP numbers have been assigned by an independent service for convenience of reference and the District, the Trustee and the Escrow Agent shall not be liable for any inaccuracy in such numbers.

DATED this ____th day of March, 2024.

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

EXHIBIT B
FORM OF REDEMPTION NOTICES TO BE DELIVERED

**NOTICE OF FULL REDEMPTION
OF EAST BAY MUNICIPAL UTILITY DISTRICT
WATER SYSTEM REVENUE REFUNDING BONDS,
SERIES 2014A**

(Redemption Date: June 1, 2024)

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds dated and issued on June 11, 2014 (the “Series 2014A Bonds”) that, pursuant to the Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, by and between the East Bay Municipal Utility District (the “District”) and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as amended and supplemented, including by the Twenty-Third Supplemental Indenture, dated as of June 1, 2014, by and between the District and the Trustee (collectively, the “Indenture”), the District has directed the Trustee to call for redemption on June 1, 2024 (the “Redemption Date”) all of the \$128,315,000 outstanding principal amount of the Series 2014A Bonds as more fully identified in the table below, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon.

Refunded Series 2014A Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate	CUSIP Number
2027	\$11,655,000	5.00%	271014WS7
2028	12,235,000	5.00	271014WT5
2029	1,470,000	3.00	271014XB3
2029	11,380,000	5.00	271014WU2
2030	13,460,000	5.00	271014WV0
2031	14,140,000	5.00	271014WW8
2032	14,845,000	5.00	271014WX6
2033	15,585,000	5.00	271014WY4
2034	16,365,000	5.00	271014WZ1
2035	775,000	3.50	271014XC1
2035	16,405,000	5.00	271014XA5

Owners of the Series 2014A Bonds presenting their Series 2014A Bonds for payment must surrender such Series 2014A Bonds on the Redemption Date at the applicable address of the Trustee set forth below:

Delivery Instructions

U.S. Bank Trust Company, National Association
Global Corporate Trust
111 Fillmore Ave E
St. Paul, MN 55107

On June 1, 2024, the Series 2014A Bonds to be redeemed will be payable at a redemption price equal to 100.0% of the principal amount, together with interest accrued thereon to (but not including) June 1, 2024, the Redemption Date. On the Redemption Date, there shall become due and payable upon each Series 2014A Bond to be redeemed, to the person whose name appears on the registration books of the Trustee as the registered owner thereof, the redemption price thereof as set forth above. From and after the Redemption Date, interest on the Series 2014A Bonds to be redeemed will cease to accrue.

When inquiring about this redemption, please have the Series 2014A Bond number available. Please inform the customer service representative of the CUSIP number(s) of the affected Series 2014A Bonds. Our customer service number is 1-800-934-6802.

Important Notice

Federal law requires the Trustee to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit www.irs.gov for information on the tax form and instructions.

The CUSIP numbers have been assigned by an independent service for convenience of reference and neither the District nor the Trustee shall be held liable for any inaccuracy in any such CUSIP number.

DATED: [DATE], 2024

By: US BANK TRUST COMPANY,
NATIONAL ASSOCIATION., as Trustee

**NOTICE OF PARTIAL REDEMPTION
OF EAST BAY MUNICIPAL UTILITY DISTRICT
WATER SYSTEM REVENUE REFUNDING BONDS,
SERIES 2014B**

(Redemption Date: June 1, 2024)

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds dated and issued on June 11, 2014 (the “Series 2014B Bonds”) that, pursuant to the Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, by and between the East Bay Municipal Utility District (the “District”) and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as amended and supplemented, including by the Twenty-Fourth Supplemental Indenture, dated as of June 1, 2014, by and between the District and the Trustee (collectively, the “Indenture”), the District has directed the Trustee to call for redemption on June 1, 2024 (the “Redemption Date”) \$10,005,000 principal amount of the \$153,665,000 outstanding principal amount of the Series 2014B Bonds, as more fully identified in the table below, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon.

Refunded Series 2014B Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate	CUSIP Number
2030	\$10,005,000	5.00%	271014YC0

Owners of the Series 2014B Bonds to be redeemed presenting their Series 2014B Bonds for payment must surrender such Series 2014B Bonds on the Redemption Date at the applicable address of the Trustee set forth below:

Delivery Instructions

U.S. Bank Trust Company, National Association
Global Corporate Trust
111 Fillmore Ave E
St. Paul, MN 55107

On June 1, 2024, the Series 2014B Bonds to be redeemed will be payable at a redemption price equal to 100.0% of the principal amount, together with interest accrued thereon to (but not including) June 1, 2024, the Redemption Date. On the Redemption Date, there shall become due and payable upon each Series 2014B Bond to be redeemed, to the person whose name appears on the registration books of the Trustee as the registered owner thereof, the redemption price thereof as set forth above. From and after the Redemption Date, interest on the Series 2014B Bonds to be redeemed will cease to accrue.

When inquiring about this redemption, please have the Series 2014B Bond number available. Please inform the customer service representative of the CUSIP number(s) of the affected Series 2014B Bonds. Our customer service number is 1-800-934-6802.

Important Notice

Federal law requires the Trustee to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit www.irs.gov for information on the tax form and instructions.

The CUSIP numbers have been assigned by an independent service for convenience of reference and neither the District nor the Trustee shall be held liable for any inaccuracy in any such CUSIP number.

DATED: [DATE], 2024

By: US BANK TRUST COMPANY,
NATIONAL ASSOCIATION., as Trustee

**NOTICE OF FULL REDEMPTION
OF EAST BAY MUNICIPAL UTILITY DISTRICT
WATER SYSTEM REVENUE REFUNDING BONDS,
SERIES 2014C**

(Redemption Date: June 1, 2024)

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds dated and issued on June 26, 2014 (the “Series 2014C Bonds”) that, pursuant to the Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, by and between the East Bay Municipal Utility District (the “District”) and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as amended and supplemented, including by the Twenty-Fifth Supplemental Indenture, dated as of June 1, 2014, by and between the District and the Trustee (collectively, the “Indenture”), the District has directed the Trustee to call for redemption on June 1, 2024 (the “Redemption Date”) all of the \$75,000,000 outstanding principal amount of the Series 2014C Bonds as more fully identified in the table below, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon.

Refunded Series 2014C Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate	CUSIP Number
2044	\$75,000,000	5.00%	271014YP1

Owners of the Series 2014C Bonds presenting their Series 2014C Bonds for payment must surrender such Series 2014C Bonds on the Redemption Date at the applicable address of the Trustee set forth below:

Delivery Instructions

U.S. Bank Trust Company, National Association
Global Corporate Trust
111 Fillmore Ave E
St. Paul, MN 55107

On June 1, 2024, the Series 2014C Bonds to be redeemed will be payable at a redemption price equal to 100.0% of the principal amount, together with interest accrued thereon to (but not including) June 1, 2024, the Redemption Date. On the Redemption Date, there shall become due and payable upon each Series 2014C Bond to be redeemed, to the person whose name appears on the registration books of the Trustee as the registered owner thereof, the redemption price thereof as set forth above. From and after the Redemption Date, interest on the Series 2014C Bonds to be redeemed will cease to accrue.

When inquiring about this redemption, please have the Series 2014C Bond number available. Please inform the customer service representative of the CUSIP number(s) of the affected Series 2014C Bonds. Our customer service number is 1-800-934-6802.

Important Notice

Federal law requires the Trustee to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit www.irs.gov for information on the tax form and instructions.

The CUSIP numbers have been assigned by an independent service for convenience of reference and neither the District nor the Trustee shall be held liable for any inaccuracy in any such CUSIP number.

DATED: [DATE], 2024

By: US BANK TRUST COMPANY,
NATIONAL ASSOCIATION., as Trustee

HB Draft of 12/28/2023

\$[_____]
EAST BAY MUNICIPAL UTILITY DISTRICT
WATER SYSTEM REVENUE BONDS
SERIES 2024A (GREEN BONDS)
and
\$[_____]
EAST BAY MUNICIPAL UTILITY DISTRICT
WATER SYSTEM REVENUE REFUNDING BONDS
SERIES 2024B

PURCHASE CONTRACT

[_____] , 2024

Board of Directors
East Bay Municipal Utility District
375 11th Street
Oakland, California 94607

Ladies and Gentlemen:

The undersigned J.P. Morgan Securities LLC, as representative (the “Representative”) of itself, Barclays Capital Inc. and Siebert Williams Shank & Co., LLC (each, an “Underwriter” and collectively, the “Underwriters”), hereby offers to enter into this Purchase Contract (the “Purchase Contract”) with you, the East Bay Municipal Utility District (the “District”), which, upon the District’s acceptance of this offer, will be binding upon the District and the Underwriters. This offer is made subject to acceptance by you prior to 5:00 p.m., California time, on the date hereof. If this offer is not so accepted, this offer will be subject to withdrawal by the Underwriters upon notice delivered to you at any time prior to acceptance. Upon acceptance, this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon the District and the Underwriters. All capitalized terms used herein not otherwise defined herein shall have the respective meanings ascribed thereto in the Official Statement (as hereinafter defined). The Representative has been duly authorized to execute this Purchase Contract and to take any action hereunder by and on behalf of the Underwriters.

The District acknowledges and agrees that: (i) the Underwriters are not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act, as amended, (ii) the primary role of the Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm’s length commercial transaction between the District and the Underwriters and the Underwriters have financial and other interests that differ from those of the District; (iii) the Underwriters are acting solely as principals and are not acting as an agent or

municipal advisors, financial advisors or fiduciaries to the District and have not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the District on other matters); (iv) the only obligations the Underwriters have to the District with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract; and (v) the District has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

1. Purchase, Sale and Delivery of the Series 2024AB Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters, jointly and severally, hereby agree to purchase and the District agrees to sell and deliver to the Underwriters all (but not less than all) of the East Bay Municipal Utility District Water System Revenue Bonds, Series 2024A (Green Bonds), in the aggregate principal amount of \$_____ (the “Series 2024A Bonds”) and the East Bay Municipal Utility District Water System Revenue Refunding Bonds, Series 2024B, in the aggregate principal amount of \$_____ (the “Series 2024B Bonds”) and, together with the Series 2024A Bonds, the “Series 2024AB Bonds”)

(b) The Series 2024AB Bonds shall be issued pursuant to the Municipal Utility District Act (constituting Division 6 of the Public Utilities Code of the State of California, as amended), and the Revenue Bond Law of 1941, as made applicable by Article 6a of Chapter 6 of Division 6 of the Municipal Utility District Act, and with respect to the Series 2024B Bonds, Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (collectively, the “Act”), and the Water System Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as amended and supplemented, including as amended and restated pursuant to the Thirty-First Supplemental Indenture, dated as of [March] 1, 2024, and as supplemented by the Thirty-Second Supplemental Indenture, dated as of March 1, 2024, providing for the issuance of the Series 2024AB Bonds (as so amended, restated and supplemented, the “Indenture”). The Series 2024AB Bonds shall be dated, shall mature, and shall be redeemable as provided in the Indenture and shall otherwise be as described in the Official Statement described below. The Series 2024AB Bonds shall be substantially in the form described in, and shall be issued and secured under the provisions of, the Indenture. The Series 2024AB Bonds shall be special obligations of the District payable from, and secured by a pledge of, the Adjusted Net Water Revenues of the District. The Series 2024AB Bonds shall be dated the Closing Date (as hereinafter defined), shall bear interest payable on June 1 and December 1 of each year, commencing on [June 1, 2024], and shall mature on June 1 in each of the years, subject to earlier redemption, as set forth in Schedule I.

The Series 2024A Bonds are being issued for the purposes of (i) providing moneys to finance and/or reimburse the District for certain costs of various capital improvements to the Water System of the District and (ii) paying costs of issuance of the Series 2024A Bonds.

The Series 2024B Bonds are being issued for the purposes of (i) refunding: (a) all of the District’s outstanding Water System Revenue Refunding Bonds, Series 2014A; (b) \$10,005,000

of the outstanding aggregate principal amount of the District's Water System Revenue Refunding Bonds, Series 2014B; and (c) all of the District's outstanding Water System Revenue Bonds, Series 2014C (collectively, the "Refunded 2014 Bonds") and (ii) paying costs of issuance of the Series 2024B Bonds.

(c) The aggregate purchase price for the Series 2024AB Bonds shall be \$[] (consisting of the principal amount of the Series 2024AB Bonds in the amount of \$[], plus original issue premium of \$[], less \$[] of Underwriters' discount).

(d) In the event that the Underwriters fail (other than for a reason permitted under this Purchase Contract) to purchase, accept delivery of and pay for the Series 2024AB Bonds on the Closing Date as herein provided, the Underwriters shall pay to the District \$[], which shall constitute full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters, and shall constitute full release and discharge of all claims and rights hereunder of the District against the Underwriters with respect to such failure.

(e) At 8:00 a.m., California time, on [], 2024, or at such other time or on such other date as the District and the Representative mutually agree upon (the "Closing Date"), the District will, subject to the terms and conditions hereof, cause to be delivered to the Underwriters, the Series 2024AB Bonds, in fully registered book-entry eligible form, by Fast Automated Securities Transfer (FAST) through the facilities of The Depository Trust Company ("DTC") in New York, New York, duly executed, and at such place or by electronic means as shall have been mutually agreed upon by the District and the Representative, the other documents mentioned herein. The Underwriters will accept such delivery and pay the purchase price of the Series 2024AB Bonds as set forth in subparagraph (c) above in immediately available funds (such delivery and payment being herein referred to as the "Closing") to the order of the Trustee in an amount equal to the purchase price.

2. Use and Preparation of Official Statement; Continuing Disclosure Agreement.

(a) The District hereby ratifies, confirms and approves of the distribution and use by the Underwriters prior to the date hereof of the preliminary official statement dated [], 2024, relating to the Series 2024AB Bonds (including the appendices thereto and any subsequent amendments or supplements as have been approved by the District and the Underwriters, the "Preliminary Official Statement") and the making available of the Preliminary Official Statement to investors prior to the date hereof electronically. The District has deemed final the Preliminary Official Statement as of the date thereof for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for information permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12. The District hereby agrees to deliver or cause to be delivered to the Underwriters, within seven (7) business days of the date hereof and, in any case, one business day prior to the Closing Date in order to permit the Underwriters to comply with Rule 15c2-12 and the applicable rules of the Municipal Securities Rulemaking Board (the "MSRB"), with respect to the distribution of the Official Statement (as hereinafter defined), copies of the final Official Statement relating to the Series 2024AB Bonds, dated the date hereof, in the form of the Preliminary Official Statement, with such changes thereto, as may be approved by the District and the Representative (including the appendices

thereto and any subsequent amendments or supplements as have been approved by the District and the Underwriters, the “Official Statement”), in such quantity as the Underwriters shall reasonably request. The District hereby approves of the distribution and use by the Underwriters of the Official Statement in connection with the offer and sale of the Series 2024AB Bonds electronically or in printed paper form. The Representative hereby agrees to deliver a copy of the Official Statement to the MSRB through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org> on or before the Closing Date.

(b) In order to assist the Underwriters in complying with Rule 15c2-12, the District will undertake, pursuant to the Continuing Disclosure Agreement, dated as of [____], 2024 (the “Disclosure Agreement”), by and between the District and Digital Assurance Certification, LLC, as dissemination agent for the District, to provide annual financial information and notices of the occurrence of specified events. A description of the Disclosure Agreement is set forth in, and a form of such agreement is attached as an appendix to the Preliminary Official Statement and the Official Statement.

3. Establishment of Issue Price.

(a) The Underwriters intend to make a bona fide public offering of the Series 2024AB Bonds at the prices set forth in Schedule I, which prices may be changed from time to time by the Underwriters after such initial public offering.

(b) The Representative, on behalf of the Underwriters, agrees to assist the District in establishing the issue price of the Series 2024AB Bonds and shall execute and deliver to the District at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the District and Bond Counsel (as hereinafter defined), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2024AB Bonds. If such certificate in the form executed by the Representative is insufficient to assist the District in establishing the issue price of the Series 2024AB Bonds, one or more of the other Underwriters shall, at the request of the District, execute and deliver to the District at Closing a certificate substantially in the form of Attachment C to Exhibit A to the extent necessary to assist the District in establishing the issue price of the Series 2024AB Bonds.

(c) With respect to Series 2024AB Bonds of those maturities as to which at least 10% of the Series 2024AB Bonds of the maturity has been sold to the public (defined in subsection (g) below) at a single price (the “10% test”), based on reporting by the Representative to the District on the date hereof and prior to the execution of this Purchase Contract, which maturities are indicated in Schedule I attached hereto, the District will treat the first price at which 10% of each such maturity of the Series 2024AB Bonds was sold to the public as the issue price of that maturity. With respect to Series 2024AB Bonds of those maturities as to which the 10% test has not been satisfied, if any, based on reporting by the Representative to the District on the date hereof and prior to the execution of this Purchase Contract, which maturities are indicated in Schedule I attached hereto, the Representative and the District agree that the rules in subsection (d) below shall apply. For purposes of this Section, for Series 2024AB Bonds maturing on the same date but having different interest rates, each separate CUSIP number for such

Series 2024AB Bonds is subject to the 10% test or subsection (d) below, as the case may be, as if such separate CUSIP number were a separate maturity.

(d) The Representative confirms that the Underwriters have offered the Series 2024AB Bonds to the public on or before the date of this Purchase Contract at the respective offering price or prices (the “initial offering price”), or at the corresponding respective yield or yields, set forth in Schedule I attached hereto. Schedule I also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Series 2024AB Bonds for which the 10% test has not been satisfied at the time this Purchase Contract is executed and for which the District and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2024AB Bonds, the Underwriters will neither offer nor sell unsold Series 2024AB Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Series 2024AB Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative will advise the District promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Series 2024AB Bonds to the public at a price that is no higher than the initial offering price to the public.

(e) The Representative confirms that:

(1) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Series 2024AB Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (i) to report the prices at which it sells to the public any unsold Series 2024AB Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2024AB Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Series 2024AB Bonds of that maturity, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(B) to promptly notify the Representative of any sales of Series 2024AB Bonds that, to its knowledge, are made to a purchaser who is a related

party to an underwriter participating in the initial sale of the Series 2024AB Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(2) any agreement among underwriters or selling group agreement relating to the initial sale of the Series 2024AB Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2024AB Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public any unsold Series 2024AB Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2024AB Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter or dealer that the 10% test has been satisfied as to the Series 2024AB Bonds of that maturity, and (B) comply with the hold-the-offering-price rule, if applicable to a particular maturity of the Series 2024AB Bonds, if and for so long as directed by the Representative or the Underwriter or the dealer and as set forth in the related pricing wires.

(f) The District acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Series 2024AB Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2024AB Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2024AB Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2024AB Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2024AB Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Series 2024AB Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2024AB Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2024AB Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Series 2024AB Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2024AB Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2024AB Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2024AB Bonds.

(g) The Underwriters acknowledge that sales of any Series 2024AB Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2024AB Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(1) “public” means any person other than an underwriter or a related party,

(2) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2024AB Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2024AB Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2024AB Bonds to the public),

(3) a purchaser of any of the Series 2024AB Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) “sale date” means the date of execution of this Purchase Contract by all parties.

4. Representations, Warranties and Agreements of the District.

The District hereby represents, warrants and agrees with the Underwriters as follows:

(a) The District is, and will be on the Closing Date, a municipal utility district of the State of California duly organized and validly existing and operating pursuant to the laws of the State of California with full legal right, power and authority to issue the Series 2024AB Bonds pursuant to the Act and the Indenture, to execute and deliver the Official Statement and to enter into this Purchase Contract and the Disclosure Agreement (together with the Indenture and this Purchase Contract, the “District Documents”);

(b) By all necessary official action of the District prior to or concurrently with the acceptance hereof, the District has duly authorized the issuance and sale of the Series 2024AB Bonds and has duly approved the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in the District Documents and the consummation by it of all other transactions contemplated by the Official Statement and the District Documents and the District is on the date hereof and will be on the Closing Date in compliance in all material respects with the provisions

of the District Documents; the District Documents are or as of the Closing Date will be in full force and effect in substantially the form heretofore submitted to the Underwriters with only such changes as shall have been agreed to in writing by the Underwriters; and the District Documents constitute valid and legally binding agreements of the District enforceable against the District in accordance with their terms; provided, however, that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights and to the limitations on legal remedies against public agencies in the State of California;

(c) Except as otherwise disclosed in writing by the District to the Representative on or prior to the date hereof, the District is not in Material Breach or Default (as hereinafter defined) under any applicable constitutional provision, law or administrative regulation to which it is subject or any applicable judgment, decree, court order or consent decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a Material Breach or Default under any of the foregoing; and the issuance of the Series 2024AB Bonds, the execution and delivery of the District Documents and compliance with the provisions on the District's part contained herein and therein, will not constitute a Material Breach or Default under any law, administrative regulation, judgment, decree, court order, consent decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any such law, administrative regulation, judgment, decree, court order, consent decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Indenture (for purposes of this Purchase Contract, the term "Material Breach or Default" means any breach or default which could have a material adverse effect on the business operations or financial condition of the District or its Water System);

(d) Except as disclosed in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry or investigation (with service of process having been accomplished), at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best knowledge of the District after reasonable investigation, threatened against or affecting the District: (i) in any material respect affecting or contesting the existence of the District or the titles of its officers to their respective offices; or (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Series 2024AB Bonds; or (iii) contesting or affecting, as to the District, the validity or enforceability of the Series 2024AB Bonds or the District Documents; or (iv) contesting the powers of the District or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting or affecting the power or authority of the District to impose rates and charges, or the collection thereof, or the pledge of revenues under the Indenture; or (v) which may result in any material adverse change in the ability of the District to pay the Series 2024AB Bonds; or (vi) contesting the status of the interest on the Series 2024A Bonds as excludable from federal gross income as described in the Preliminary Official Statement or in the Official Statement; or (vii) contesting in any way the completeness or accuracy of the Preliminary

Official Statement or the Official Statement; or (viii) wherein an unfavorable ruling or finding would result in any material adverse change in the business operations or financial condition of the District or the Water System;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction over the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the approval or adoption, as applicable, of the District Documents, the issuance of the Series 2024AB Bonds or the due performance by, the District of its obligations in connection with the District Documents have been duly obtained and remain in full force and effect, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2024AB Bonds;

(f) Under the laws of the State of California, the authority of the District to determine, fix, prescribe and collect rates, fees and charges in connection with the services and facilities furnished by the Water System is not presently subject to the regulatory jurisdiction of the California Public Utilities Commission, or other local, regional or state regulatory authority, and, except as disclosed in the Preliminary Official Statement and the Official Statement or otherwise disclosed in writing by the District to the Representative on or prior to the date hereof, the District is not aware of any legislation proposed or pending to limit or restrict such rates, fees and charges in a manner that would result in any material adverse change in the ability of the District to pay the Series 2024AB Bonds;

(g) The Series 2024AB Bonds, when issued, authenticated and delivered in accordance with the Indenture and sold to the Underwriters as provided herein, will be valid and legally enforceable obligations of the District in accordance with their terms and the terms of the Indenture and the Indenture will provide, for the benefit of the holders from time to time of the Series 2024AB Bonds and any parity bonds issued under the Indenture, a legally valid and binding pledge of Adjusted Net Water Revenues (as defined in the Indenture) and the funds and accounts pledged under the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein;

(h) The Series 2024AB Bonds and the Indenture conform in all material respects to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement and the proceeds of the sale of the Series 2024AB Bonds will be applied generally as described in the Preliminary Official Statement and the Official Statement;

(i) The financial statements of the District contained in the Preliminary Official Statements and the Official Statement fairly present the financial position and results of operations of the District as of the dates and for the periods therein set forth in accordance with generally accepted accounting principles applied consistently, and, except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, since the dates thereof there has been no material adverse change in the financial position or results of operations of the District or the Water System;

(j) The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Series 2024AB Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and (ii) to determine the eligibility of the Series 2024AB Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Series 2024AB Bonds; provided, however, that in no event shall the District be required to take any action which would subject it to the general service of process in any jurisdiction in which it is not now so subject, and will use its best efforts to advise the Representative promptly of receipt by the District of any written notification with respect to the suspension of the qualification of the Series 2024AB Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(k) The Preliminary Official Statement (except for information relating to offering prices, interest rate, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, other terms of the securities depending on such matters, and the identity of the underwriters and such other information as may be omitted therefrom pursuant to Rule 15c2-12) did not as of the date thereof and, as supplemented or amended through the date hereof, does not as of the date hereof contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect (except for information relating to DTC and its book-entry only system, as to which no opinion or view is expressed);

(l) As of the date thereof and at all times subsequent thereto to and including the date which is 25 days following the End of the Underwriting Period (as hereinafter defined) for the Series 2024AB Bonds, the Official Statement did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(m) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Series 2024AB Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the District will notify the Underwriters, and, if in the opinion of the District, the Underwriters or their respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will forthwith prepare and furnish to the Underwriters (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriters and their counsel) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Series 2024AB Bonds, the

District will furnish such information with respect to itself as the Underwriters may from time to time reasonably request;

(n) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (m) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Series 2024AB Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or make such information therein, in the light of the circumstances under which it was presented, not misleading;

(o) As used herein and for the purposes of this Purchase Contract, the term “End of the Underwriting Period” for the Series 2024AB Bonds shall mean the earlier of (i) the Closing Date unless the District shall have been notified in writing to the contrary by the Representative on or prior to the Closing Date, or (ii) the date on which the End of the Underwriting Period for the Series 2024AB Bonds has occurred under Rule 15c2-12; provided, however, that the District may treat as the End of the Underwriting Period for the Series 2024AB Bonds the date specified as such in a notice from the Representative stating the date which is the End of the Underwriting Period;

(p) After the Closing, the District will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriters shall reasonably object in writing;

(q) Between the date of this Purchase Contract and the Closing Date, except as referred to in or as contemplated by the Official Statement, the District will not, without the prior written consent of the Representative (which consent shall not be unreasonably withheld), publicly offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, payable from the revenues of the Water System other than in the ordinary course of its business or as discussed in the Official Statement;

(r) The District is duly authorized to apply and will apply, or cause the application of, the proceeds of the Series 2024AB Bonds in accordance with the Indenture, including for payment of District expenses incurred in connection with the authorization, execution, delivery and sale of the Series 2024AB Bonds to the extent contemplated by Section 6;

(s) Any certificate signed by any authorized official of the District, and delivered to the Underwriters in connection with the execution and delivery of the Series 2024AB Bonds, shall be deemed a representation and warranty by the District to the Underwriters as to the statements made therein; and

(t) Except as disclosed in the Preliminary Official Statement and the Official Statement, the District has not failed within the last five years to comply in all material respects with any previous undertakings with regard to Rule 15c2-12 to provide annual reports of financial and operating data or notices of enumerated events.

5. Conditions to the Obligations of the Underwriters.

The Underwriters hereby enter into this Purchase Contract in reliance upon the representations and warranties of the District contained herein and the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the District of its obligations both on and as of the date hereof and as of the Closing Date. Accordingly, the Underwriters' obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Series 2024AB Bonds shall be subject, at the option of the Underwriters, to the accuracy in all material respects of the representations and warranties of the District contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District made in any certificate or other document furnished pursuant to the provisions hereof, to the performance by the District of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and also shall be subject to the following additional conditions:

(a) The Underwriters shall receive, within seven (7) business days of the date hereof and, in any case, one business day prior to the Closing Date and in sufficient time to accompany customer confirms requesting payment, copies of the Official Statement (including all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriters), in such reasonable quantity as the Underwriters shall have requested;

(b) The representations and warranties of the District contained herein shall be true and correct in all material respects on the date hereof and on the Closing Date, as if made on and at the Closing Date;

(c) At the Closing, the District Documents shall have been duly authorized, executed and delivered by the respective parties thereto, and the Official Statement shall have been duly authorized, executed and delivered by the District, all in substantially the forms heretofore submitted to the Underwriters, with only such changes as shall have been agreed to in writing by the Underwriters (which agreement shall not be unreasonably withheld), and shall be in full force and effect; and there shall be in full force and effect such resolution or resolutions of the Board of Directors of the District as, in the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California ("Bond Counsel"), and Husch Blackwell LLP, Oakland, California, counsel to the Underwriters (hereinafter, "Underwriters' Counsel"), shall be necessary or appropriate in connection with the transactions contemplated hereby;

(d) Between the date hereof and the Closing Date, the market price or marketability, at the initial offering price set forth in the Official Statement, of the Series 2024AB Bonds shall not have been materially adversely affected, in the reasonable judgment of the Underwriters (evidenced by a written notice to the District terminating the obligation of the Underwriters to accept delivery of and make any payment for the Series 2024AB Bonds), by reason of any of the following:

(1) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been introduced in or enacted by the

Congress of the United States or the legislature of the State of California or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the District or upon interest received with respect to obligations of the general character of the Series 2024AB Bonds which, in the reasonable judgment of the Underwriters, may have the purpose or effect, directly or indirectly, of affecting the tax status of the District, its property or income, its securities (including the Series 2024AB Bonds) or the interest thereon, or any tax exemption granted or authorized by federal or State of California legislation;

(2) legislation shall have been enacted, introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, shall have been made or issued to the effect that obligations of the general character of the Series 2024AB Bonds, or the Series 2024AB Bonds, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(3) the declaration of war or the escalation of, or engagement in, military hostilities by the United States or the occurrence of any other national or international emergency or calamity relating to the effective operation of the government of, or the financial community in, the United States;

(4) the declaration of a general banking moratorium by federal, State of New York or State of California authorities, or the general suspension of trading on any national securities exchange;

(5) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Series 2024AB Bonds or obligations of the general character of the Series 2024AB Bonds or securities generally, the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriters, the establishment of minimum or maximum prices on any

national securities exchange, or a material disruption in securities settlement, payment or clearance services shall have occurred;

(6) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Series 2024AB Bonds, or the issuance, offering or sale of the Series 2024AB Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect;

(7) the withdrawal or downgrading of any rating of the Series 2024AB Bonds or the underlying rating of any of the District's Water System Revenue Bonds by a national rating agency then rating the Series 2024AB Bonds; or

(8) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriters, makes untrue in any material respect any statement or information then contained in the Official Statement, or has the effect that the Official Statement then contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the District refuses to permit the Official Statement to be supplemented to supply such statement or information or the effect of the Official Statement as so supplemented is, in the judgment of the Underwriters, to materially adversely affect the market for the Series 2024AB Bonds or the sale of the Series 2024AB Bonds, at the contemplated offering prices (or yields).

(e) At or prior to the Closing Date, the Underwriters shall have received the following documents, in each case satisfactory in form and substance to the Underwriters and Underwriters' Counsel:

(1) Counterparts of the District Documents, duly executed and delivered by the respective parties thereto;

(2) The approving opinion of Bond Counsel, dated the Closing Date and addressed to the District, in substantially the form attached to the Official Statement in Appendix D thereto, and a letter of such counsel, dated the Closing Date and addressed to the Representative, to the effect that such opinion may be relied upon by the Underwriters to the same extent as if such opinion were addressed to them;

(3) The supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Representative, in substantially the form attached hereto as Exhibit B;

(4) A letter of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, ("Disclosure Counsel"), dated the Closing Date and addressed to the Representative, in substantially the form attached hereto as Exhibit C.

(5) The opinion of the Office of General Counsel of the District, dated the Closing Date and addressed to the Representative, in substantially the form attached hereto as Exhibit D;

(6) The opinion of counsel to the Trustee, dated the Closing Date and addressed to the District and the Representative, in substantially the form attached hereto as Exhibit E;

(7) The opinion of Underwriters' Counsel, dated the Closing Date and addressed to the Representative, to the effect that (a) the Series 2024AB Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended, and the Disclosure Agreement satisfies paragraph (b)(5) of Rule 15c2-12; and (b) without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement and based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official Statement and the Official Statement as counsel for the Underwriters, nothing has come to their attention which would cause them to believe that the Preliminary Official Statement, as of the date of this Purchase Contract, or the Official Statement, as of the date thereof and the Closing Date, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that no opinion need be expressed with respect to the financial statements and the statistical data included in the Official Statement, and Appendices B through G thereto, and information regarding DTC and its book-entry only system;

(8) A certificate or certificates, dated the Closing Date, signed by a duly authorized official of the District, in form and substance satisfactory to the Underwriters, to the effect that (a) the representations and warranties of the District contained in this Purchase Contract are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (b) to the best of such official's knowledge, no event affecting the District has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Official Statement relating to the District or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein relating to the District not misleading in any material respect; (c) since June 30, 2023, except as referred to in or as contemplated by the Official Statement, the District has not incurred any financial liabilities, direct or contingent, or entered into any transactions and there has not been any adverse change in the condition, financial or physical, of the Water System, in any such case that would materially and adversely affect the ability of the District to meet its obligations under the Indenture or the Series 2024AB Bonds; and (d) the projected operating results and debt service coverage contained in Table 21 in Appendix A to the Official Statement are the District's projections and are based on the stated assumptions, which the District believes to be reasonable;

(9) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Underwriters, to the effect that: (a) the Trustee is a national banking association duly organized and existing under and by virtue of the

laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture; (b) the execution and delivery of the Indenture and compliance with the provisions on the Trustee's part contained therein, will not in any material respect conflict with or constitute a breach of or default under any material agreement or material instrument to which the Trustee is as party or by which it is bound or any law, administrative regulation, judgment or decree (except that no representation, warranty or agreement is made with respect to any federal or state securities or blue sky laws or regulations); and (c) to the officer's knowledge, the Trustee has not been served with any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, nor is any such action threatened against the Trustee, as such but not in its individual capacity, affecting the existence of the Trustee, or the titles of its officers to their respective offices, or contesting or affecting the validity or enforceability of the Indenture, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Indenture;

(10) A certified copy of the general resolution of the Trustee authorizing the execution and delivery of the Indenture;

(11) A copy of the Preliminary Official Statement;

(12) A copy of the Official Statement, executed on behalf of the District by authorized representatives of the District;

(13) A copy of each of the resolutions of the District authorizing the execution and delivery of the Official Statement, the District Documents and the issuance of the Series 2024AB Bonds, certified by the Secretary or an Assistant Secretary of the District to be in full force and effect as of the Closing Date;

(14) Evidence that any ratings described in the Official Statement are in full force and effect as of the Closing Date;

(15) A copy of the Blue Sky Memorandum with respect to the Series 2024AB Bonds, prepared by Underwriters' Counsel;

(16) A Tax Certificate signed by the District relating to the Series 2024AB Bonds, in form and substance satisfactory to Bond Counsel;

(17) A copy of the Blanket Letter of Representations to DTC relating to the Series 2024AB Bonds signed by the District; and

(18) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriters, Underwriters' Counsel or Bond Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations of the District herein and of the statements and information contained in the Official Statement, and the due performance or satisfaction by the District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the

District in connection with the transactions contemplated hereby and by the District Documents and the Official Statement.

If the District shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Purchase Contract or if the Underwriters' obligations shall be terminated for any reason permitted herein, all obligations of the Underwriters hereunder may be terminated by the Underwriters at, or at any time prior to, the Closing Date by written notice to the District and neither the Underwriters nor the District shall have any further obligations hereunder, except the District's obligation for the payment and reimbursement of expenses, as provided in Section 6 hereof, shall continue in full force and effect.

6. Expenses.

All expenses and costs incident to the authorization, execution, delivery and sale of the Series 2024AB Bonds to the Underwriters, including the costs of printing of the Series 2024AB Bonds, the Preliminary Official Statement and the Official Statement, the cost of preparing and duplicating the Indenture, the fees of accountants, consultants and rating agencies, the initial fee of the Trustee and its counsel in connection with the execution and delivery of the Series 2024AB Bonds and the fees and expenses of Bond Counsel shall be paid either from the proceeds of the Series 2024AB Bonds or from funds of the District. The District shall pay for expenses (included in the expense component of the Underwriters' discount) incurred on behalf of the District's employees which are incidental to implementing this Purchase Contract, including, but not limited to, meals, transportation and lodging, of those employees. In the event that the Series 2024AB Bonds for any reason are not executed and delivered, or to the extent proceeds of the Series 2024AB Bonds are insufficient or unavailable therefor, any such fees, costs and expenses owed by the District, which otherwise would have been paid from the proceeds of the Series 2024AB Bonds, shall be paid by the District. The District shall pay the reasonable out-of-pocket expenses of the Underwriters in connection with the sale and delivery of the Series 2024AB Bonds (which shall be included in the expense component of the Underwriters' discount), including the fees and expenses of Underwriters' Counsel, travel and other expenses, the California Debt and Investment Advisory Commission fee and the fees of Digital Assurance Certification, L.L.C. for a continuing disclosure compliance review. In the event that the Underwriters incur or advance the cost of any expense for which the District is responsible hereunder, the District shall reimburse the Underwriters at or prior to Closing; if at Closing, reimbursement may be included in the expense component of the Underwriter's discount. To the extent that the Underwriters have incurred expenses on behalf of the District which are to be reimbursed to the Underwriters or included as a component of the Underwriters' discount, the Underwriters agree to provide the District, with a detailed itemization of any such expenses prior to the Closing Date.

7. Notices.

Any notice or other communication to be given under this Purchase Contract may be given by delivering the same in writing to the respective parties at the following address:

District: East Bay Municipal Utility District
375 Eleventh Street
Oakland, California 94607
Attention: Director of Finance

Representative: J.P. Morgan Securities LLC
560 Mission Street, 3rd Floor
San Francisco, California 94105
Attention: John Houlberg, Executive Director

8. Survival of Representations and Warranties.

The representations and warranties of the District set forth in or made pursuant to this Purchase Contract shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Contract and regardless of any investigations or statements as to the results thereof made by or on behalf of the Underwriters and regardless of delivery of and payment for the Series 2024AB Bonds. All of the District's representations, warranties and agreements contained in this Purchase Contract shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Series 2024AB Bonds pursuant to this Purchase Contract; and (iii) any termination of this Purchase Contract.

9. Effectiveness and Counterpart Signatures.

This Purchase Contract shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by duly authorized officials of the District and shall be valid and enforceable as of the time of such acceptance. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

10. Parties in Interest.

This Purchase Contract is made solely for the benefit of the District and the Underwriters (including the successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof.

11. Entire Agreement.

This Purchase Contract when accepted by you in writing as heretofore specified shall constitute the entire agreement between the District and the Underwriters with respect to the purchase of the Series 2024AB Bonds and supersedes all oral statements, prior writings and representations with respect thereto.

12. Headings.

The headings of the sections of this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

13. Governing Law.

This Purchase Contract shall be construed in accordance with the laws of the State of California.

[Remainder of Page Intentionally Left Blank]

Very truly yours,

J.P. MORGAN SECURITIES LLC,
as Representative of the Underwriters

By: _____
Authorized Officer

ACCEPTED:

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____
Robert Hannay, Treasury Manager

SCHEDULE I

\$[_____]

EAST BAY MUNICIPAL UTILITY DISTRICT
WATER SYSTEM REVENUE BONDS,
SERIES 2024A (GREEN BONDS)

<u>Maturity Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Initial Offering Price</u>	<u>10% Test Used[†]</u>	<u>Hold the Offering Price Rule Used^{††}</u>
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[†] The maturities identified in this column for which the 10% test is used are the “General Rule Maturities.”

^{††} The maturities identified in this column for which the hold-the-offering-price rule is used are the “Hold-the-Offering-Price Maturities.”

\$[_____]

EAST BAY MUNICIPAL UTILITY DISTRICT
WATER SYSTEM REVENUE REFUNDING BONDS,
SERIES 2024B

<u>Maturity Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Initial Offering Price</u>	<u>10% Test Used[†]</u>	<u>Hold the Offering Price Rule Used^{††}</u>
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[†] The maturities identified in this column for which the 10% test is used are the “General Rule Maturities.”

^{††} The maturities identified in this column for which the hold-the-offering-price rule is used are the “Hold-the-Offering-Price Maturities.”

EXHIBIT A

EAST BAY MUNICIPAL UTILITY DISTRICT

\$ _____
**WATER SYSTEM REVENUE BONDS,
SERIES 2024A (GREEN BONDS)**

and

\$ _____
**WATER SYSTEM REVENUE REFUNDING BONDS
SERIES 2024B**

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of J.P. Morgan Securities LLC (“JPMorgan”), as representative (the “Representative”), on behalf of itself and Barclays Capital Inc. and Siebert Williams Shank & Co. LLC (together, the “Underwriting Group”) under the Purchase Contract dated _____, 2024 (the “Purchase Contract”), between the East Bay Municipal Utility District (the “Issuer”) and the Representative, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

[Select appropriate provisions below]

1. [Alternative 1 – All Maturities Use General Rule: *Sale of the Bonds*. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.][Alternative 2 – Select Maturities Use General Rule: *Sale of the General Rule Maturities*. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.]

2. [Delete this section if at least 10% of each Maturity sold per Alternative 1 above:]
Initial Offering Price of the [Bonds] [Hold-the-Offering-Price Maturities].

(a) [Alternative 1 – All Maturities Use Hold-the-Offering-Price Rule: The Underwriting Group offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.] [Alternative 2 – Select Maturities Use Hold-the-Offering-Price Rule: The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.]

(b) With respect to the Hold-the-Offering-Price Maturities, as agreed to in writing by the Representative in the Purchase Contract, neither the Representative nor any broker-dealer who is participating in the initial sale of the Bonds as a party to a retail distribution agreement or other written contract with the Representative (if any) has offered or sold any of the Hold-the-Offering-Price Maturities to any person at a price that is higher than or a yield lower than the respective Initial Offering Prices for such Maturities of the Bonds during the Holding Period.

3. *Defined Terms.*

(a) [*General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”]

(b) [*Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

(c) [*Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

(f) *Related Party*. A purchaser of any Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(h) *Tax Certificate* means the Tax Certificate, dated __, 2024, executed and delivered by the Issuer in connection with the issuance of the Bonds.

(i) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to

participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth LLP, bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds. The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by the other members of the Underwriting Group.

J.P. MORGAN SECURITIES LLC,
as Representative

By: _____
Name: _____

Dated: [ISSUE DATE]

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES
(ATTACHED)**

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(ATTACHED)

**ATTACHMENT C TO
ISSUE PRICE CERTIFICATE**

{IF HOLD-THE-OFFERING-PRICE IS APPLICABLE}

\$ _____
EAST BAY MUNICIPAL UTILITY DISTRICT
WATER SYSTEM REVENUE BONDS,
SERIES 2024A (GREEN BONDS)

and

\$ _____
EAST BAY MUNICIPAL UTILITY DISTRICT
WATER SYSTEM REVENUE REFUNDING, SERIES 2024B

GROUP MEMBER ISSUE PRICE CERTIFICATE

The undersigned, [Barclays Capital Inc.][Siebert Williams Shank & Co., LLC] (the “Group Member”), which has acted as an underwriter pursuant to the Purchase Contract dated _____, 2024 (the “Purchase Contract”), between the East Bay Municipal Utility District (the “Issuer”) and J.P. Morgan Securities LLC, as representative (the “Representative”) of itself and of the Group Member and [Barclays Capital Inc.][Siebert Williams Shank & Co., LLC] as underwriters of the above-captioned obligations (the “Bonds”), hereby certifies as set forth below with respect to the sale and issuance of the Bonds.

1. *Initial Offering Price of the Hold-the-Offering-Price Maturities.*

(a) The Bonds are being issued on the date hereof, and the Group Member understands that the Representative has made certain representations to the Issuer with respect to the offering and sale of the Bonds. With respect to the Group Member’s offering and sale of the Bonds, the Group Member hereby certifies and represents that, with respect to the “Hold-the-Offering-Price Maturities” (as listed in Schedule A attached hereto), as agreed to in writing in the Purchase Contract by the Representative on behalf of the Group Member, neither the Group Member nor any broker-dealer who is participating in the initial sale of the Bonds as a party to a retail distribution agreement or other written contract with the Group Member (if any) has offered or sold any of the Hold-the-Offering-Price Maturities to any person at a price that is higher than or a yield lower than the respective Initial Offering Prices for such Maturities of the Bonds during the Holding Period.

2. *Defined Terms.*

(a) *Initial Offering Price* means the initial offering prices or yields set forth on Schedule A attached hereto.

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds where issue price was established under Section § 1.148-1(f)(2)(ii) of the Treasury Regulations, as which Maturities are set forth in Schedule A-1 hereto.

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates or CUSIP identification numbers, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Related Party*. A purchaser of any Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 20__.

(h) *Tax Certificate* means the Tax Certificate, dated __, 2024, executed and delivered by the Issuer in connection with the issuance of the Bonds.

(i) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the Representative or lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Group Member’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth LLP, bond counsel with

respect to the Bonds, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[BARCLAYS CAPITAL INC.][SIEBERT
WILLIAMS SHANK & CO., LLC, as
Underwriter

Dated: _____, 20__

By: _____
Title: _____

SCHEDULE A-1

HOLD-THE-OFFERING-PRICE MATURITIES
ALLOCABLE TO [UW DEFINED NAME]

[Insert any HTOP Maturities for which this UW has an allocation]

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

[CLOSING DATE]

J.P. Morgan Securities LLC,
as Representative of the Underwriters
San Francisco, California

\$[_____]
EAST BAY MUNICIPAL UTILITY DISTRICT
(Alameda and Contra Costa Counties, California)
WATER SYSTEM REVENUE BONDS, SERIES 2024A (GREEN BONDS)
and
WATER SYSTEM REVENUE REFUNDING BONDS
SERIES 2024B

Ladies and Gentlemen:

We have acted as bond counsel to the East Bay Municipal Utility District (the “District”) in connection with the issuance, sale and delivery of the District’s Water System Revenue Bonds, Series 2024A (Green Bonds), in the aggregate principal amount of \$[_____] , and Water System Revenue Refunding Bonds, Series 2024B, in the aggregate principal amount of \$[_____] , issued pursuant to the Water System Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and First Interstate Bank of California, which has been succeeded by U.S. Bank Trust Company, National Association, as trustee, as amended and supplemented, including as amended and restated pursuant to the Thirty-First Supplemental Indenture, dated as of [March] 1, 2024, and as supplemented by the Thirty-Second Supplemental Indenture, dated as of March 1, 2024, providing for the issuance of the Bonds (as so amended, restated and supplemented, the “Indenture”).

The Bonds are being sold on the date hereof by the District to J.P. Morgan Securities LLC, as Representative of itself, Barclays Capital Inc. and Siebert Williams Shank & Co., LLC, as Underwriters, pursuant to a Purchase Contract, dated [____] , 2024 (the “Purchase Contract”).

All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Purchase Contract, or if not defined therein, in the Official Statement dated [____] , 2024, relating to the Bonds (the “Official Statement”).

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of the District and various public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing and our review of such other information, documents and matters of law as we considered necessary to render this opinion, we are of the opinion that:

1. The statements contained in the Preliminary Official Statement, dated [____], 2024, relating to the Bonds (the “Preliminary Official Statement”) and in the Official Statement on the cover and under the captions “INTRODUCTION,” “THE SERIES 2024 BONDS,” “SECURITY FOR THE SERIES 2024 BONDS,” and “TAX MATTERS,” and in “APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” “APPENDIX F — FORM OF CONTINUING DISCLOSURE AGREEMENT” and “APPENDIX H – PROPOSED CHANGES TO THE INDENTURE” (excluding the statements under each such caption relating to The Depository Trust Company (“DTC”), Cede & Co. and the book-entry system, as to all of which we express no view); insofar as the statements contained under such captions purport to summarize certain provisions of the Bonds, the Indenture, the Continuing Disclosure Agreement, and the District’s Commercial Paper Notes (Water Series), present an accurate summary of such provisions for the purpose of use in the Official Statement.

2. The Official Statement and the execution and delivery thereof have been duly approved by the District, and the Purchase Contract and the Continuing Disclosure Agreement have been duly authorized, executed and delivered by the District and (assuming due authorization, execution and delivery by and validity against the other parties thereto) are valid and binding agreements of the District, enforceable against the District in accordance with their respective terms. We call attention to the fact that the rights and obligations under the Purchase Contract and the Continuing Disclosure Agreement and the enforceability thereof are subject to and may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws affecting creditors’ rights, to the application of equitable principles, to the possible unavailability of specific performance or injunctive relief, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver (including, without limitation, waiver of jury trial or consent to nonjury trial) provisions contained in the foregoing documents.

3. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

4. The issuance of the Bonds, the execution and delivery of the Thirty-First Supplemental Indenture, the Thirty-Second Supplemental Indenture, the Continuing Disclosure Agreement and the Purchase Contract by the District, and compliance by the District with provisions of the foregoing, as appropriate, do not in any material respect conflict with or constitute on the part of the District a Material Breach or Default under the Indenture or the Bonds issued thereunder or under the issuing and paying agent agreement, dated as of December 1, 2015, relating to the District’s Commercial Paper Notes (Water Series) or, to the best of our knowledge, any loan agreement with any State governmental agency to which the District is a party or to which the District or any of its property or assets are otherwise subject.

The opinions expressed herein are based on an analysis of existing laws, regulations,

rulings and court decisions. Such opinions 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 opinion in light of any such actions or events.

We are furnishing you this letter at the request of the District and solely for the information of, and assistance to, you in conducting and documenting your investigation of the affairs of the District in connection with the offering of the Bonds and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, including but not limited to the purchase or sale of the Bonds, nor is it to be referred to in whole or in part in the Official Statement or any other document, except that it may be included in, and reference may be made to it in any list of, the closing documents pertaining to the delivery of the Bonds. The provision of this opinion to you shall not create any attorney-client relationship between either of our firms and you. This opinion may not be relied upon by any other person, firm, corporation or other entity without our prior written consent.

Respectfully submitted,

EXHIBIT C

FORM OF OPINION OF DISCLOSURE COUNSEL

[Closing Date]

East Bay Municipal Utility District
Oakland, California

J.P. Morgan Securities LLC
as representative of the Underwriters
San Francisco, California

Re: East Bay Municipal Utility District
(Alameda and Contra Costa Counties, California)
\$[] Water System Revenue Bonds, Series 2024A (Green Bonds)
\$[] Water System Revenue Refunding Bonds, Series 2024B

Ladies and Gentlemen:

We have acted as disclosure counsel to the East Bay Municipal Utility District (the “District”) in connection with the issuance, sale and delivery of the District’s Water System Revenue Bonds, Series 2024A (Green Bonds), in the aggregate principal amount of \$[] and its Water System Revenue Refunding Bonds, Series 2024B, in the aggregate principal amount of \$[], (collectively, the “Bonds”). The Bonds are being issued pursuant to the Water System Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and U.S. Bank Trust Company, National Association, as successor trustee, as amended and supplemented, including as amended and restated pursuant to the Thirty-First Supplemental Indenture, dated as of [March] 1, 2024, and as supplemented by the Thirty-Second Supplemental Indenture, dated as of March 1, 2024, providing for the issuance of the Bonds (as so amended, restated and supplemented, the “Indenture”). The Bonds were sold by the District to J.P. Morgan Securities LLC, as representative of itself, Barclays Capital Inc. and Siebert Williams Shank & Co., LLC, as underwriters (the “Underwriters”), pursuant to a Purchase Contract, dated [], 2024 (the “Purchase Contract”), between the District and the Underwriters.

We have reviewed the Preliminary Official Statement of the District dated [], 2024 with respect to the Bonds (the “Preliminary Official Statement”) and the Official Statement of the District dated [], 2024 with respect to the Bonds (the “Official Statement”), the letters, certificates and opinions delivered pursuant to Section 5(e) of the Purchase Contract and otherwise in connection with the Bonds on the date hereof, and such other records, opinions and documents, and we have made such investigations of law and fact, as we have deemed

appropriate as a basis for the conclusions hereinafter expressed. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Preliminary Official Statement and the Official Statement.

We have assumed, but not independently verified, that the signatures on all documents, letters, opinions and certificates which we have examined are genuine, and that all documents submitted to us are authentic and were duly and properly executed by the parties thereto. We have also assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof.

The conclusions that are expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform you or any other person, whether any such actions are taken or omitted or whether such events do occur or any other matters come to our attention after the date hereof.

In our capacity as disclosure counsel, we have rendered certain legal advice and assistance to the District in connection with the preparation of the Preliminary Official Statement and the Official Statement. Rendering such legal advice and assistance involved, among other things, discussions and inquiries concerning various legal matters, review of certain records, documents and proceedings, and participation in conferences with, among others, representatives of the District, the District's General Counsel, Montague DeRose and Associates, LLC, as municipal advisor to the District, the Underwriters, Husch Blackwell LLP, as counsel to the Underwriters, and others, during which conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. On the basis of the information made available to us in the course of the foregoing (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement), as of the date hereof no facts have come to the attention of the personnel in our firm directly involved in rendering legal advice and assistance in connection with the preparation of the Preliminary Official Statement and the Official Statement that causes us to believe that (a) the Preliminary Official Statement as of the date of the Purchase Contract contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the discussions contained in the Preliminary Official Statement of permits, licenses and approvals required for the construction and operation of any projects of the District, and the status thereof, the description of any litigation, any information relating to DTC, Cede & Co., the book-entry system, forecasts, projections, estimates, assumptions and expressions of opinions and the financial and statistical data included therein, as to all of which we express no view), and except for such information as is permitted to be excluded from the Preliminary Official Statement pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, including but not limited to information as to pricing, yields, interest rates, maturities, amortization, redemption provisions, debt service requirements, underwriters' discount, ratings and CUSIP numbers, or (b) the Official Statement as of its date or as of the date hereof contained or contains any untrue statement of a material fact or omitted to

state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the discussions contained in the Official Statement of permits, licenses and approvals required for the construction and operation of any projects of the District, and the status thereof, the description of any litigation, any information relating to DTC, Cede & Co., the book-entry system, forecasts, projections, estimates, assumptions and expressions of opinions and the financial and statistical data included therein, as to all of which we express no view). We advise you that, other than reviewing the various certificates and opinions required by Section 5(e) of the Purchase Contract regarding the Preliminary Official Statement and the Official Statement, we have not taken any steps since the date of the Official Statement to verify the accuracy of the statements contained in the Preliminary Official Statement or the Official Statement as of the date hereof.

By acceptance of this letter you acknowledge that: (i) the preceding paragraph is neither a legal opinion nor a guarantee regarding the contents of the Preliminary Official Statement or the Official Statement but rather merely a statement of negative assurance regarding the absence of factual information that came to the attention of the attorneys in our firm during the limited activities we performed as disclosure counsel to the District on this matter; (ii) the scope of the activities performed by such attorneys in our role as disclosure counsel was inherently limited and does not purport to encompass all activities that the District may be responsible to undertake in preparing the Preliminary Official Statement and Official Statement; (iii) the activities performed by us relied substantially in part on representations, warranties, certifications and opinions made by the District and others, and are otherwise subject to the matters set forth in this letter; and (iv) while statements of negative assurance are customarily given to underwriters of municipal bonds to assist them in discharging their responsibilities under federal securities laws, the responsibilities of the District under those laws may differ from those of underwriters in material respects, and the preceding paragraph may not serve the same purpose or provide the same utility to them as it would to the underwriters.

The conclusions expressed in this letter are limited to matters governed by the federal securities law of the United States, and we assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction.

We are furnishing this letter as disclosure counsel to the District, and not as counsel to the Underwriters. No attorney-client relationship has existed or exists between our firm and the Underwriters in connection with the Bonds or by virtue of this letter. We note that the Underwriters are represented by separate counsel retained by them in connection with the sale of the Bonds. This letter is delivered in connection with such transaction, and may not be used, circulated, quoted or otherwise referred to or relied upon by, any other person, firm, corporation or other entity, or filed with any governmental or other administrative agency for any purpose, without our prior written consent. Our engagement with respect to this matter terminates upon the delivery of this letter to you on the date hereof, and we have no obligation to update this letter.

Respectfully submitted,

EXHIBIT D

FORM OF OPINION OF OFFICE OF DISTRICT GENERAL COUNSEL

[CLOSING DATE]

J.P. Morgan Securities LLC,
as Representative of the Underwriters
San Francisco, California

\$[_____]]
EAST BAY MUNICIPAL UTILITY DISTRICT
(Alameda and Contra Costa Counties, California)
WATER SYSTEM REVENUE BONDS, SERIES 2024A (GREEN BONDS)
and
WATER SYSTEM REVENUE REFUNDING BONDS
SERIES 2024B

Ladies and Gentlemen:

I am General Counsel to the East Bay Municipal Utility District (the “District”), a municipal utility district organized and existing pursuant to the Municipal Utility District Act, constituting Division 6 of the Public Utilities Code of the State of California, as amended. This opinion is rendered pursuant to Section 5(e)(5) of the Purchase Contract (the “Purchase Contract”) dated [____], 2024 between the District and J.P. Morgan Securities LLC, as representative of the underwriters (the “Underwriters”) listed therein, and relating to the sale of \$[_____] aggregate principal amount of District’s Water System Revenue Bonds, Series 2024A (Green Bonds)] and \$[_____] aggregate principal amount of the District’s Water System Revenue Refunding Bonds, Series 2024B (collectively, the “Series 2024AB Bonds”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Contract or if not defined therein, in the Official Statement dated [____], 2024, relating to the Series 2024AB Bonds (the “Official Statement”).

In rendering this opinion, I have examined the following documents: (i) the Water System Revenue Bond Indenture, dated as of April 1, 1990, between the District and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as amended and supplemented, including as amended and restated pursuant to the Thirty-First Supplemental Indenture dated as of March 1, 2024 by and between the District and the Trustee, and as supplemented by the Thirty-Second Supplemental Indenture, dated as of March 1, 2024, providing for the issuance of the Series 2024AB Bonds (as so amended, restated and supplemented, the “Indenture”); (ii) the Continuing Disclosure Agreement, dated [____], 2024, by and between the District and Digital Assurance Certification, LLC; (iii) the Preliminary Official Statement, dated [____], 2024, relating to the Series 2024AB Bonds (the “Preliminary Official Statement”) and the Official Statement; (iv) the Series 2024AB Bonds; and (v) such other documents and instruments, including certificates of public officials, and have

made such investigations of law and of fact as I have deemed necessary or appropriate for the purpose of rendering the opinions set forth herein. The Indenture, the Continuing Disclosure Agreement and the Purchase Contract are collectively referred to herein as the “District Documents.” In addition, I call attention to the fact that the rights and obligations under the District Documents, the Series 2024AB Bonds and the other legal documents and the enforceability thereof are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California.

Based on the foregoing, I am of the opinion that:

(1) The District is, and was at all relevant times, a municipal utility district duly organized and validly existing under the laws of the State of California.

(2) The resolution or resolutions of the District approving and authorizing the execution and delivery of the Series 2024AB Bonds, the District Documents and the Official Statement (the “Resolutions”) were duly adopted and/or approved by the District at meetings of the Board of Directors of the District, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and each of the District Documents has been duly authorized, executed and delivered by the District and (assuming due authorization, execution and delivery by the other parties thereto) constitutes the legal, valid and binding obligation of the District.

(3) Except as disclosed in the Preliminary Official Statement and the Official Statement or otherwise disclosed in writing by the District to the Underwriters on or prior to the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending (with service of process having been accomplished) or, to my actual knowledge after reasonable investigation, threatened against or affecting the District: (i) in any material respect affecting or contesting the existence of the District or the titles of its officers to their respective offices; or (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Series 2024AB Bonds; or (iii) contesting or affecting, as to the District, the validity or enforceability of the Series 2024AB Bonds or the District Documents; or (iv) contesting the powers of the District or its authority to enter into, adopt or perform its obligations under the Series 2024AB Bonds or the District Documents or contesting or affecting the power or authority of the District to impose rates and charges, or the collection thereof, or the pledge of revenues under the Indenture; or (v) which may result in any material adverse change in the ability of the District to pay the Series 2024AB Bonds; or (vi) contesting the status of the interest on the Series 2024AB Bonds as excludable from federal gross income as described in the Preliminary Official Statement and in the Official Statement; or (vii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement; or (viii) wherein an unfavorable ruling or finding would result in any material adverse change in the business operations or financial condition of the District or the Water System.

(4) The issuance of the Series 2024AB Bonds, the execution and delivery of the District Documents and the Official Statement by the District, the adoption of the

Resolutions, and compliance by the District with the provisions of the foregoing, as appropriate, to the best of my actual knowledge after reasonable investigation, do not and will not in any material respect conflict with or constitute on the part of the District a Material Breach or Default under any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject or any existing law, administrative regulation, judgment, decree, court order or consent decree to which the District or any of its property or assets is subject. In rendering the foregoing opinion, I have relied, in part, upon the opinion of Stradling Yocca Carlson & Rauth LLP, expressed in paragraph (4) of its supplemental opinion delivered on this date.

(5) Except as described in the Preliminary Official Statement and the Official Statement, no authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California having jurisdiction over the District or its property is required for the valid authorization, execution, delivery and performance by the District of the District Documents or the Official Statement or for the adoption of the Resolutions which has not been obtained, provided that no opinion is expressed with respect to qualification under Blue Sky or other state securities laws.

(6) Without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement and based upon the information made available to me during the preparation of the Preliminary Official Statement and the Official Statement as General Counsel to the District, nothing has come to my attention which causes me to believe that (i) the information contained in the Preliminary Official Statement under the captions “THE DISTRICT,” “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND FEES AND CHARGES” and “LITIGATION” and in Appendix A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM)” (excluding therefrom forecasts, projections, estimates, assumptions and the financial and statistical data included in the Preliminary Official Statement, as to which no opinion is expressed), as of the date of the Purchase Contract, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (ii) the information contained in the Official Statement under the captions “THE DISTRICT,” “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND FEES AND CHARGES” and “LITIGATION” and in Appendix A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM)” (excluding therefrom forecasts, projections, estimates, assumptions and the financial and statistical data included in the Official Statement, as to which no opinion is expressed), as of the date thereof and as of the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(7) The Adjusted Net Water Revenues are free and clear of and from any and all liens and encumbrances other than as set forth in the Official Statement.

(8) Under the laws of the State of California, the District has the authority to fix and collect rates, fees and charges in connection with the services and facilities furnished by

the Water System and is not presently subject to the regulatory jurisdiction of any state, regional or local government regulatory authority in connection with fixing and collecting such rates, fees and charges. No assurance can be given that any such legislation may not be proposed or introduced after the date of this opinion.

I express no opinion as to any matters other than as expressly set forth above and assume no obligation to revise or supplement this opinion should any law on which any opinions are based or any facts or matters upon which I have relied subsequently change. Without limiting the generality of the foregoing, I specifically express no opinion as to the status of the Series 2024AB Bonds or the interest thereon under any federal securities laws or any state securities or “Blue Sky” law or any federal, state or local tax law. Further, I express no opinion on the laws of any jurisdiction other than the State of California and the United States of America.

This opinion is delivered to you as the representative of the Underwriters and is solely for the benefit of the Underwriters and is not to be used by any other person or for any other purpose.

Very truly yours,

Derek T. McDonald
General Counsel

EXHIBIT E

FORM OF TRUSTEE COUNSEL’S OPINION

[CLOSING DATE]

J.P. Morgan Securities LLC,
as Representative of the Underwriters
San Francisco, California

East Bay Municipal Utility District
Water System Revenue Bonds,
Series 2024A (Green Bonds)
and
Water System Revenue Refunding Bonds
Series 2024B

Ladies and Gentlemen:

I have acted as special counsel to U.S. Bank Trust Company, National Association, as successor trustee (“USB”), in connection with the Water System Revenue Bond Indenture, dated as of April 1, 1990, between the East Bay Municipal Utility District (the “District”) and USB, as amended and supplemented, including as amended and restated pursuant to the Thirty-First Supplemental Indenture, dated as of March 1, 2024 (the “Thirty-First Supplemental Indenture”), and as supplemented by the Thirty-Second Supplemental Indenture, dated as of [March] 1, 2024 (the “Thirty-Second Supplemental Indenture” and collectively, the “Indenture”) in connection with the issuance of \$[] aggregate principal amount of the District’s Water System Revenue Bonds, Series 2024A (Green Bonds)], and \$[] aggregate principal amount of the District’s Water System Revenue Refunding Bonds, Series 2024B (collectively, the “Series 2024AB Bonds”). This opinion is rendered pursuant to Section 5(e)(6) of the Purchase Contract, dated [], 2024 the “Purchase Contract”), between the District and J. P. Morgan Securities LLC, as Representative of the Underwriters listed therein. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Purchase Contract.

In my capacity as counsel to USB, I have examined originals or copies identified to my satisfaction of: (i) the Articles of Association and By-Laws of USB, (ii) the Indenture, (iii) such other records, certificates and documents as I have considered necessary or appropriate for the purpose of the opinion hereinafter rendered.

In rendering this opinion, I have relied upon the facts and information obtained from the records of USB, officers of USB, and other sources believed by me to be reliable, and have not undertaken to independently verify the accuracy of the factual matters represented, warranted, or certified in such documents. I have assumed the genuineness of all signatures other than USB’s, the authenticity of documents, certificates and records submitted to me as originals, the conformity to the originals of all documents, certificates and records submitted to me as copies, the legal capacity of all natural persons executing documents other than USB’s, and the

completeness and accuracy as of the date of this opinion letter of the information contained in such documents, certificates and records, which assumptions I have not independently verified. The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions.

Based upon and subject to the foregoing and subject to the qualifications set forth below, I am of the opinion that:

1. USB is a national banking association duly organized and validly existing under and by virtue of the laws of the United States of America, having full power and being qualified to enter into and perform its duties under the Indenture.

2. USB has taken all corporate action necessary to assume the duties and obligations of trustee under the Indenture, and to authorize in such capacity the execution and delivery of the Thirty-First Supplemental Indenture and the acceptance of the duties of USB under each of the foregoing does not and will not contravene any law of governmental regulation or order presently binding on USB or its Articles of Association or By-Laws or, to my knowledge, contravene any provision or constitute a default under any indenture, contract or other instrument to which USB is a party or by which USB is or may be bound.

3. USB has duly executed and delivered the Thirty-First Supplemental Indenture and Thirty-Second Supplemental Indenture, and the Indenture, assuming due authorization, execution and delivery by the District, constitutes the legal, valid and binding obligations of USB, enforceable in accordance with its terms, except to the extent the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, and other similar laws affecting the rights and remedies of creditors generally, and by the effect of general principles of equity, including without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, whether considered in a proceeding at law or in equity.

4. All approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by USB of any of its duties and obligations under the Indenture (insofar as it has the obligation to obtain any such approval, consent or order) have been obtained and are in full force and effect.

I express no opinion as to any matter other than as expressly set forth above, and, in conjunction therewith, I specifically express no opinion as to the status of the Series 2024AB Bonds or the interest thereon under any federal securities laws, including but not limited to the Securities Act of 1933, as amended, and the Trust Indenture Act of 1939, as amended, or any state securities or “Blue Sky” law, or any federal, state or local tax law.

This opinion is as of the date hereof, and I have undertaken no, and hereby disclaim any, obligation to advise you of any change in any matter set forth herein even though the changes may affect a legal analysis or conclusion in this opinion letter. Further, this opinion

neither implies, nor should it be viewed to imply, an approval or recommendation of any investment in any Bond.

I express no opinion as to the effect of any law other than the law of California and the federal laws of the United States of America on the matters referred to herein, in each case as they exist on the date hereof. I express no opinion with respect to the laws, regulations, or ordinances of any county, municipal or other local governmental agency.

This opinion is furnished by me solely for your benefit. This opinion letter may be relied upon by you only in connection with the transaction described in the initial paragraph of this opinion letter and may not be used or relied upon by you for any other purpose or by any other person for any purpose whatsoever without, in each instance, my prior written consent.

Respectfully submitted,

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”), dated [CLOSING DATE], 2024, is executed and delivered by the East Bay Municipal Utility District (the “District”) and Digital Assurance Certification, LLC (the “Dissemination Agent”) in connection with the issuance of \$ _____ aggregate principal amount of Water System Revenue Bonds, Series 2024A (Green Bonds) and \$ _____ aggregate principal amount of Water System Revenue Refunding Bonds, Series 2024B (collectively, the “Bonds”). The Bonds are being issued pursuant to a Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and First Interstate Bank of California, which has been succeeded by U.S. Bank Trust Company, National Association as trustee (the “Trustee”), as amended and supplemented, including by the Thirty-Second Supplemental Indenture, dated as of March 1, 2024, providing for the issuance of the Bonds (collectively, the “Indenture”). In connection therewith, the District and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter (as defined herein) in complying with Securities and Exchange Commission 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” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Disclosure Representative” shall mean the Director of Finance or the Treasury Manager of the District or a designee of the Director of Finance, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Digital Assurance Certification, LLC, or any successor dissemination agent designated in writing by the District and which has filed a written acceptance of such designation.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean either the registered owners of the Bonds or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Listed Event” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the final Official Statement of the District relating to the Bonds.

“Participating Underwriter” shall mean any of the underwriters of the Bonds listed on the cover page of the Official Statement required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than December 31 of each year in which the Bonds are outstanding, commencing with the Annual Report for Fiscal Year 2023-24 (which is due not later than December 31, 2024), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report must be submitted in electronic format, accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; *provided* that if the audited financial statements of the District are not available by the date required above for the filing of the Annual Report, the District shall submit the audited financial statements as soon thereafter as available. If the District’s Fiscal Year changes, the District shall give notice of such change in the same manner as for a Listed Event under Section 5(c) and the Annual Reports shall be provided to the MSRB no later than six months after the end of such Fiscal Year.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall send to the MSRB, in a timely manner, on or before such date a notice in substantially the form attached hereto as Exhibit A.

(c) The Dissemination Agent shall:

- (i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB each year prior to the date for providing the Annual Report; and
- (ii) file a report with the District and (if the Dissemination Agent is not the Trustee, the Trustee) certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement, and stating the date it was provided.

Section 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following categories or similar categories of information updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement relating to the Bonds):

(a) The audited financial statements of the District for the prior 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 District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

(b) A table showing the Water Production (including annual production and average production per day) for the preceding Fiscal Year;

(c) A table showing Water Sales Revenues, Consumption and Number of Connections by Customer Type for the preceding Fiscal Year;

(d) A table showing Water System Sources of Funds by Source;

(e) A table showing Water System Rates and Charges for the preceding Fiscal Year (as well as information regarding average rate increases);

(f) A table showing Outstanding Water System Debt as of the preceding Fiscal Year;

(g) A table showing Water System revenues, operating and maintenance expenses, debt service on Water System revenue bonds and debt service coverage for the Water System revenue bonds for the most recent Fiscal Year; and

(h) Any material changes in the sources of water supply.

Financial and operating information relating to the District referenced in items 3(b)-(h) above may be updated from time to time, and such updates may involve displaying data in a different format or table or eliminating data that is no longer material.

Any or all of the items listed above may also be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or the SEC. If any document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this section, upon the occurrence of any of the following events (in each case to the extent applicable) with respect to the Bonds, the District shall give, or cause to be given by so notifying the Dissemination Agent in writing and instructing the Dissemination Agent to give, notice of the occurrence of such event, in each case, pursuant to Section 5(c) hereof:

1. principal or interest payment delinquencies;
2. non-payment related defaults, if material;
3. modifications to the rights of the Bondholders, if material;
4. optional, contingent or unscheduled calls, if material, and tender offers;

5. defeasances;
6. rating changes;
7. adverse tax opinions or 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 Bonds or other material events affecting the tax status of the Bonds;
8. unscheduled draws on the debt service reserves reflecting financial difficulties;
9. unscheduled draws on the credit enhancements reflecting financial difficulties;
10. substitution of the credit or liquidity providers or their failure to perform;
11. release, substitution or sale of property securing repayment of the Bonds, if material;
12. bankruptcy, insolvency, receivership or similar proceedings of the District, which shall occur as described below;
13. appointment of a successor or additional trustee or the change of name of a trustee, if material;
14. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the Water System of the District 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;
15. incurrence of a Financial Obligation of the District with respect to the Water System, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District with respect to the Water System, any of which affects Holders of the Bonds, if material; or
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District with respect to the Water System, any of which reflect financial difficulties.

For these purposes, (i) any event described in item 12 of this Section 5(a) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District 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 District, 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 District; and (ii) the District intends to comply with the provisions hereof for the Listed Events described in subparagraphs (15) and (16) of this Section 5(a), and the definition of the “Financial Obligation” in Section 2, with reference to the Rule, any other applicable federal securities laws and guidance provided by the SEC in its Release No. 34-83885 dated August 20, 2018 (the “2018 Release”),

any further amendments or written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

(b) Upon receipt of notice from the District and instruction by the District to report the occurrence of any Listed Event, the Dissemination Agent shall provide notice thereof to the MSRB in accordance with Section 5(c) hereof. In the event the Dissemination Agent shall obtain actual knowledge of the occurrence of any of the Listed Events, the Dissemination Agent shall, immediately after obtaining such knowledge, contact the Disclosure Representative, inform such person of the event, and request that the District promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Section 5(c). For purposes of this Disclosure Agreement, “actual knowledge” of the occurrence of such Listed Event shall mean actual knowledge by the Dissemination Agent. The Dissemination Agent shall have no responsibility to determine the materiality, if applicable, of any of the Listed Events.

(c) The District, or the Dissemination Agent, if the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, shall file a notice of such occurrence with the MSRB in a timely manner not more than ten (10) business days after the occurrence of the event.

Section 6. Termination of Reporting Obligation. The District’s obligations under this Disclosure Agreement shall terminate with respect to all Bonds upon the maturity, defeasance, prior redemption, acceleration or payment in full of all of the Bonds and with respect to any Bonds upon the maturity, defeasance, prior redemption or payment in full of such Bonds.

Section 7. Dissemination Agent. The District 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee, upon notice from the District, shall be the Dissemination Agent. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the District pursuant to this Disclosure Agreement and shall not be deemed to be acting in any fiduciary capacity for the District, the Holders of the Bonds or any other party. The Dissemination Agent shall receive compensation for the services provided pursuant to this Disclosure Agreement.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District and the Dissemination Agent may amend this Disclosure Agreement (and, to the extent that any such amendment does not materially change or increase its obligations hereunder, the Dissemination Agent shall agree to any amendment so requested by the District), 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 Section 3(a), Section 4 or Section 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 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District 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 District 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 District 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 District or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% of the aggregate principal amount of Outstanding Bonds and upon provision of indemnification satisfactory to the Trustee, shall), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District or the Dissemination Agent, as the case may be, 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 District or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance hereunder.

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 District 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 any loss, expense and liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the District:

East Bay Municipal Utility District
375 Eleventh Street, MS 801
Oakland, California 94607-4240
Attention: Treasury Manager
Phone: 510-287-0248

To the Dissemination Agent:

Digital Assurance Certification, LLC
[315 E. Robinson Street, Suite 300
Orlando, Florida 32801]
Attention: Shelley Rodgers, Client Service Manager
Phone: 407-515-1082

Section 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, this Disclosure Agreement has been executed on behalf of the District and the Dissemination Agent by their duly authorized representatives.

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____
Sophia D. Skoda
Director of Finance

DIGITAL ASSURANCE CERTIFICATION, LLC,
as Dissemination Agent

By: _____
Diana O'Brien, Senior Vice President

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: EAST BAY MUNICIPAL UTILITY DISTRICT

Name of Bond Issue: \$ _____ Water System Revenue Bonds, Series 2024A (Green Bonds)
\$ _____ Water System Revenue Refunding Bonds, Series 2024B

Date of Issuance: _____, 2024

NOTICE IS HEREBY GIVEN that the East Bay Municipal Utility District (the “District”) has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Agreement, dated [CLOSING DATE], 2024, by and between the District and Digital Assurance Certification, LLC, and in accordance with Section 47.15 of the Thirty-Second Supplemental Indenture, dated as of March 1, 2024, by and between the District and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), supplementing the Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, as supplemented and amended, by and between the District and the Trustee, providing for the issuance of the Bonds. The District anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

DIGITAL ASSURANCE CERTIFICATION, LLC,
as Dissemination Agent on behalf of the District

By: _____
Authorized Officer

cc: East Bay Municipal Utility District

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2024

NEW ISSUE – BOOK ENTRY ONLY

Ratings: S&P: “___”
Moody’s: “___”
See “RATINGS” herein.

In the opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the Series 2024 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2024 Bonds is exempt from State of California personal income tax. See “TAX MATTERS” with respect to certain tax consequences relating to the Series 2024 Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.

**[DISTRICT LOGO]
EAST BAY MUNICIPAL UTILITY DISTRICT
(Alameda and Contra Costa Counties, California)**

\$ _____*
**Water System Revenue Bonds,
Series 2024A (Green Bonds)**

\$ _____*
**Water System Revenue
Refunding Bonds, Series 2024B**

Dated: Date of Delivery

Due: June 1, as shown on inside cover pages

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page and not otherwise defined shall have the meanings set forth herein.

The East Bay Municipal Utility District (the “District”) is issuing its Water System Revenue Bonds, Series 2024A (Green Bonds) and its Water System Revenue Refunding Bonds, Series 2024B (collectively, the “Series 2024 Bonds”) pursuant to a Water System Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as amended and supplemented, including as amended and restated pursuant to the Thirty-First Supplemental Indenture, dated as of March 1, 2024, and as supplemented by the Thirty-Second Supplemental Indenture, dated as of March 1, 2024, by and between the District and the Trustee (as so amended, restated and supplemented, the “Indenture”).

The Series 2024 Bonds will be issued in fully-registered form, without coupons, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2024 Bonds. Beneficial ownership interests in the Series 2024 Bonds of each Series may be purchased in book-entry form only in denominations of \$5,000 principal amount or any integral multiple thereof. Interest on the Series 2024 Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2024. Principal is payable on June 1 of the years set forth on the inside front cover pages. The principal or redemption price of, and interest on, the Series 2024 Bonds are payable by the Trustee to DTC, which is obligated in turn to remit such principal or redemption price and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Series 2024 Bonds. See APPENDIX E – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

The Series 2024 Bonds are subject to redemption prior to maturity as more fully described herein. See “THE SERIES 2024 BONDS – Redemption.”

The Series 2024 Bonds are being issued for the purpose of providing moneys to (i) finance and/or reimburse the District for certain costs of improvements to the Water System of the District, (ii) together with certain other available funds, refund all or a portion of certain series of the District’s outstanding Water System revenue bonds, and (iii) pay costs of issuance of the Series 2024 Bonds, as described herein. See “PLAN OF FINANCE.”

The Series 2024 Bonds are special limited obligations of the District, payable solely from and secured by a pledge of Adjusted Net Water Revenues as more fully described herein. Adjusted Net Water Revenues generally consist of the District’s Water Revenues (adjusted for deposits to and withdrawals from the Rate Stabilization Fund) remaining after the payment of all Water Operation and Maintenance Costs. The Series 2024 Bonds are being issued on parity with the District’s Water System Revenue Bonds and Parity Debt heretofore or hereafter incurred, as more fully described herein. The District also operates a Wastewater System. The Series 2024 Bonds are not payable from or secured by the revenues of the Wastewater System of the District. **Neither the full faith and credit nor the taxing power of the District is pledged to the payment of the Series 2024 Bonds or the interest thereon.**

Purchasers of the Series 2024 Bonds will be deemed to have consented to certain additional amendments to the Indenture. See “AMENDMENT AND RESTATEMENT OF THE INDENTURE; ADDITIONAL AMENDMENTS TO TAKE EFFECT IN THE FUTURE – Future Amendments of the Indenture.”

The Series 2024 Bonds are offered when, as and if issued, subject to the approval of validity by Stradling Yocca Carlson & Rauth, LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the District by its General Counsel and by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel, and for the Underwriters by Husch Blackwell LLP. Montague DeRose and Associates, LLC is serving as municipal advisor to the District in connection with the Series 2024 Bonds. It is anticipated that the Series 2024 Bonds will be available for delivery through the facilities of DTC in New York, New York by Fast Automated Securities Transfer (FAST) on or about _____, 2024.

J. P. Morgan

Barclays

Siebert Williams Shank & Co., LLC

Dated: _____, 2024

* Preliminary, subject to change.

4885-6639-3219v6/200893-0005

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**EAST BAY MUNICIPAL UTILITY DISTRICT
(Alameda and Contra Costa Counties, California)**

MATURITY SCHEDULES*

\$ _____^{*}
**Water System Revenue Bonds,
Series 2024A (Green Bonds)**

\$ _____ **Serial Series 2024A Bonds**

<i><u>Maturity Date</u></i> <i><u>(June 1)*</u></i>	<i><u>Principal</u></i> <i><u>Amount*</u></i>	<i><u>Interest</u></i> <i><u>Rate</u></i>	<i><u>Yield</u></i>	<i><u>CUSIP†</u></i> <i><u>(Base No. 271014)</u></i>
--	--	--	---------------------	---

\$ _____ % **Term Series 2024A Bonds due June 1, 20__**, Yield _____ %; CUSIP†: 271014 ____
\$ _____ % **Term Series 2024A Bonds due June 1, 20__**, Yield _____ %; CUSIP†: 271014 ____

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriters and are included solely for the convenience of the holders of the Series 2024A Bonds. Neither the District nor the Underwriters is responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on the Series 2024A Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2024A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2024A Bonds.

\$ _____^{*}
**Water System Revenue Refunding Bonds,
Series 2024B**

<i>Maturity Date (June 1)[*]</i>	<i>Principal Amount[*]</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>CUSIP[†] (Base No. 271014)</i>
--	--	---------------------------------	---------------------	---

^{*} Preliminary, subject to change.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriters and are included solely for the convenience of the holders of the Series 2024B Bonds. Neither the District nor the Underwriters is responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on the Series 2024B Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2024B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2024B Bonds.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2024 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Series 2024 Bonds.

The information set forth in this Official Statement has been furnished by the District and obtained from official sources and other sources which are believed to be reliable. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the District since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement:

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

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (EMMA) website. The District also maintains a website and certain social media accounts. However, the information presented therein is not part of this Official Statement and must not be relied upon in making an investment decision with respect to the Series 2024 Bonds.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2024 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

FORWARD-LOOKING STATEMENTS

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND “FORWARD-LOOKING STATEMENTS.” NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “EXPECT,” “INTEND,” “BELIEVE” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

EAST BAY MUNICIPAL UTILITY DISTRICT

Alameda and Contra Costa Counties, California
375 Eleventh Street
Oakland, California 94607
(866) 403-2683

Board of Directors

Lesa R. McIntosh, *President*
William B. Patterson, *Vice President*
April Chan
John A. Coleman
Andy Katz
Doug A. Linney
Marguerite Young

Management

Clifford C. Chan, *General Manager*
Derek T. McDonald, *General Counsel*
Sophia D. Skoda, *Director of Finance*
Olujimi O. Yoloye, *Director of Engineering and Construction*
Michael T. Tognolini, *Director of Water and Natural Resources*
David A. Briggs, *Director of Operations and Maintenance*
Amit Mutsuddy, *Director of Wastewater*
Rischa S. Cole, *Secretary of the District*
David Glasser, *Controller*
Robert L. Hannay, *Treasury Manager*
Jacqueline Lee, *Debt Administrator*

Bond and Disclosure Counsel

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

Municipal Advisor

Montague DeRose and Associates, LLC
Walnut Creek, California

Trustee

U.S. Bank Trust Company, National Association
San Francisco, California

Verification Agent

Robert Thomas CPA, LLC
Minneapolis, Minnesota

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OFFICIAL STATEMENT

EAST BAY MUNICIPAL UTILITY DISTRICT (Alameda and Contra Costa Counties, California)

\$ _____*
**Water System Revenue Bonds,
Series 2024A (Green Bonds)**

\$ _____*
**Water System Revenue
Refunding Bonds, Series 2024B**

INTRODUCTION

This Introduction is not a summary of this Official Statement, and is qualified by more complete and detailed information contained elsewhere in the Official Statement. A full review should be made of the entire Official Statement, including the cover page and attached appendices. The offering of Series 2024 Bonds to potential investors is made only by means of the entire Official Statement. Certain definitions of capitalized terms used and not defined herein are set forth in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Purpose

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to set forth certain information concerning the East Bay Municipal Utility District (the “District”), the water supply, treatment and distribution system owned by the District (the “Water System” or the “System”), and System finances, in connection with the sale of the District’s \$ _____* Water System Revenue Bonds, Series 2024A (Green Bonds) (the “Series 2024A Bonds”) and its \$ _____* Water System Revenue Refunding Bonds, Series 2024B (the “Series 2024B Bonds” and, together with the Series 2024A Bonds, the “Series 2024 Bonds”). The Series 2024 Bonds are being issued pursuant to the Water System Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as amended and supplemented, including as amended and restated pursuant to the Thirty-First Supplemental Indenture, dated as of March 1, 2024, and as supplemented by the Thirty-Second Supplemental Indenture, dated as of March 1, 2024, by and between the District and the Trustee, relating to the Series 2024 Bonds (as so amended, restated and supplemented, the “Indenture”). See also “AMENDMENT AND RESTATEMENT OF THE INDENTURE; ADDITIONAL AMENDMENTS TO TAKE EFFECT IN THE FUTURE.”

The Series 2024 Bonds are being issued for the purpose of providing moneys to (i) finance and/or reimburse the District for certain costs of improvements to the Water System of the District, (ii) together with certain other available funds, refund all or a portion of certain Series of the District’s outstanding Water System revenue bonds (as defined herein, such bonds being refunded, the “Refunded Bonds”), and (iii) pay costs of issuance in connection with the Series 2024 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF FINANCE.” See also APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – THE WATER SYSTEM – Capital Improvement Program.”

* Preliminary, subject to change.

The District

The District is a municipal utility district, created in 1923 by vote of the electorate in portions of Alameda and Contra Costa Counties in the State of California (the “State”). The District is formed under the authority of the Municipal Utility District Act, constituting Division 6 of the Public Utilities Code of the State, commencing with Section 11501 (the “Municipal Utility District Act”). Pursuant to the Municipal Utility District Act, the District is empowered to own and operate the Water System. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM).” The District also operates a wastewater system (the “Wastewater System”). The District’s Wastewater System treats and disposes of sewage from a portion of the area within the District, which is designated as Special District No. 1.

The Series 2024 Bonds are not payable from or secured by the revenues of the Wastewater System of the District.

Security for the Series 2024 Bonds

The Series 2024 Bonds are special limited obligations of the District, payable solely from and secured by a pledge of the Adjusted Net Water Revenues of the District, as defined in the Indenture. Adjusted Net Water Revenues generally consist of the District’s Water Revenues (adjusted for deposits to and withdrawals from the Rate Stabilization Fund) remaining after the payment of all Water Operation and Maintenance Costs. All Outstanding Water System revenue bonds issued under the Indenture, together with any additional Water System revenue bonds hereafter issued under the Indenture, are secured on parity by Adjusted Net Water Revenues and are collectively referred to herein as the “Water System Revenue Bonds.” See “SECURITY FOR THE SERIES 2024 BONDS – Pledge of Adjusted Net Water Revenues.”

The Series 2024 Bonds are secured on a parity with the District’s other Water System Revenue Bonds to be Outstanding upon the delivery thereof, together with any additional Water System Revenue Bonds hereafter issued, with certain outstanding State Loans as described in APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Outstanding Debt,” and with any other Parity Debt heretofore or hereafter issued or incurred in accordance with the Indenture. See “SECURITY FOR THE SERIES 2024 BONDS – Outstanding Water System Revenue Obligations,” and “– Issuance of Additional Water System Revenue Bonds and Parity Debt; Junior and Subordinate Obligations.” As of January 1, 2024, the District had Outstanding \$2,290,985,000 aggregate principal amount of Water System Revenue Bonds and \$28,882,311 aggregate principal amount of State Loans constituting Parity Debt. A portion of the Outstanding Water System Revenue Bonds in the aggregate principal amount of \$ _____* are being refunded in connection with the issuance of the Series 2024 Bonds. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Outstanding Debt.” See also “PLAN OF FINANCE.”

NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS PLEDGED TO THE PAYMENT OF THE SERIES 2024 BONDS OR THE INTEREST THEREON.

Rate Covenant

The District covenants under the Indenture that it will at all times, while any of the Water System Revenue Bonds (including the Series 2024 Bonds) remain Outstanding, fix, prescribe and collect rates,

* Preliminary, subject to change.

fees and charges in connection with the services and facilities furnished by the Water System so as to yield Water Revenues in each Fiscal Year sufficient so that the Adjusted Net Water Revenues for such year shall be at least equal to 1.1 times the amount of Debt Service on all Water System Revenue Bonds and Parity Debt for such Fiscal Year. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants.” See also “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND FEES AND CHARGES.”

Continuing Disclosure

Pursuant to a Continuing Disclosure Agreement, dated the date of delivery of the Series 2024 Bonds, by and between the District and Digital Assurance Certification, LLC, as dissemination agent (the “Dissemination Agent”), the District will covenant and agree for the benefit of the holders and beneficial owners of the Series 2024 Bonds to provide certain financial information and operating data relating to the District and the Water System by not later than December 31 of each year in which the Series 2024 Bonds are outstanding (or if the District’s fiscal year changes, by no later than six months after the end of such Fiscal Year) (the “Annual Report”), commencing with the Annual Report for Fiscal Year 2023-24, and to provide notices of the occurrence of certain specified events. The Annual Report and the notices of specified events will be filed by the Dissemination Agent on behalf of the District with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access system (“EMMA”). See “CONTINUING DISCLOSURE.” These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). See also APPENDIX F – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

As of the date hereof, the District is in compliance in all material respects with its continuing disclosure undertakings for the last five years. Filings through EMMA are linked to a particular issue of obligations by CUSIP number (which is subject to change after the issuance of obligations as a result of various subsequent actions). The District uses its best efforts to confirm that each report filed through EMMA is linked to all the correct 9-digit CUSIP numbers. However, as a technical matter, it has come to the District’s attention that certain filings during the past five years, when made, were not appropriately linked to all applicable CUSIP numbers. The District has since caused the applicable filings to be linked to the additional CUSIPs.

Professionals Involved in the Issue

U.S. Bank Trust Company, National Association serves as Trustee under the Indenture. Certain legal matters incident to the authorization, issuance and sale of the Series 2024 Bonds are subject to the approval of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Certain legal matters will be passed upon for the District by its General Counsel and by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel, and for the Underwriters by Husch Blackwell LLP, Oakland, California, Underwriters’ Counsel. Montague DeRose and Associates, LLC, Walnut Creek, California, is serving as municipal advisor to the District in connection with the issuance of the Series 2024 Bonds.

Summaries Not Definitive

The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary or reference is qualified in its entirety by reference to each such document, statute, report or instrument. The capitalization of any word not conventionally capitalized or otherwise defined herein, indicates that such word is defined in the Indenture and, as used herein, has the meaning given to it in the Indenture. Unless otherwise indicated, all financial and statistical information herein has been provided by the District.

All references to and summaries of the Indenture and all documents, statutes, reports and other instruments referred to herein are qualified in their entirety by reference to the full Indenture and each such document, statute, report or instrument, respectively, copies of which are available for inspection at the offices of the District in Oakland, California, and will be available from the Trustee upon request and payment of duplication costs. Forward-looking statements in this Official Statement are subject to risks and uncertainties. Actual results may vary from forecasts or projections contained herein if events and circumstances do not occur as projected, and such variances may be material.

Additional Information

The District regularly prepares a variety of publicly available reports, including audits, budgets and related documents. Any Series 2024 Bondholder may obtain a copy of any such report, as available, from the Trustee or the District. Additional information regarding this Official Statement may be obtained by contacting the Trustee or Sophia D. Skoda, Director of Finance, East Bay Municipal Utility District, 375 Eleventh Street, Oakland, California 94607-4240, (866) 403-2683.

THE DISTRICT

The District is a municipal utility district, created in 1923 by vote of the electorate in portions of Alameda and Contra Costa Counties in the State of California. The District is formed under the authority of the Municipal Utility District Act. Under the Municipal Utility District Act, municipal utility districts are empowered to acquire, construct, own, operate or control works for supplying the district and public agencies in the district with light, water, power, heat, transportation, telephone service or other means of communications, means for the collection, treatment or disposition of garbage, sewage or refuse matter, and public recreation facilities appurtenant to its reservoirs and may do all things necessary and convenient to the full exercise of powers granted in the Municipal Utility District Act. The District presently exercises only those functions relating to water supply, power generation and recreational facilities through its Water System, and, within an area known as Special District No. 1, sewerage and wastewater interception, treatment and disposal, and power generation through its Wastewater System. Special District No. 1 covers only a portion of the service area of the District. The District presently does not intend to exercise other functions. Such other functions and the related facilities, if exercised, would not constitute part of the Water System or the Wastewater System.

For information on the District, the Water System and its finances and operations, see APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM)” and APPENDIX B – “EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022.”

PLAN OF FINANCE

Purposes of the Series 2024 Bonds

Series 2024A Bonds. The proceeds of the Series 2024A Bonds will be applied to (i) finance and/or reimburse the District for certain costs of improvements to the Water System of the District, and (ii) pay costs incidental to the issuance of the Series 2024A Bonds.

Series 2024B Bonds. The proceeds of the Series 2024B Bonds will be applied to (i) refund (a) all of the District’s Outstanding Water System Revenue Refunding Bonds, Series 2014A (the “Refunded Series 2014A Bonds”), (b) a portion of the District’s Outstanding Water System Revenue Refunding Bonds, Series 2014B (such portion being refunded, the “Refunded Series 2014B Bonds”), and (c) all of the District’s Outstanding Water System Revenue Bonds, Series 2014C (the “Refunded Series 2014C

Bonds,” and together with the Refunded Series 2014A Bonds and the Refunded Series 2014B Bonds, the “Refunded Bonds”), and (ii) pay costs incidental to the issuance of the Series 2024B Bonds.

See also “ESTIMATED SOURCES AND USES OF FUNDS.”

Series 2024A Bonds Designation as Green Bonds

The Series 2024A Bonds are being issued for the primary purpose of providing additional moneys to finance (by reimbursement to the District of) a portion of the costs of various improvements to the District’s Water System. The District has designated the Series 2024A Bonds as “Green Bonds” to allow investors to invest directly in bonds that finance environmentally beneficial projects. Such designation has been made by the District in accordance with the District’s Board-approved Guidance for Issuing Green Bonds (the “District’s Green Bond Guidance”), which was most recently approved by the District Board on March 22, 2022. The District’s Green Bond Guidance identifies the criteria (described below) that the District expects to take into consideration in identifying the types of “green” projects the costs of which may be funded (or reimbursed to the District) from the proceeds of Green Bonds. The District’s Green Bonds Guidance further provides that in identifying potential projects for Green Bond financing, the District’s aim should be towards including projects that best meet one or more of the identified criteria and excluding those projects that appear marginal or that have unresolved sustainability issues.

The District has promoted principles of sustainability for a number of years. The District initially adopted a Sustainability Policy, District Policy 7.05, in 1994. The District’s current Sustainability Policy provides that it is the policy of the District to provide reliable, high-quality drinking water and wastewater service through sustainable and resilient planning, design, construction, operations, maintenance, rehabilitation, and disposal activities that manage long-term economic, environmental, and human resource benefits. The District’s current Sustainability Policy further provides for District staff to annually report to the Board summarizing the status of the District’s sustainability efforts.

In identifying projects eligible for Green Bond financing, the District considers projects that are designed to meet one or more of the following criteria to be “green” projects: (i) maintain water quality; (ii) improve water use efficiency, including conservation through reduced water loss; (iii) improve biodiversity and ecosystem quality; (iv) protect against flooding; (v) reduce pollution; (vi) improve resilience (adaptation) to climate change; (vii) reduce the combustion of fossil fuels; (viii) reduce greenhouse gas emissions; (ix) implement “reduce, reuse, recycle” practices in preference to raw materials; or (x) adhere to sustainable purchasing guidelines. Where relevant, the District’s Green Bond Guidance maps these criteria for alignment with the categories, principles, or goals under the standards or frameworks established by the International Capital Market Association’s Green Bond Principles, the United Nations’ Sustainable Development Goals and the Climate Bonds Initiative’s Climate Bonds Taxonomy. It should be noted that such mapping is provided for comparison purposes only and no representation is made by the District that the projects satisfying the District’s criteria will necessarily fit the mapped criteria from the other frameworks.

The District’s Green Bond Guidance as approved by the Board on March 22, 2022 is set forth in APPENDIX G – “THE DISTRICT’S GREEN BOND GUIDANCE AND EXPECTED SERIES 2024A BONDS GREEN BOND PROJECTS.” Also set forth in Appendix G is a list of the particular projects that are considered by the District to be “green” projects, the costs of which the District expects to be funded (through reimbursement to the District) from proceeds of the Series 2024A Bonds. Proceeds of the Series 2024A Bonds will primarily be used to reimburse the District for some or all of the costs of the projects identified in Exhibit G. The proceeds of the Series 2024A Bonds will be deposited into a separately labeled account by the District and allocated to prior expenditures for capital improvement projects identified by the District as satisfying its criteria for green projects. Because proceeds of the Series 2024A Bonds will be applied to reimburse the District for prior expenditures made in connection

with the projects identified in Exhibit G, the District does not intend to undertake any further tracking of and reporting on the use of the proceeds of the Series 2024A Bonds.

There can be no assurance that the green projects funded with the proceeds of the Series 2024A Bonds will meet an investor's expectations regarding sustainability performance. It is possible that adverse environmental or social impacts may occur during the design, construction and operation of the green projects. For additional information regarding the District's capital improvement program, and a description of the major programs and projects included therein, see APPENDIX A – "THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – THE WATER SYSTEM – Capital Improvement Program."

The terms "Green Bonds" and "green project" are neither defined in nor related to provisions in the Indenture or otherwise defined under State or federal laws. No independent certification is being obtained with respect to the treatment of the Series 2024A Bonds as Green Bonds. The use of such terms herein is for identification purposes only and is not intended to provide or imply that an owner of the Series 2024A Bonds is entitled to any additional security other than as provided in the Indenture. The repayment obligations of the District with respect to the Series 2024A Bonds are not conditioned on the completion of any particular project or the satisfaction of any certification relating to the status of the Series 2024A Bonds as Green Bonds. The District assumes no obligation to ensure that these projects comply with any legal or other principles of green projects as such principles may evolve over time. The District's Green Bond Guidance as applied in connection with the Series 2024A Bonds may be updated or changed in the future at the Board's discretion.

The Series 2024A Bonds will not constitute "exempt facility bonds" issued to finance "qualified green building and sustainable design projects" within the meaning of Section 142(1) of the Internal Revenue Code of 1986, as amended (the "Code").

Refunding of the Refunded Bonds

The Series 2024B Bonds are being issued for the primary purpose of providing moneys, together with certain other available funds of the District, to refund all or a portion of certain Series of the District's outstanding Water System Revenue Bonds. The refunding of the Refunded Bonds is being undertaken by the District in order to achieve net present value and debt service savings. The following table details the Series, maturity dates and principal amounts of the Refunded Bonds. The specific bonds to be refunded will be determined by the District at the time that the District and the Underwriters execute the bond purchase contract for the Series 2024 Bonds. **All refunded Water System Revenue Bonds, dates and amounts are subject to change by the District in its sole discretion.**

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Refunded Bonds *						
Water System Revenue Bonds Series Designation and Issue Date	CUSIP (Base No. 271014)	Maturity Date (June 1)	Outstanding Principal Amount	Interest Rate	Principal Amount to be Redeemed	Redemption Date
Water System Revenue Refunding Bonds, Series 2014A (Issued June 11, 2014)						
	WS7	2027	\$11,655,000	5.00%	\$ 11,655,000	June 1, 2024
	WT5	2028	12,235,000	5.00	12,235,000	June 1, 2024
	XB3	2029	1,470,000	3.00	1,470,000	June 1, 2024
	WU2	2029	11,380,000	5.00	11,380,000	June 1, 2024
	WV0	2030	13,460,000	5.00	13,460,000	June 1, 2024
	WW8	2031	14,140,000	5.00	14,140,000	June 1, 2024
	WX6	2032	14,845,000	5.00	14,845,000	June 1, 2024
	WY4	2033	15,585,000	5.00	15,585,000	June 1, 2024
	WZ1	2034	16,365,000	5.00	16,365,000	June 1, 2024
	XC1	2035	775,000	3.50	775,000	June 1, 2024
	XA5	2035	16,405,000	5.00	16,405,000	June 1, 2024
					<u>\$128,315,000</u>	
Water System Revenue Refunding Bonds, Series 2014B (Issued June 11, 2014)						
	YC0	2030	\$10,005,000	5.00%	\$10,005,000	June 1, 2024
Water System Revenue Bonds, Series 2014C (Issued June 26, 2014)						
	YP1	2044	\$75,000,000	5.00%	<u>\$ 75,000,000</u>	June 1, 2024
TOTAL					\$213,320,000	

The refunding of the Refunded Bonds will be effected by depositing a portion of the proceeds of the Series 2024B Bonds, together with other available moneys, into an escrow fund for the Refunded Bonds (the “Escrow Fund”) created and established under the terms of an Escrow Agreement, dated as of March 1, 2024 (the “Escrow Agreement”), by and between the District and U.S. Bank Trust Company, National Association, as escrow agent (the “Escrow Agent”).

The proceeds of the Series 2024B Bonds and other amounts deposited in the Escrow Fund will be held by the Escrow Agent in cash or will be invested in direct noncallable obligations of, or unconditionally guaranteed by, the United States of America (“Federal Securities”), which Federal Securities will bear interest at such rates and will be scheduled to mature at such times, and in such amounts so that, when paid in accordance with their terms, such amounts, together with any amounts held as cash in the Escrow Fund, will be in an amount sufficient to pay the redemption price (*i.e.*, 100% of the principal amount) of the Refunded Bonds to be redeemed on June 1, 2024, plus accrued interest thereon to the redemption date.

* Preliminary, subject to change.

Pursuant to the Indenture, upon such deposit and investment and compliance with or provision for compliance with certain notice requirements set forth in the Indenture, all liability of the District with respect to the Refunded Bonds will cease, terminate and be completely discharged and satisfied and the owners of the Refunded Bonds will be entitled to payment thereof solely from the amounts deposited in the Escrow Fund held by the Escrow Agent for such purpose.

Upon delivery of the Series 2024B Bonds, Robert Thomas CPA, LLC, independent certified public accountants, will verify from the information provided to them, the mathematical accuracy of certain computations relating to the adequacy of the maturing principal of and interest on the investments in the Escrow Fund to pay the redemption price of the Refunded Bonds, and accrued interest thereon, on June 1, 2024. See “VERIFICATION AGENT.”

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Series 2024 Bonds, rounded to the nearest dollar, are as follows:

	<i>Series 2024A Bonds</i>	<i>Series 2024B Bonds</i>	<i>Total</i>
Sources			
Principal Amount	\$	\$	\$
Original Issue [Premium/Discount]			
Other Available Funds			
Total	<u>\$</u>	<u>\$</u>	<u>\$</u>
Uses			
Series 2024A (Green Bonds)			
Water System Fund ⁽¹⁾	\$	\$	\$
Deposit to Escrow Fund			
Underwriters' Discount			
Costs of Issuance ⁽²⁾			
Total	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

⁽¹⁾ Includes previous expenditures to be reimbursed to the District.

⁽²⁾ Includes legal, financing and consulting fees, rating agency fees, printing costs and other miscellaneous expenses.

THE SERIES 2024 BONDS

General Description

The Series 2024 Bonds of each Series will be issued in the respective aggregate principal amounts, will bear interest at the respective rates and will mature in the respective years and amounts all as set forth on the inside cover pages of this Official Statement. The Series 2024 Bonds of each Series will be issued in denominations of \$5,000 principal amount or any integral multiple thereof. The Series 2024 Bonds of each Series will be dated, and shall bear interest from, their date of delivery. Interest on the Series 2024 Bonds of each Series is payable on each June 1 and December 1, commencing on June 1, 2024, and will be computed on the basis of a 360-day year of twelve 30-day months. The Series 2024 Bonds will be issued as fully registered bonds in book-entry form only and when delivered will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2024 Bonds. So long as DTC, or its nominee, Cede & Co., is the registered owner of the Series 2024 Bonds, all payments of principal or

redemption price of, and interest on, the Series 2024 Bonds will be made directly to DTC, which is obligated in turn to remit such principal or redemption price and interest to its DTC participants for subsequent disbursement to the beneficial owners of the Series 2024 Bonds. See APPENDIX E – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Redemption

Series 2024A Bonds

Optional Redemption. The Series 2024A Bonds maturing on or before June 1, 20__ are not subject to optional redemption prior to maturity. The Series 2024A Bonds maturing on and after June 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part (by such maturities as may be specified by the District and by lot within a maturity), on any date on or after June 1, 20__, at a redemption price equal to the principal amount of Series 2024A Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

Mandatory Redemption. The Series 2024A Bonds maturing on June 1, 20__ are subject to redemption prior to their stated maturity, in part, by lot, from Mandatory Sinking Account Payments as specified below, commencing on June 1, 20__, at the principal amount of each Series 2024A Bond so redeemed plus accrued interest thereon to but not including the date fixed for redemption, without premium.

Term Series 2024A Bonds due June 1, 20__

<i>Mandatory Sinking Account Payment Dates (June 1)</i>	<i>Mandatory Sinking Account Payments</i>
	\$

†

† Final Maturity.

The Series 2024A Bonds maturing on June 1, 20__ are subject to redemption prior to their stated maturity, in part, by lot, from Mandatory Sinking Account Payments as specified below, commencing on June 1, 20__, at the principal amount of each Series 2024A Bond so redeemed plus accrued interest thereon to but not including the date fixed for redemption, without premium.

Term Series 2024A Bonds due June 1, 20__

<i>Mandatory Sinking Account Payment Dates (June 1)</i>	<i>Mandatory Sinking Account Payments</i>
	\$

†

† Final Maturity.

Upon an optional redemption of a portion of any term Series 2024A Bond, the District shall provide the Trustee with a revised schedule of the foregoing Mandatory Sinking Account Payments which shall provide for a reduction in the amount of one or more of the Mandatory Sinking Account Payments coming due on such term Series 2024A Bond after such redemption as specified by the District in such schedule to reflect such redeemed portion.

Series 2024B Bonds

Optional Redemption. The Series 2024B Bonds maturing on or before June 1, 20__ are not subject to optional redemption prior to maturity. The Series 2024B Bonds maturing on and after June 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part (by such maturities as may be specified by the District and by lot within a maturity), on any date on or after June 1, 20__, at a redemption price equal to the principal amount of Series 2024B Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

Notice of Redemption

Notice of redemption of the Series 2024 Bonds shall be given by the Trustee, not less than 20 nor more than 60 days prior to the redemption date, to DTC by electronic means of communication or by first-class mail or, if the book-entry system as described in Appendix E has been discontinued, to the respective Owners of any Series 2024 Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee by first-class mail, and to EMMA by electronic means of communication, or to such other securities depositories or information services as the District may designate in a Request of the District delivered to the Trustee. Such notice of redemption will state, among other things, the date of issue of the Series 2024 Bonds to which such notice relates, the redemption date, the redemption price and in the case of Series 2024 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall be given in the form and otherwise in accordance with the terms of the Indenture. Failure by any Owner to receive notice or any defect in any such notice shall not affect the sufficiency of the proceedings for redemption.

In the event of an optional redemption of Series 2024 Bonds, if the District shall not have deposited or otherwise made available to the Trustee the money required for the payment of the redemption price of the Series 2024 Bonds to be redeemed at the time of the mailing of notice of redemption, such notice of redemption shall state that the redemption is expressly conditioned upon the timely deposit of sufficient funds therefor with the Trustee.

Selection of Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of a Series of the Series 2024 Bonds, the maturities of the Series 2024 Bonds of such Series to be redeemed shall be specified by the District. In the case of partial redemption of less than all of the Series 2024 Bonds of any maturity, the Trustee will select the Series 2024 Bonds of such maturity to be redeemed from all Series 2024 Bonds of the respective Series and maturity not previously called for redemption, in authorized denominations, by lot, in any manner which the Trustee in its sole discretion deems appropriate and fair.

Effect of Redemption

If notice of redemption is 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 Series 2024 Bonds (or portions thereof) so called for redemption is held by the Trustee, then on the redemption date designated in such notice, the Series 2024 Bonds (or portions thereof) so called for redemption will become due and payable at the redemption price specified in the notice of redemption, together with interest accrued

thereon to the date fixed for redemption, interest on such Series 2024 Bonds so called for redemption will cease to accrue, the Series 2024 Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture and the owners of the Series 2024 Bonds (or portions thereof) will have no rights in respect thereof except to receive payment of the redemption price plus accrued interest.

AMENDMENT AND RESTATEMENT OF THE INDENTURE; ADDITIONAL AMENDMENTS TO TAKE EFFECT IN THE FUTURE

Amendment and Restatement of the Indenture

The District's \$2.29 billion outstanding principal amount of Water System revenue bonds were issued pursuant to the Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990 (the "Original Subordinated Water Revenue Bond Indenture"), by and between the District and First Interstate Bank of California, which has been succeeded by U.S. Bank Trust Company, National Association, as Trustee, as amended and supplemented by various supplemental indentures.

At the time of the initial execution and delivery of the Original Subordinated Water Revenue Bond Indenture in 1990, the District had authorized and had outstanding certain revenue bonds of the District issued pursuant to Resolution No. 30050 adopted by the Board of Directors of the District on January 26, 1982 (as amended and supplemented, the "Senior Water Bond Resolution") and designated as "East Bay Municipal Utility District Water System Revenue Bonds" (the "Senior Water Bonds"). Such Senior Water Bonds were secured by a pledge of, and first lien on, the Net Revenues (as defined in the Senior Water Bond Resolution) of the District's Water System, generally consisting of all of the Water Revenues (adjusted for deposits to and withdrawals from the Rate Stabilization Fund) after payment of Water Operation and Maintenance Costs, all on the terms and conditions set forth in the Senior Water Bond Resolution. At the time of the initial execution and delivery of the Original Subordinated Water Revenue Bond Indenture, the Original Subordinated Water Revenue Bond Indenture did not preclude the District from issuing additional Senior Water Bonds pursuant to the Senior Water Bond Resolution. The District last issued Senior Water Bonds in 1986 and all outstanding Senior Water Bonds were retired in 1997. There are no Senior Water Bonds currently outstanding and the District covenanted pursuant to the Eighteenth Supplemental Indenture, dated as of September 15, 2010 (the "Eighteenth Supplemental Indenture"), that it would not issue any Senior Water Bonds in the future. Pursuant to the Eighteenth Supplemental Indenture, any Water System revenue bonds of the District issued (or remarketed or otherwise reoffered) under the Original Subordinated Water Revenue Bond Indenture following the execution and delivery of the Eighteenth Supplemental Indenture have been designated "Water System Revenue Bonds."

The Sixteenth Supplemental Indenture, dated as of February 1, 2010 (the "Sixteenth Supplemental Indenture"), contained a number of amendments to the Original Subordinated Water Revenue Bond Indenture which were to become effective upon the earliest to occur of certain specified events. Upon the issuance of the District's Water System Revenue Bonds, Series 2022B, such conditions were satisfied and the amendments to the Original Subordinated Water Revenue Bond Indenture contained in the Sixteenth Supplemental Indenture became effective as of June 21, 2022.

In connection with the issuance of the Series 2024 Bonds, the District is executing and delivering the Thirty-First Supplemental Indenture in order to amend and restate the Original Subordinated Water Revenue Bond Indenture to: (i) (a) reflect that with all Senior Water Bonds having been paid in full and discharged and the lien of the Senior Water Bonds having been closed, Water System revenue bonds issued pursuant to the Original Subordinated Water Bond Indenture (including any supplements thereto) are no longer junior and subordinate to any such Senior Water Bonds, and (b) eliminate references in the Indenture to "subordinate" and to the Senior Water Bond Resolution; and (ii) reflect the incorporation of

the amendments made to the Original Subordinated Water Revenue Bond Indenture by the Sixteenth Supplemental Indenture (referenced above) that have become effective.

These changes to the Original Subordinated Water Revenue Bond Indenture as amended and restated pursuant to the Thirty-First Supplemental Indenture are reflected in this Official Statement and in the “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” contained in Appendix C.

Future Amendments of the Indenture

The Thirty-Second Supplemental Indenture, pursuant to which the Series 2024 Bonds are being issued, includes certain material amendments to the Original Subordinated Water Revenue Bond Indenture which purchasers of the Series 2024 Bonds are deemed to consent to by their purchase of the Series 2024 Bonds. Set forth in APPENDIX H – “PROPOSED CHANGES TO INDENTURE” is a description of the amendments and a marked copy of certain provisions of the Indenture which show the amendments and modifications set forth in the Thirty-Second Supplemental Indenture that the District intends to make to the Indenture. Such amendments will become effective on the date that consent of the Owners of a majority in principal amount of the Bonds then Outstanding has been obtained and a certificate of the District to such effect has been filed with the Trustee (the “Amendments Effective Date”).

Upon the Amendments Effective Date, the Thirty-Second Supplemental Indenture will effectuate certain significant amendments to the Indenture, including:

- modifications to the District’s rate covenant;
- modifications to the provisions allowing for the District to issue additional Bonds or incur other Parity Debt that are payable from Adjusted Net Water Revenues on a parity with the payment by the District of the Water System Revenue Bonds; and
- modifications to the timing requirement for the District to furnish its audited financial statements to the Trustee for each Fiscal Year.

Under the Indenture, the amendments set forth in the Thirty-Second Supplemental Indenture and described in Appendix H to this Official Statement will not become effective until the consent of Owners of a majority in principal amount of the Bonds then Outstanding has been obtained. The District is planning to effectuate the consent of Owners through a “springing consent” process, which means that the District will require the holders of each new Series of Bonds that it issues, including the Series 2024 Bonds, to be deemed to have consented to the proposed amendments in the Thirty-Second Supplemental Indenture until the requisite consents have been obtained. After giving effect to the issuance of the Series 2024 Bonds as contemplated under “PLAN OF FINANCE” herein, the District expects that it has consent to the proposed amendments in the Thirty-Second Supplemental Indenture of approximately ____*% of the outstanding Bonds.

By the purchase and acceptance of the Series 2024 Bonds, the Owners and Beneficial Owners of the Series 2024 Bonds will be deemed to have consented to the proposed amendments to the Indenture by their purchase of the Series 2024 Bonds. The District will not be requesting separate written consent from the purchasers of the Series 2024 Bonds for the proposed amendments included in the Thirty-Second Supplemental Indenture before the Amendments Effective Date.

* Preliminary, subject to change.

Since the proposed amendments to the Indenture set forth in the Thirty-Second Supplemental Indenture will be effectuated on a “springing consent” basis, the timing of when such amendments will become effective will largely depend on the amortization of principal of the existing Water System Revenue Bonds, the timing and sizes of future new money issuances of Water System Revenue Bonds, and the timing and sizes of refundings of Water System Revenue Bonds pursuant to the Indenture. While the timing of when the amendments to the Indenture set forth in the Thirty-Second Supplemental Indenture will become effective will depend on a number of factors, the District believes that the amendments may become effective as early as calendar year 20__, based upon its current five-year financial forecast.

See also APPENDIX H – “PROPOSED CHANGES TO INDENTURE.”

SECURITY FOR THE SERIES 2024 BONDS

General

Authority for Issuance. The Series 2024 Bonds are authorized for issuance pursuant to the Municipal Utility District Act and laws of the State amendatory thereof or supplemental thereto, including the Revenue Bond Law of 1941, as made applicable by Article 6a of Chapter 6 of Division 6 of the Municipal Utility District Act, and with respect to the Series 2024B Bonds issued to refund outstanding bonds of the District, Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (collectively, the “Act”), resolutions adopted by the District, and the Indenture.

Pledge of Adjusted Net Water Revenues

Pursuant to the Indenture, the District has irrevocably pledged to the payment of the principal or redemption price of and interest on the Water System Revenue Bonds, including the Series 2024 Bonds and any Parity Debt, all Adjusted Net Water Revenues (as hereinafter defined) and 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.

“Adjusted Net Water Revenues” is generally defined in the Indenture to mean, for any fiscal period, the sum of (a) all charges received for, and all other income and receipts derived by the District from, the operation of the Water System or arising from the Water System, together with income from the investment of any moneys in any fund or account established under the Indenture; provided, however, there shall be excluded therefrom any amounts reimbursed to the District by the United States of America pursuant to Section 54AA of the Code or any future similar program (the “Water Revenues”) for such fiscal period, plus (b) the amounts, if any, withdrawn by the District from the Rate Stabilization Fund for treatment as Water Revenues for such fiscal period, less the sum of (c) all Water Operation and Maintenance Costs (as hereinafter defined) for such fiscal period, and (d) the amounts, if any, withdrawn by the District from Water Revenues for such fiscal period for deposit in the Rate Stabilization Fund.

The District may deposit into, or withdraw amounts from time to time held in, the Rate Stabilization Fund within 120 days after the end of the applicable Fiscal Year. Amounts deposited into the Rate Stabilization Fund shall be deducted from Water Revenues for such Fiscal Year. Amounts withdrawn from the Rate Stabilization Fund shall be included in Water Revenues for such Fiscal Year and may be applied for any purposes for which Water Revenues generally are available. All interest and earnings upon deposits in the Rate Stabilization Fund will not be held therein, but will be treated and accounted for as Water Revenues. The amount on deposit in the Rate Stabilization Fund as of January 1, 2024 was \$150,000,000.

“Water Operation and Maintenance Costs” is generally defined in the Indenture to mean the reasonable and necessary costs of maintaining and operating the Water System, calculated on sound accounting principles, including (among other things) the reasonable expenses of management, repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes and other similar costs, but excluding in all cases depreciation and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, and excluding all costs paid from the proceeds of taxes received by the District.

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

The Series 2024 Bonds are not payable from or secured by the revenues of the Wastewater System of the District.

The Series 2024 Bonds are special limited obligations of the District, payable solely from and secured by a pledge of Adjusted Net Water Revenues. Neither the full faith and credit nor the taxing power of the District is pledged to the payment of the Series 2024 Bonds or the interest thereon.

Allocation of Adjusted Net Water Revenues Under the Indenture

In accordance with the Indenture, all Adjusted Net Water Revenues, when and as received by the District, shall be deposited into a fund to be established and maintained by the District designated as the “Revenue Fund.” So long as any Water System Revenue Bonds are Outstanding, the District will transfer the moneys in the Revenue Fund into the following respective funds (established, maintained and held by the Trustee in trust for the benefit of the Owners of the Water System Revenue Bonds) in the following order of priority; provided, that on a parity with such deposits the Trustee may set aside or transfer amounts with respect to outstanding Parity Debt as provided in the proceedings for such Parity Debt (which deposits shall 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 Water System Revenue Bonds and such Parity Debt):

Interest Fund. The District will transfer to the Trustee to be set aside in the Interest Fund on or before the Business Day prior to each interest payment date an amount equal to the interest becoming due and payable on the Outstanding Water System Revenue Bonds (excluding any interest for which there are moneys on deposit in the Interest Fund from the proceeds of any Series of Water System Revenue Bonds or other source to pay such interest).

Principal Fund; Sinking Accounts. The District shall transfer to the Trustee to be set aside in the Principal Fund on or before the Business Day prior to each principal or sinking account payment date an amount equal to the amount of Bond Obligation (as defined in the Indenture) plus the Mandatory Sinking Account Payments becoming due and payable on such date. All Mandatory Sinking Account Payments shall be made without priority of any payment into any one such sinking account over any other such payment.

Bond Reserve Funds. Upon the occurrence of any deficiency in any bond reserve fund established pursuant to the Indenture for any Series of Water System Revenue Bonds, the District shall transfer to the Trustee and the Trustee shall set aside in such bond reserve fund an amount equal to the aggregate amount of each unreplenished prior withdrawal from such bond reserve fund until there is on

deposit in such bond reserve fund an amount equal to the respective reserve requirement for such bond reserve fund. There is no bond reserve fund being established in connection with the Series 2024 Bonds. See “– No Bond Reserve Fund for Series 2024 Bonds” below.

The requirements of each such fund (including the making up of any deficiencies in any such fund resulting from a lack of Adjusted Net Water Revenues sufficient to make any earlier required deposit) at the time of deposit is to be satisfied before any deposit is made to any other fund subsequent in priority. The Indenture provides that any Adjusted Net Water Revenues remaining in the Revenue Fund after the foregoing transfers, except as otherwise provided in a Supplemental Indenture, shall be held free and clear of the Indenture by the District. The District may use and apply such Adjusted Net Water Revenues for any lawful purpose of the District, including the redemption of Water System Revenue Bonds upon the terms and conditions set forth in a Supplemental Indenture relating to such Water System Revenue Bonds and the purchase of Water System Revenue Bonds as and when and at such prices as it may determine.

Under the Indenture the District may enter into an interest rate swap agreement corresponding to the interest rate or rates payable on a Series of Water System Revenue Bonds or any portion thereof and the amounts received by the District or the Trustee, if any, pursuant to such an interest rate swap agreement may be applied to the deposits required under the Indenture. If the District so designates, amounts payable under the interest rate swap agreement shall be secured by Adjusted Net Water Revenues and other assets pledged under the Indenture to the Water System Revenue Bonds on a parity basis therewith.

For further information regarding the allocation of Adjusted Net Water Revenues with respect to the Water System Revenue Bonds, see APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Adjusted Net Water Revenues.”

No Bond Reserve Fund for Series 2024 Bonds

There is no bond reserve fund being established in connection with the Series 2024 Bonds and amounts on deposit in any bond reserve fund for any other Series of Water System Revenue Bonds are not available for the payment of, and do not in any manner secure, the Series 2024 Bonds.

Rate Covenant

The District has covenanted under the Indenture that it will, at all times while any of the Water System Revenue Bonds remain Outstanding, fix, prescribe and collect rates, fees and charges in connection with the services and facilities furnished by the Water System so as to yield Water Revenues in each Fiscal Year sufficient so that the Adjusted Net Water Revenues for such year shall be at least equal to 1.1 times the amount of Debt Service on all Water System Revenue Bonds and Parity Debt for such Fiscal Year. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Certain Definitions” for the definition of Debt Service under the Indenture. See also “AMENDMENT AND RESTATEMENT OF THE INDENTURE; ADDITIONAL AMENDMENTS TO TAKE EFFECT IN THE FUTURE – Future Amendments of the Indenture.”

Outstanding Water System Revenue Obligations

Outstanding Water System Revenue Bonds and Parity Debt. As of January 1, 2024, the District had Outstanding \$2,290,985,000 aggregate principal amount of Water System Revenue Bonds (collectively, the “Outstanding Water System Revenue Bonds”) issued under and pursuant to the Indenture. All of the District’s Outstanding Water System Revenue Bonds are fixed rate bonds. See

APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Outstanding Debt.”

The District’s \$400,000,000 fixed rate Outstanding Water System Revenue Bonds, Series 2010B were issued as “Build America Bonds” that are “qualified bonds” under the provisions of the American Recovery and Reinvestment Act of 2009. For the purpose of calculating Debt Service, Annual Debt Service and Maximum Annual Debt Service under the Indenture, to the extent interest on such Build America Bonds is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code, or any future similar program (such interest subsidy payments being referred to herein as “BABs Interest Subsidy Payments”), then in making such calculations, interest payments with respect to the Build America Bonds shall be reduced by the amount of such interest reasonably anticipated to be paid or reimbursed by the United States of America. Pursuant to Federal sequestration legislation passed by Congress in 2011 and 2013, Federal subsidy payments for direct-pay bonds, including Build America Bonds, have been reduced (by formula) from the original funding subsidy level of 35% of interest costs on direct-pay bonds, including Build America Bonds. The sequestration reduction rate of the Federal subsidy payment for Build America Bonds is 5.7% for the Federal government’s fiscal year 2024 (which began on October 1, 2023 and ends on September 30, 2024), and this means that BABs Interest Subsidy Payments sought by the District for its Build America Bonds will be reduced by this percentage. This reduction will increase the District’s net interest cost. The sequestration reduction rate will be applied unless and until a law is enacted that cancels or otherwise affects the sequester, at which time the sequestration reduction rate is subject to change. At present, pursuant to Federal legislation, sequestration will continue through fiscal year 2031. The District can give no assurance regarding the level of subsidy payments or changes in the sequestration rate, if any, in the future, or whether Congress will adopt legislation in the future that will further reduce subsidy payments for direct-pay bonds, including Build America Bonds. Under the Indenture, the District is obligated to make all interest payments on the Water System Revenue Bonds without regard to the receipt of any federal BABs Interest Subsidy Payments by the District.

In addition to the Outstanding Water System Revenue Bonds, the District has outstanding loans with the State of California’s State Water Resources Control Board the scheduled payments under which are payable from Adjusted Net Water Revenues on a parity with the Water System Revenue Bonds, as described below. See “– *Parity State Loans*” below. The Outstanding Water System Revenue Bonds, together with any additional Water System Revenue Bonds issued under the Indenture (including the Series 2024 Bonds), and any Parity Debt heretofore or hereafter issued or incurred in accordance with the Indenture, are on a parity as to the pledge of and lien on Adjusted Net Water Revenues.

Parity State Loans. The District participates in the Safe Drinking Water State Revolving Fund and Clean Water State Revolving Fund loan programs administered by the State Water Resources Control Board (the “SWRCB”), which were established to provide below-market rate financing for qualified water resource projects in the State. Loan contracts under these programs (“State Loans”) are provided on a project-by-project basis. State Loans under the current SWRCB State Loan programs generally provide for up to 30-year amortizing loan terms which commence one year following project completion and an interest rate on each State Loan that is equal to one-half of the interest rate on the most recent issue of State general obligation bonds at the time the State Loan is entered into. Under the terms of the programs, State Loans are generally required to be either senior to or on parity with all future debt of the borrower. The District, from time to time, applies to the SWRCB for State Loans to finance certain capital projects of the District. State Loan program moneys under executed loan contracts with the SWRCB for approved projects are disbursed to the District on a cost-incurred basis pursuant to disbursement requests submitted by the District. Under these programs, as of January 1, 2024, the District had outstanding borrowings under existing State Loans aggregating approximately \$28,882,311. Borrowings under each of the District’s outstanding State Loans are treated by the District as Parity Debt under the Indenture for

purposes of calculating debt service coverage ratios. Any future State Loans received by the District would likely constitute Parity Debt under the Indenture. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Parity State Loans” for additional information regarding the terms of the District’s outstanding State Loans.

Subordinate Commercial Paper. The District maintains a commercial paper note program. Under the District’s commercial paper program, commercial paper notes may be issued at prevailing interest rates for periods of not more than 270 days from the date of issuance. In connection with its commercial paper program, the District has covenanted to procure and maintain in effect for any series or subseries of commercial paper notes issued thereunder one or more liquidity facilities enabling it to borrow an aggregate amount at least equal to the principal amount of such series or subseries of commercial paper notes. As of January 1, 2024, the District had outstanding \$281,000,000 aggregate principal amount of tax-exempt Commercial Paper Notes (Water Series) issued for the benefit of the Water System under the District’s commercial paper program. Commercial paper notes issued for the benefit of the Water System under such program (and the District’s repayment obligation for amounts borrowed, if any, under any applicable liquidity facility therefor), are payable from and secured by a pledge of Water Revenues on a basis subordinate to the Water System Revenue Bonds and Parity Debt. See also APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Outstanding Debt” and “– Subordinate Commercial Paper Program” for additional information regarding the District’s authorized commercial paper note program.

Issuance of Additional Water System Revenue Bonds and Parity Debt; Junior and Subordinate Obligations

The District covenants under the Indenture that it will not create any pledge, lien or charge upon any of the Adjusted Net Revenues having priority over or having parity with the lien of the Bonds except only as permitted by the Indenture. The Indenture provides conditions under which additional Series of Water System Revenue Bonds or other Parity Debt payable from Adjusted Net Water Revenues may be issued on a parity with the Outstanding Water System Revenue Bonds. Among other conditions, the Indenture requires that the District shall have placed on file with the Trustee a certificate of the District certifying that the sum of: (1) the Adjusted Net Water Revenues for any period of 12 consecutive months during the 18 months immediately preceding the date on which such additional Water System Revenue Bonds or Parity Debt will become Outstanding; plus (2) 90% of the amount by which the District projects Adjusted Net Water Revenues for such period of 12 months 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 District projects Adjusted Net Water Revenues will increase during the period of 12 months commencing on the date of issuance of such additional Series of Water System Revenue Bonds 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 Water System Revenue Bonds, shall have been at least equal to 1.1 times the amount of Maximum Annual Debt Service on all Water System Revenue Bonds and Parity Debt then Outstanding and the additional Water System Revenue Bonds or Parity Debt then proposed to be issued. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Certain Definitions” for the definition of Maximum Annual Debt Service and Debt Service under the Indenture. See also “AMENDMENT AND RESTATEMENT OF THE INDENTURE; ADDITIONAL AMENDMENTS TO TAKE EFFECT IN THE FUTURE – Future Amendments of the Indenture.”

Refunding Water System Revenue Bonds may be authorized and issued by the District without compliance with the provisions described above, subject to the terms and conditions of the Indenture, including the condition that Maximum Annual Debt Service on all Water System Revenue Bonds and Parity Debt outstanding following the issuance of such refunding Water System Revenue Bonds is less

than or equal to Maximum Annual Debt Service on all Water System Revenue Bonds and Parity Debt outstanding prior to the issuance of such refunding Water System Revenue Bonds. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Refunding Bonds.”

The District has in the past, and may from time-to-time in the future, enter into interest rate swap agreements corresponding to the interest rate or rates payable on a Series of Bonds or any portion thereof. Any such interest rate swap agreements may contain such security and payment provisions, including collateral posting obligations and early termination provisions, as determined by the District and subject to any conditions contained in the Indenture. Pursuant to the Indenture, if the District so designates, amounts payable under an interest rate swap agreement may be secured by Adjusted Net Water Revenues and other assets pledged under the Indenture on a parity basis with the Water System Revenue Bonds and other Parity Debt.

Pursuant to the Indenture, the District may incur obligations which are junior and subordinate to the payment of the principal, redemption price, interest and reserve fund requirements for the Water System Revenue Bonds and all Parity Debt and which subordinated obligations are payable as to principal, redemption price, interest and reserve fund requirements, if any, only out of Adjusted Net Water Revenues after the prior payment of all amounts then required to be paid under the Indenture from Adjusted Net Water Revenues for principal, redemption price, interest and reserve fund requirements for the Water System Revenue 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 or the instrument authorizing such Parity Debt, as applicable.

Investment of Moneys in Funds and Accounts Under the Indenture

All moneys held in any of the funds and accounts held by the Trustee and established pursuant to the Indenture shall be invested, as directed by the District, solely in Investment Securities (see APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Certain Definitions” for the definition of Investment Securities under the Indenture). If and to the extent the Trustee does not receive investment instructions from the District with respect to the moneys in such funds and accounts, such moneys shall be invested in a cash sweep or similar account arrangement of or available to the Trustee described in clause (xi) of the definition of Investment Securities.

Unless otherwise provided 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 shall be transferred to the Revenue Fund when received; provided, however, that 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 shall be credited to the fund or account from which such accrued interest was paid.

Limitations on Remedies

The ability of the District to comply with its covenants under the Indenture and to generate Water Revenues sufficient to pay the principal of and interest on the Series 2024 Bonds may be adversely affected by actions and events outside of the control of the District. Furthermore, any remedies available to the owners of the Series 2024 Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain. In addition, enforceability of the rights and remedies of the owners of the Series 2024 Bonds, and the obligations incurred by the District under the Series 2024 Bonds and the Indenture, may become subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect; 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 Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State 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 Series 2024 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.

See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default; Remedies” for additional information regarding events of default under the Indenture and the remedies available to owners of the Bonds pursuant to the terms thereof.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND FEES AND CHARGES

Tax Limitations – Proposition 13

Article XIII A of the State Constitution, known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIII A limits the maximum *ad valorem* tax on real property to 1% of “full cash value,” and provides that such tax shall be collected by the counties and apportioned according to State statutes. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to *ad valorem* taxes levied to pay interest or redemption charges on (1) indebtedness approved by the voters prior to July 1, 1978, and (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.

Section 2 of Article XIII A defines “full cash value” to mean the county assessor’s valuation of real property as shown on the 1975-76 Fiscal Year tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above. Such legislation further provides that each county will levy the maximum tax permitted by Article XIII A, which is \$1.00 per \$100 of assessed market value. The legislation further establishes the method for allocating the taxes collected by each county among the taxing agencies in the county. Special districts, such as the District, receive an allocation that is based primarily upon their tax levies in certain years prior to the amendment’s effective date relative to the tax levies of other congruent agencies. The District receives approximately 1.25% of the non-debt service related property taxes collected within its jurisdiction from Alameda and Contra Costa counties. See also APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Property Tax Revenues.”

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the District.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

The effect of Article XIII A on the District’s finances has been to restrict *ad valorem* tax revenues for general purposes to the statutory allocation of the 1% levy while leaving intact the power to levy *ad valorem* taxes in whatever rate or amount may be required to pay debt service on its outstanding general obligation bonds and unissued bonds authorized prior to July 1, 1978. Since Fiscal Year 1978-79, tax revenues for the Water System have consisted exclusively of the District’s allocated share of the 1% county levy.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

For a description of the property tax collection procedure and certain statistical information concerning tax collections and delinquencies, see APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Property Tax Revenues.”

Spending Limitations

At the statewide special election of November 6, 1979, the voters approved an initiative entitled “Limitation of Government Appropriations” which added Article XIII B to the California Constitution. Under Article XIII B, State and local governmental entities have an annual “appropriations limit” which limits the ability to spend certain moneys which are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations.” Article XIII B does not affect the appropriation of moneys which are excluded from the definition of “appropriations subject to limitation.” Among the exclusions is an “appropriation of any special district which existed on January 1, 1978, and which did not as of the 1977-78 Fiscal Year levy an *ad valorem* tax on property in excess of 12.5 cents per \$100 of assessed value.” In the opinion of the District’s General Counsel, the appropriations of the District are excluded from the limitations of Article XIII B under this clause.

Proposition 62

A statutory initiative (“Proposition 62”) was adopted by the voters voting in the State at the November 4, 1986 General Election which (1) requires that any tax for general governmental purposes imposed by local governmental entities be approved by resolution or ordinance adopted by two-thirds vote of the governmental agency’s legislative body and by a majority of the electorate of the governmental entity, (2) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within that jurisdiction, (3) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (4) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A, (5) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities and (6) requires that any tax imposed by a local governmental entity on or after March 1, 1985 be ratified by a majority vote of the electorate within two years of the adoption of the initiative or be terminated by November 15, 1988.

Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, the so-called “Right to Vote on Taxes Act.” Proposition 218 added Articles XIIC and XIID to the State Constitution, which contain a number of provisions affecting the ability of local governments to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIID. Article XIID established procedural requirements for the imposition of assessments, which are defined as any charge on real property for a special benefit conferred upon the real property. Standby charges are classified as assessments. Procedural requirements include the conducting of a public hearing and an election by mailed ballot, with notice to the record owner of each parcel subject to the assessment. The assessment may not be imposed if a majority of the ballots returned oppose the assessment, with each ballot weighted according to the proportional financial obligation of the affected parcel. The District does not currently impose standby charges or assessments for its Water System.

Article XIID conditions the imposition or increase of any “fee” or “charge” subject to its provisions upon there being no written majority protest after a required public hearing and, for fees and charges other than for sewer, water or refuse collection services, voter approval. Article XIID defines “fee” or “charge” to mean levies (other than *ad valorem* or special taxes or assessments) imposed by a local government upon a parcel or upon a person as an incident of the ownership or tenancy of real property, including a user fee or charge for a “property-related service.” One of the requirements of Article XIID is that before a property-related fee or charge may be imposed or increased, a public hearing upon the proposed fee or charge must be held and notice must be mailed to the record owner of each identified parcel of land upon which the fee or charge is proposed for imposition. In the public hearing if written protests of the proposed fee or charge are presented by a majority of the owners of affected identified parcel(s), an agency may not impose the fee or charge.

The California Supreme Court decisions in *Richmond v. Shasta Community Services District*, 32 Cal. 4th 409 (2004) (“Richmond”), and *Bighorn Desert View Water Agency v. Verjil*, 39 Cal. 4th 206 (2006) (“Bighorn”) have clarified uncertainty surrounding the applicability of Section 6 of Article XIID to service fees and charges. In *Richmond*, the California Supreme Court upheld a Court of Appeal decision that water connection fees (which included a capacity charge for capital improvements to the water system and a fire suppression charge) imposed by the Shasta Community Services District were not property related fees or charges subject to Article XIID because a water connection fee results from the property owner’s voluntary decision to apply for the connection. In both *Richmond* and *Bighorn*, however, the Court stated that a fee for ongoing water service through an existing connection is imposed “as an incident of property ownership” within the meaning of Article XIID, rejecting, in *Bighorn*, the water agency’s argument that consumption based water charges are not imposed “as an incident of property ownership” but as a result of the voluntary decisions of customers as to how much water to use.

The District has followed the notice, hearing and protest procedures in Article XIID in connection with water rate increases since its Fiscal Year 2008 rate increases, and plans to follow such notice, hearing and protest procedures in connection with future rate increases.

In addition to the procedural requirements of Article XIID, under Article XIID all property-related fees and charges, including those which were in existence prior to the passage of Proposition 218 in November 1996, must meet the following substantive standards:

- (1) Revenues derived from the fee or charge cannot exceed the funds required to provide the property-related service.

- (2) Revenues derived from the fee or charge must not be used for any purpose other than that for which the fee or charge was imposed.
- (3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership must not exceed the proportional cost of the service attributable to the parcel.
- (4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted. Standby charges, whether characterized as charges or assessments, must be classified as assessments and cannot be imposed without compliance with Section 4 of Article XIID (relating to assessments).
- (5) No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services where the service is available to the public at large in substantially the same manner as it is to property owners.

On April 20, 2015, the California Fourth District Court of Appeal issued a decision in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*, 235 Cal.App.4th 1493 (2015), holding that the City of San Juan Capistrano's tiered water rates (or inclining block rates) that were in effect from February 1, 2010 through June 30, 2014 violated the requirement of Proposition 218 that a fee or charge for property-related services, such as water delivery, must be proportional to the cost of providing service. In interpreting Proposition 218, the Court of Appeal emphasized that tiered water rates, or inclining block rates, that go up progressively in relation to usage are compatible with Proposition 218. However, the court concluded that Article XIID requires that each tier must reflect the actual costs of service for property owners falling in each of the tiers. The court further concluded that the city had the burden of proof to demonstrate compliance with Proposition 218 and that the city failed to meet its burden of proof in demonstrating that its tiered water rates corresponded to the actual costs of providing service to each tier. The Court of Appeal rejected the city's argument that the rates for its highest tiers constituted a penalty or a fine, which are excluded from Proposition 218. The court determined that deeming such rates to be penalties or fines would improperly circumvent Proposition 218 in that all an agency would need to do is establish a low base rate for service and then impose penalty rates for usage in excess of the base rate that have no relation to the cost of providing service at the penalty levels. On May 19, 2015, the City of San Juan Capistrano announced that the city and the San Juan Capistrano Taxpayers Association, Inc. had reached a settlement, under the terms of which the city agreed that it would not seek review by the California Supreme Court of the Appellate Court decision. In 2014, the city adopted a new water rate structure, including tiered rates with flatter tiers relative to its prior tiered water structure. The tiered water rates adopted by the city in 2014 were not the subject of the lawsuit. Similar water rate challenges under Proposition 218 have been reported to have been filed against other public agencies in California.

On January 13, 2022, the District was served with a class action lawsuit on behalf of a Water System customer and a class of others similarly situated challenging the District's tiered water rates. The lawsuit generally alleges that the District's tiered water rates for single-family residential customers violate the substantive requirement of Proposition 218 that such rates must be proportional to the cost of providing service, and therefore operate as an illegal tax, fee or charge under Article XIID. The plaintiff is asking the court to find that the District is in violation of Article XIID and enjoin the District from continuing to impose and collect its water rates based on its current rate structure. The complaint sought a refund, on behalf of the plaintiff and a class of all others similarly situated, of the water charges billed and paid by the plaintiffs and the class on or after October 4, 2020 to the extent such water charges exceeded the maximum water charges that the District could impose in compliance with Article XIID. The portion of the District's water rates for which a refund is sought is not specified in the complaint. On May 11,

2023, the court denied certification of the class. As a result, only the claims of the individual plaintiff remain.

It is District policy to conduct periodic cost of service studies for its rates and charges. The District believes that its established rates for water service comply with the substantive standards of Article XIID and do not exceed the proportional cost of providing water service at each given level of usage. However, due to the uncertainties of evolving case law and potential future judicial interpretations of Proposition 218, the District is unable to predict the outcome of such ongoing litigation or whether Proposition 218 could be interpreted, for example, to further limit fees and charges for water services and/or to require stricter standards for the allocation of costs among customers and customer classes. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Rates and Charges.”

Article XIID further provides that nothing in Proposition 218 shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development. The District believes that Proposition 218 does not apply to the District’s System Capacity Charge, although there can be no assurance that a court would not determine otherwise. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – System Capacity Charge.”

Article XIIC. Article XIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge.” On July 24, 2006, the California Supreme Court held in *Bighorn-Desert View Water Agency v. Verjil* that the provisions of Article XIIC applied to rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations. The District and its General Counsel do not believe that Article XIIC grants to the voters within the District the power to repeal or reduce rates and charges in a manner that would be inconsistent with the contractual obligations of the District.

The interpretation and application of Proposition 218 will likely be subject to further judicial determinations, and the District is unable to predict the outcome of such determinations, or what, if any, further implementing legislation will be enacted. No assurance can be given that the courts will not further interpret Article XIIC and Article XIID to limit the ability of the District to impose, levy, charge and collect increased fees and charges for water services, or the voters of the District will not, in the future, approve initiatives which seek to repeal, reduce or prohibit the future imposition or increase of assessments, fees or charges, including the District’s water service fees and charges, which are the source of Adjusted Net Water Revenues pledged to the payment of debt service on the Series 2024 Bonds.

Proposition 26

Proposition 26, which amended Articles XIII A and XIIC of the California Constitution, was approved by the electorate at the November 2, 2010 election. Proposition 26 imposes a majority voter approval requirement on local governments with respect to certain fees and charges for general purposes, and a two-thirds voter approval requirement with respect to certain fees and charges for special purposes, unless the fees and charges are expressly excluded. Proposition 26, according to its supporters, was intended to prevent the circumvention of tax limitations imposed by the voters in California Constitution Articles XIII A, XIIC and XIID pursuant to Proposition 13, approved in 1978, Proposition 218, approved in 1996, and other measures. Proposition 26 expressly excludes from its scope “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 cost to the local government of providing

the service or product” and “assessments and property-related fees imposed in accordance with the provisions of Article XIID.” As described above, the California Supreme Court has stated that fees and charges for ongoing water service through an existing connection are property related fees and charges under Article XIID. See “– Proposition 218” above. The District believes that its fees and charges meet the criteria for exclusion under Proposition 26 and that the initiative is not intended to, and would not, apply to fees for water deliveries and services charged by the District. The District is unable to predict, however, how Proposition 26 will be interpreted by the courts or what its ultimate impact will be.

Other Initiatives

Articles XIIB, XIIC and XIID and Propositions 62 and 26 were adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time to time other initiatives have been and could be proposed and adopted affecting the District’s revenues or ability to increase revenues. Neither the nature and impact of these measures nor the likelihood of qualification for ballot or passage can be anticipated by the District.

Initiative 1935. A voter initiative, designated as Initiative 1935 and entitled “Limits Ability of Voters and State and Local Governments to Raise Revenues for Government Services. Initiative Constitutional Amendment,” and otherwise known as “The Taxpayer Protection and Government Accountability Act,” (“Initiative 1935”) has been determined to be eligible for the State’s November 5, 2024 statewide general election, and, unless withdrawn by its proponent prior to June 27, 2024, will be certified as qualified for the ballot in such election. If it were to be approved by the voters in the election, Initiative 1935 would amend Article XIIC of the State Constitution to, among other things, provide that charges (or increases in charges) imposed by a local government after January 1, 2022 for services or products provided directly to the payor (including, potentially, fees and charges for water utility services) are “taxes” subject to voter approval unless the local government can prove by clear and convincing evidence that the charge is an “exempt charge” and not a tax and that the charge is reasonable and does not exceed the “actual cost” of providing the service or product to the payor. “Actual cost” is defined in Initiative 1935 to mean “(i) the minimum amount necessary to reimburse the government for the cost of providing the service or product to the payor and (ii) where the amount charged is not used by the government for any purpose other than reimbursing that cost.” Initiative 1935 further states that “[i]n computing “actual cost” the maximum amount that may be imposed is the actual cost less all other sources of revenue including, but not limited to taxes, other exempt charges, grants, and state or federal funds received to provide such service or product.” Initiative 1935 would also amend Article XIIC to state that any tax or exempt charge adopted after January 1, 2022, but prior to the effective date of Initiative 1935, which was not adopted in compliance with the requirements of Initiative 1935 is void 12 months after the effective date of Initiative 1935, if adopted, unless the tax or exempt charge is reenacted in compliance with the provisions of Initiative 1935.

In September 2023, California Governor Gavin Newsom filed an Emergency Petition For Writ Of Mandate (the “Writ”) with the California Supreme Court seeking pre-election review of Initiative 1935 by the court. The Governor’s petition argues that Initiative 1935 is an unlawful attempt to revise the California Constitution and would impede the government’s ability to provide the essential functions of government. The Writ seeks the removal of Initiative 1935 from the November 2024 Statewide general election ballot. On November 29, 2023, the California Supreme Court granted pre-election review of Initiative 1935. There can be no assurance as to the timing of any California Supreme Court decision with respect to Initiative 1935.

If submitted to, and approved by the voters, Initiative 1935 would be subject to judicial interpretation. The District is unable to predict whether and how Initiative 1935, if approved, would be interpreted or applied but it is possible that any such interpretation or application could further limit future fees and charges or future increases in fees and charges for water utility services, require stricter standards

for the allocation of costs among customer classes and/or otherwise adversely impact the District's Water System revenues.

CERTAIN RISK FACTORS

This section provides a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Series 2024 Bonds. The ability of the District to pay principal of and interest on the Series 2024 Bonds depends primarily upon the District's receipt of Adjusted Net Water Revenues. Any one or more of the risk factors discussed below, among others, could adversely affect the ability of the District to realize Adjusted Net Water Revenues in amounts sufficient to satisfy the requirements of the Indenture and make timely payments of principal of or interest on the Series 2024 Bonds and/or lead to a decrease in the market price and/or in the marketability of the Series 2024 Bonds. The order in which this information is presented does not necessarily reflect the relative importance of various risks or the probability of their occurrence. Further, there can be no assurance that other risk factors not discussed herein will not become material and the District has not undertaken to update investors about the emergence of the risk factors in the future. This section is provided for convenience and is not meant to be a comprehensive or definitive discussion of all of the risks associated with an investment in the Series 2024 Bonds. Many of the risk factors identified below are more fully discussed elsewhere in this Official Statement. Potential investors are advised to read the entire Official Statement, including the appendices hereto, to obtain information essential to making an informed investment decision.

Limited Obligations; General

The Series 2024 Bonds are special limited obligations of the District payable solely from and secured solely by a pledge of Adjusted Net Water Revenues of the District. Neither the full faith and credit nor the taxing power of the District is pledged for the payment of the Series 2024 Bonds or the interest thereon. The Series 2024 Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the District's property or its income, receipts or revenues, except the Adjusted Net Water Revenues. See "SECURITY FOR THE SERIES 2024 BONDS."

The ability of the District to generate Adjusted Net Water Revenues in amounts sufficient to pay principal of and interest on the Series 2024 Bonds and all other Outstanding Water System Revenue Bonds and Parity Debt may be adversely affected by actions and events outside the control of the District. Among other matters, water supply and demand, general and local economic conditions and changes in law and government regulations (including initiatives and moratoriums on growth) could adversely affect the amount of Water Revenues that the District receives or significantly increase Water Operation and Maintenance Costs. Further, the realization of future Adjusted Net Water Revenues by the District is subject to, among other things, the capabilities of management of the District, the ability of the District to provide water to its customers, and the ability of the District to establish, maintain and collect rates and charges sufficient to pay for Water Operation and Maintenance Costs, debt service on Water System Revenue Bonds, and other obligations payable from such Water Revenues. See APPENDIX A – "THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES."

No Bond Reserve Fund

No bond reserve fund has been established for the Series 2024 Bonds. Amounts on deposit in any bond reserve fund established with respect to any other Series of the District's Water System Revenue

Bonds do not secure and are not available for the payment of the Series 2024 Bonds. See “SECURITY FOR THE SERIES 2024 BONDS.”

Water Supply and Demand; Drought

The District’s water supply and the availability thereof is impacted by, among other things, weather conditions. The State is situated in a semi-arid region and is subject to periodic drought. Periodic drought conditions can be expected to occur in the future. Further, extreme hydrology may become more common in the future due to the effects of climate change. See “– Climate Change.” The District plans for normal occurrences of drought and has developed long-term and dry-year supplies to maximize its ability to reliably deliver water to its customers and the community. Sustained drought conditions or continued low water levels, however, could adversely affect the District’s water supply and impact Water Operation and Maintenance Costs and/or demand for water services from the Water System. If the District delivers less water to its customers, the District would need to increase water rates or charges or Water Revenues from water sales would decline. Similarly, to the extent the District acquires Supplemental Supply (as defined in Appendix A) from outside its normal watershed to deliver water to its customers, the District will be obligated to pay the additional costs associated with such Supplemental Supply, resulting in increased Water Operation and Maintenance Costs. The District has developed a comprehensive approach to drought response planning which includes managing the fiscal challenges posed by multi-year drought conditions. The District’s adopted water rates and charges include a system of drought surcharges that may be implemented in the event of ongoing drought conditions. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – THE WATER SYSTEM – Drought Management” and “–WATER SYSTEM FINANCES – Drought Surcharges.”

Climate Change

One of the factors that may pose a risk to the availability of the District’s Water Supply is climate change. Rising temperatures may result in decreased precipitation levels that could amplify the effects of drought conditions on water supply. Rising temperatures may also cause a reduction in Sierra Nevada snowmelt, a major source of water in California and the location of the Mokelumne River watershed, the District’s primary water supply source. The District has incorporated climate change into its planning activities. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – THE WATER SYSTEM – Climate Change.”

Limitations on Rate-Setting

The generation of Adjusted Net Water Revenues sufficient to satisfy the requirements of the Indenture and to pay the principal of and interest on the Series 2024 Bonds and all other Water System Revenue Bonds and Parity Debt will require the District to periodically raise the water rates and charges payable by its customers. The increase or imposition of retail water rates is subject to various substantive and procedural requirements and limitations, including Proposition 218, which added Article XIIC and XIID to the State Constitution. Proposition 218 further authorizes the exercise of the initiative power by voters to repeal or reduce water rate and charges. The District’s adopted retail water rates for Fiscal Years 2024 and 2025 have been imposed in accordance with the notice, hearing and protest procedures provided for under Proposition 218. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND FEES AND CHARGES” and APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Rates and Charges.”

Statutory and Regulatory Compliance

Laws and regulations governing treatment and delivery of drinking water are enacted and promulgated by federal, state and local government agencies. In the event the District were to fail to comply with applicable laws and regulations, significant fines and penalties could be imposed by such agencies. In addition to claims by private parties, changes in the scope and standards for public agency water systems such as the Water System may also lead to administrative orders issued by federal or State regulators. Compliance with new statutory and regulatory requirements or orders concerning matters such as water quality, dam safety, instream fishery flows and endangered species could require significant capital investments and/or increases in Water Operation and Maintenance Costs. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – THE WATER SYSTEM – Water Quality and Treatment; Other Regulatory Matters” and “– Water Rights and Related Proceedings.”

Costs of Capital Improvement Program; Construction Risks

As described herein, during the Fiscal Years 2024 through 2028, the District’s capital improvement program for the Water System is projected to require cash expenditures of approximately \$2.5 billion. The actual cost of acquiring and constructing the various components of the planned capital improvements to the Water System will depend on a variety of factors, including but not limited to potential rising costs or shortages of labor or materials, the discovery of unforeseen subsurface conditions, natural hazards or seismic events encountered during construction, severe weather conditions, access to financial markets or other events outside the control of the District. There can be no assurances that costs for acquisition and construction of capital improvements to the Water System will not significantly exceed the amounts projected by the District. It is expected that a portion of the costs of the District’s capital improvement program will be funded from proceeds of the Series 2024A Bonds and future revenue bond financings of the District. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – THE WATER SYSTEM – Capital Improvement Program.”

Casualty Risks

California is subject to geotechnical and extreme weather conditions which represent potential safety hazards, including expansive soils, wildfires, floods, high winds and areas of potential liquefaction and landslide. Natural disasters, including earthquakes, wildfires, floods, high winds, or man-made disasters or accidents, could cause failure of Water System infrastructure or otherwise interrupt operation of the Water System and thereby impair the ability of the District to generate Water Revenues. The severity and/or frequency of natural disaster occurrences may be exacerbated by the impacts of climate change. The occurrence of such events could also result in liability claims against the District. Under the doctrine of inverse condemnation (a legal concept that entitles property owners to just compensation if their property is damaged by a public use), California courts have imposed liability on utilities in legal actions brought by property holders for damages caused by the utility’s infrastructure. Thus, if certain facilities of the District, such as its water storage or conveyance facilities, are determined to be the substantial cause of damage to property from flooding or otherwise, and the doctrine of inverse condemnation applies, the District could be liable for property damages in certain cases without having been found negligent.

The Indenture requires the District to maintain public liability insurance and insurance on the Water System against such risks as and in such amounts as the District deems prudent taking into account insurance coverage for similar utilities but only if it is obtainable at rates deemed reasonable by the District and upon terms and conditions deemed reasonable by the District. The District uses a combination of self-funding/self-insuring and insurance coverage in the District’s risk management program; however, the program does not provide coverage for every conceivable risk of loss. The

District's insurance program does not currently include earthquake coverage. Further, in the event of material damage to Water System facilities, there can be no assurance that any insurance proceeds will be sufficient to rebuild or replace such facilities.

See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – THE WATER SYSTEM – Seismic and Wildfire Matters” and “ – Insurance.”

Cybersecurity; Other Safety and Security Risks

Cybersecurity breaches could damage the District's information and security systems and cause material disruption to its operations. The occurrence of military conflicts and terrorist activities, including cyber terrorism, could also adversely impact the operations of the Water System or the finances of the District. Foreign state-sponsored and other cyber-activities may increase during periods of geo-political conflict such as the ongoing conflict in Ukraine. 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. Attacks directed at critical water sector operations could damage distribution and storage assets, cause operational malfunctions and outages, and result in costly recovery and remediation efforts. The District maintains active security (including information security) and emergency preparedness programs and has a number of security measures and safeguards in place. However, there can be no assurance that any existing or additional safety and security measures will prove adequate in the event that military conflicts or terrorist activities, including cyber terrorism, or acts of malfeasance are directed against the assets of the Water System or the information technology systems of the District. The costs of security measures or of remedying damage from security breaches could be greater than presently anticipated. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – THE WATER SYSTEM – Security and Emergency Preparedness; Cybersecurity.”

Global Health Emergencies; COVID-19 Pandemic

A pandemic, epidemic or outbreak of an infectious disease can have significant adverse health and financial impacts on global and local economies. For example, beginning in 2020, the COVID-19 pandemic negatively affected economic activity throughout the world, including the United States and the State of California. The initial impacts of stay-at home orders globally was unprecedented, with commerce, travel, asset values and financial markets experiencing disruptions worldwide. Due to the essential nature of the services provided by the District's Water System, the District's ability to provide water service was not impaired and the District did not experience a significant, materially adverse impact on its annual revenues or operations as a result of COVID-19. However, in light of measures implemented by the District to mitigate the economic impact of COVID-19 on its customers, the District experienced increased delinquencies and more non-payment of utility bills than normal, which may continue. Moreover, while the declarations of COVID-19 as a public health emergency have been lifted, future pandemics and other widespread public health emergencies can and do arise from time to time. The District cannot predict whether another national or localized outbreak of highly contagious or epidemic disease in the future could negatively impact the District's operations and finances and/or the economy of its service area. For additional information regarding the impacts of COVID-19 on the District, see APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Billing and Collection Procedures – *COVID-19 Effects*.”

Uncertainties of Projections, Forecasts and Assumptions

Certain information contained in this Official Statement is based upon assumptions and projections. Projections and assumptions are inherently subject to significant uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur and actual

results are likely to differ, perhaps materially, from those projected. Accordingly, such projections are not necessarily indicative of future performance. See “FORWARD-LOOKING STATEMENTS” on page (c) of the inside cover pages of this Official Statement. See also APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Projected Operating Results.”

Limitations on Remedies

Upon the occurrence and continuance of an Event of Default under the Indenture, the registered owners of not less than a majority in aggregate principal amount of the Water System Revenue Bonds at the time outstanding are entitled to declare the principal of all of such Water System Revenue Bonds and the interest accrued thereon to be immediately due and payable. However, in the event of a default and such acceleration, there can be no assurance that the District will have sufficient Adjusted Net Water Revenues available for payment of all of the Water System Revenue Bonds. In addition, enforceability of the rights and remedies of the owners of the Series 2024 Bonds, and the obligations incurred by the District under the Series 2024 Bonds and the Indenture, may become subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect; 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 Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose.

If the District fails to comply with its covenants under the Indenture or to pay the principal of and interest on the Series 2024 Bonds, there can be no assurance that the available legal remedies will be adequate to protect the interests of the owners of the Series 2024 Bonds. See “SECURITY FOR THE SERIES 2024 BONDS – Limitations on Remedies” and APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default; Remedies.”

Certain Other Obligations May Be Subject to Acceleration

The bank credit facilities supporting the District’s subordinate Commercial Paper Notes (Water Series) are subject to termination upon the occurrence of certain events and upon the occurrence of any such termination or certain events of default, any outstanding repayment obligations of the District to the bank thereunder may be subject to acceleration. The repayment obligations of the District under its outstanding parity State Loans may be accelerated by the State following an uncured breach by the District of a material provision of the State Loan. In addition, the District is not prohibited by the Indenture from entering into revolving credit facilities, short-term credit facilities, standby bond purchase facilities, direct purchase arrangements or similar agreements which may provide, upon the occurrence of events of default, that the providers thereof may declare any outstanding obligations thereunder to be immediately due and payable, or from entering into interest rate swaps, which may be subject to early termination under some circumstances, upon which a substantial termination payment may become immediately due to the applicable counterparty. The acceleration of any parity or subordinate obligations may significantly reduce the amount of Adjusted Net Water Revenues available to pay debt service on the Series 2024 Bonds and other Water System Revenue Bonds. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES “– Parity State Loans” and “–Subordinate Commercial Paper Program.” See also “– Limitations on Remedies.”

Green Bonds

The designation of the Series 2024A Bonds as Green Bonds is not based upon the receipt by the District of any third-party certification relating to the status of the Series 2024A Bonds as Green Bonds. The terms “Green Bonds” and “green project” are neither defined in nor related to provisions in the Indenture or otherwise defined under State or federal laws. The use of such terms herein is for identification purposes only and is not intended to provide or imply that an owner of the Series 2024A Bonds is entitled to any additional security other than as provided in the Indenture. The Series 2024A Bonds are being designated by the District as “Green Bonds” consistent with the District’s Green Bond Guidance approved by the District Board. However, there can be no assurance that the green projects funded with the proceeds of the Series 2024A Bonds will meet an investor’s expectations regarding sustainability performance. The purpose of labeling the Series 2024A Bonds as “Green Bonds” is, as noted, to allow owners of the Series 2024A Bonds to invest directly in bonds that are expected to finance environmentally beneficial projects. The District assumes no obligation to ensure that these projects comply with any legal or other principles of green projects as such principles may evolve over time. See “PLAN OF FINANCE – Series 2024A Bonds Designation as Green Bonds.”

Tax Law Proposals; Risk of Audit

Existing law may change so as to reduce or eliminate the benefit to beneficial owners of the Series 2024 Bonds of the exclusion of interest thereon from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Series 2024 Bonds.

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt securities issues, including both random and target audits. It is possible that the Series 2024 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2024 Bonds might be affected as a result of such an audit of the Series 2024 Bonds (or by an audit of similar securities). See “TAX MATTERS.”

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement, dated the date of delivery of the Series 2024 Bonds, by and between the District and the Dissemination Agent, the District will covenant and agree for the benefit of the holders and beneficial owners of the Series 2024 Bonds to provide in an Annual Report certain financial information and operating data relating to the District and the Water System by not later than December 31 of each year in which the Series 2024 Bonds are outstanding (or if the District’s fiscal year changes, by no later than six months after the end of such Fiscal Year), commencing with the Annual Report for Fiscal Year 2023-24, and to provide notices of the occurrence of certain specified events. The Annual Report and the notices of specified events will be filed by the Dissemination Agent on behalf of the District with the Municipal Securities Rulemaking Board through EMMA. The Municipal Securities Rulemaking Board has made such information available to the public without charge through such internet portal. The specific nature of the information to be contained in the Annual Report and the notices of specified events is set forth in APPENDIX F – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

As of the date hereof, the District is in compliance in all material respects with its continuing disclosure undertakings for the last five years. Filings through EMMA are linked to a particular issue of obligations by CUSIP number (which is subject to change after the issuance of obligations as a result of various subsequent actions). The District uses its best efforts to confirm that each report filed through EMMA is linked to all the correct 9-digit CUSIP numbers. However, as a technical matter, it has come to the District’s attention that certain filings during the past five years, when made, were not appropriately

linked to all applicable CUSIP numbers. The District has since linked the applicable filings to the additional CUSIPs.

LITIGATION

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the District in the issuance and delivery of, or in any way contesting or affecting the validity of, the Series 2024 Bonds or the Indenture, or the pledge of Adjusted Net Water Revenues under the Indenture, or contesting or affecting the power or authority of the District to impose rates and charges for services of the Water System. There is no litigation known to be pending, or to the knowledge of the District, threatened, questioning the existence of the District or the title of the officers of the District to their respective offices.

At any given time, including the present, there are certain other claims and lawsuits against the District that arise in the course of operations of the Water System. Certain of such matters could, if determined adversely to the District, affect expenditures by the District, and in some cases, Water Revenues. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND FEES AND CHARGES – Proposition 218 – *Article XIID*” for information regarding certain litigation challenging the District’s tiered water rates. The District is also a party to various other legal proceedings affecting the Water System. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – THE WATER SYSTEM” for a discussion of certain of such matters. In the view of the District’s management and General Counsel, there is no litigation pending against the District, or other ongoing legal proceedings to which the District is a party, which if determined adversely to the District, would individually or in the aggregate materially impair the District’s ability to pay debt service on its indebtedness, including the Series 2024 Bonds.

RATINGS

S&P Global Ratings (“S&P”) and Moody’s Investors Service, Inc. (“Moody’s”) have assigned the Series 2024 Bonds the ratings of “___” and “___,” respectively. Each of S&P’s and Moody’s rating outlook with respect to the Series 2024 Bonds is “_____.” No application has been made to any other rating agency for the purpose of obtaining any additional rating on the Series 2024 Bonds. Any desired explanation of such ratings should be obtained from the rating agency furnishing the same. Generally, rating agencies base their ratings on information and materials furnished to them and on investigations, studies and assumptions by the rating agencies. There is no assurance that any rating or rating outlook ascribed thereto will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such change in or withdrawal of such ratings may have an adverse effect on the market price of the Series 2024 Bonds.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series 2024 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest on the Series 2024 Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax

imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2024 Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Series 2024 Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2024 Bonds to assure that interest (and original issue discount) on the Series 2024 Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Series 2024 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024 Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Series 2024 Bond Owner's original basis for determining loss on sale or exchange in the applicable Series 2024 Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Series 2024 Bond Owner's basis in the applicable Series 2024 Bond (and the amount of tax-exempt interest received with respect to the Series 2024 Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Series 2024 Bond Owner realizing a taxable gain when a Series 2024 Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2024 Bond to the Owner. Purchasers of the Series 2024 Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The difference between the issue price of a Series 2024 Bond (the first price at which a substantial amount of the Series 2024 Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Series 2024 Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Series 2024 Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Series 2024 Bond Owner will increase the Series 2024 Bond Owner's basis in the applicable Series 2024 Bond. The amount of original issue discount that accrues to the Owner of a Series 2024 Bond is excluded from the gross income of such Series 2024 Bond Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

The IRS has initiated an expanded program for the auditing of tax exempt bond issues, including both random and targeted audits. It is possible that the Series 2024 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2024 Bonds might be affected as a result of such an audit of the Series 2024 Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series 2024 Bonds to the extent that it materially adversely affects the exclusion from gross income of interest (and original issue discount) on the Series 2024 Bonds or their market value.

It is possible that subsequent to the issuance of the Series 2024 Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Series 2024 Bonds or the market value of the Series 2024 Bonds. The introduction or enactment of any of such changes could adversely affect the market value or liquidity of the Series 2024 Bonds. No assurance can be given that subsequent to the issuance of the Series 2024 Bonds such changes (or other changes) will not be introduced or enacted or

interpretations will not occur. Before purchasing any of the Series 2024 Bonds, all potential purchasers should consult their tax advisors regarding possible statutory changes or judicial or regulatory changes or interpretations, and their collateral tax consequences relating to the Series 2024 Bonds.

Bond Counsel's opinion with respect to the Series 2024 Bonds may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Series 2024 Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Series 2024 Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel has rendered their opinions that interest (and original issue discount) on the Series 2024 Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Series 2024 Bonds and the accrual or receipt of interest (and original issue discount) on the Series 2024 Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Series 2024 Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series 2024 Bonds.

A copy of the form of the opinion of Bond Counsel relating to the Series 2024 Bonds is included in APPENDIX D hereto.

UNDERWRITING

The Series 2024 Bonds are being purchased by J.P. Morgan Securities LLC, on behalf of itself and as representative of Barclays Capital Inc. and Siebert Williams Shank & Co., LLC, as the underwriters for the Series 2024 Bonds (collectively, the "Underwriters"), pursuant to and subject to the conditions set forth in the bond purchase contract between the District and the Underwriters, at a purchase price of \$_____ (equal to the \$_____ aggregate principal amount of the Series 2024 Bonds, [plus/less] original issue [premium/discount] of \$_____, less an Underwriters' discount of \$_____). The bond purchase contract provides that the Underwriters will purchase all of the Series 2024 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the bond purchase contract.

The Underwriters may offer and sell the Series 2024 Bonds to certain dealers (including dealers depositing Series 2024 Bonds into investment trusts) and others at prices lower than the respective public offering prices stated or derived from information stated on the inside cover pages hereof. The initial public offering prices may be changed from time to time by the Underwriters.

J.P. Morgan Securities LLC ("JPMS"), an Underwriter of the Series 2024 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 Series 2024 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2024 Bonds that such firm sells.

CERTAIN RELATIONSHIPS

The Underwriters and their respective 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. Each of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective 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 District.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the offering of the Series 2024 Bonds are subject to the approval of legality by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Certain legal matters will be passed upon for the District by its General Counsel and by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel, and for the Underwriters by their counsel, Husch Blackwell LLP. The form of the approving opinion of Bond Counsel, in connection with the issuance of the Series 2024 Bonds is included as APPENDIX D– “PROPOSED FORM OF BOND COUNSEL OPINION” to this Official Statement.

MUNICIPAL ADVISOR

The District has retained Montague DeRose and Associates, LLC, Walnut Creek, California, as municipal advisor (the “Municipal Advisor”) in connection with the issuance and delivery of the Series 2024 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

VERIFICATION AGENT

Upon delivery of the Series 2024 Bonds, Robert Thomas CPA, LLC, independent certified public accountants, will deliver a report stating that the firm has verified the mathematical accuracy of certain computations relating to the adequacy of the moneys available to pay, on the redemption date therefor, the redemption price of and accrued interest on the Refunded Bonds. See “PLAN OF FINANCE – Refunding of the Refunded Bonds.”

INDEPENDENT ACCOUNTANTS

Included as APPENDIX B – “EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022” to this Official Statement are the audited financial statements of the District for the Fiscal Years ended June 30, 2023 and

2022. The District's financial statements for the Fiscal Years ended June 30, 2023 and 2022 have been audited by Lance, Soll & Lunghard, LLP, certified public accountants. Lance, Soll & Lunghard, LLP has not been requested to consent to the inclusion of its report in APPENDIX B and it has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Lance, Soll & Lunghard, LLP with respect to any event subsequent to the date of its report.

MISCELLANEOUS

References made herein to certain documents and reports are brief summaries thereof and do not purport to be complete or definitive and reference is hereby made to such documents and reports for a full and complete statement of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or registered owners of any of the Series 2024 Bonds. The delivery and distribution of this Official Statement have been duly authorized by the District.

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____
General Manager

APPENDIX A

THE EAST BAY MUNICIPAL UTILITY DISTRICT

(THE WATER SYSTEM)



The East Bay Municipal Utility District occupies 326 square miles of the San Francisco – Oakland metropolitan region. The Water System serves approximately 1.4 million people, or approximately 50% of the population of Alameda and Contra Costa Counties. *{updated map to come}*

EAST BAY MUNICIPAL UTILITY DISTRICT WATER SYSTEM

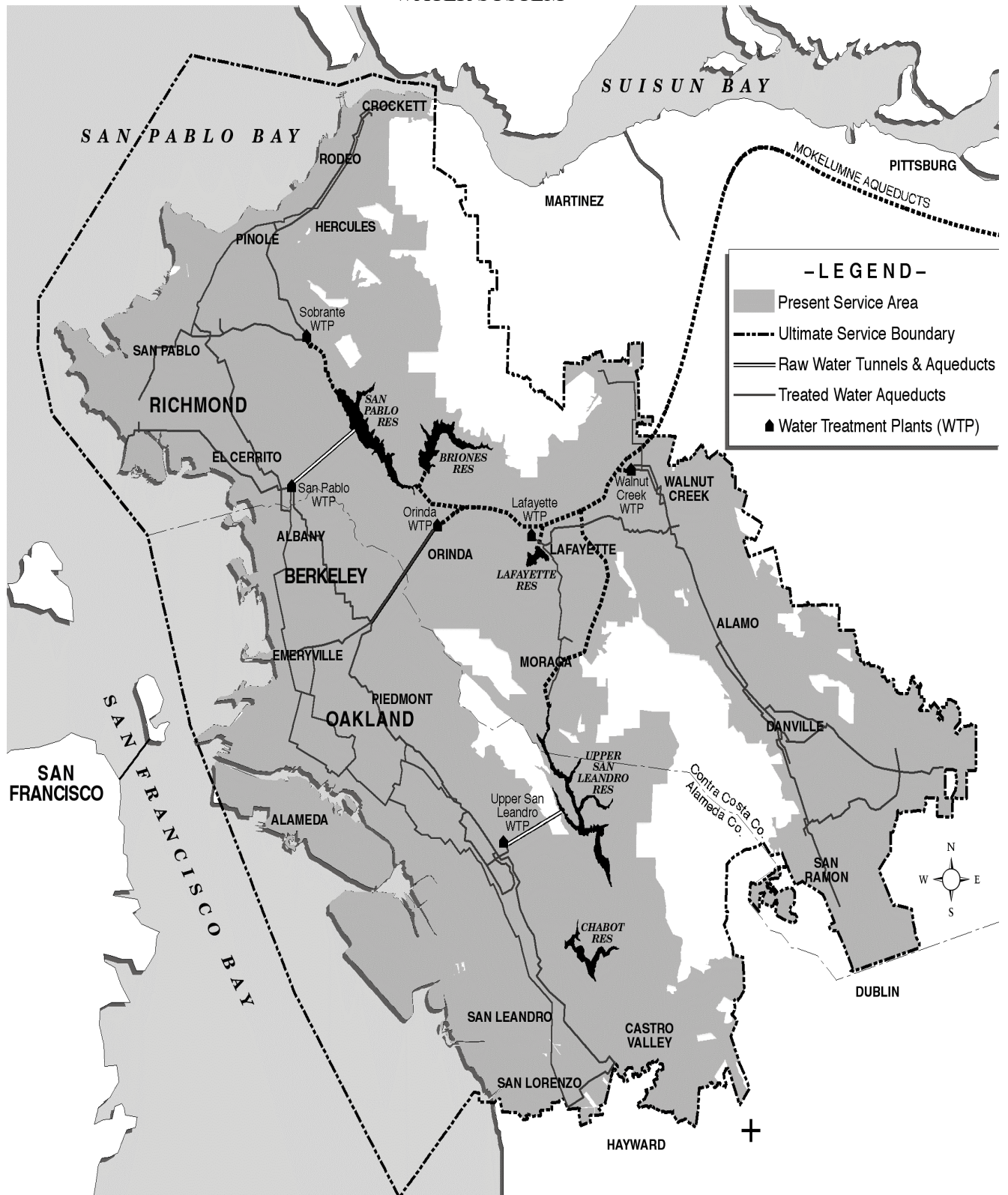


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THE DISTRICT

Organization

In May 1923, voters in cities along the eastern shore of the San Francisco Bay located in portions of Alameda and Contra Costa Counties (known throughout the San Francisco Bay Area as the “East Bay”) elected to create the East Bay Municipal Utility District (the “District”) under the provisions of the Municipal Utility District Act. Under the Municipal Utility District Act, municipal utility districts are empowered to acquire, construct, own, operate or control works for supplying the district and public agencies in the territory of the district with light, water, power, heat, transportation, telephone service or other means of communications, means for the collection, treatment or disposition of garbage, sewage or refuse matter, and public recreation facilities appurtenant to its reservoirs and may do all things necessary and convenient to the full exercise of powers granted in the Municipal Utility District Act. The District presently exercises only those functions relating to water supply, power generation and recreational facilities through its Water System, and sewerage and wastewater interception, treatment and disposal and power generation through its Wastewater System, within an area known as Special District No. 1. Special District No. 1 covers only a portion of the service area of the District. The District presently does not intend to exercise other functions. Such other functions and the related facilities, if exercised, would not constitute part of the Water System or the Wastewater System.

District Board

The District, a public agency, is governed by an elected seven-member Board of Directors (the “Board” or “District Board”) which determines such matters as rates and charges for services, approval of contracts and District policy. Voters elect directors by ward to four-year terms. There are seven wards which together cover the entire service area of the District. Each year, the Board elects from among its members persons to serve as Board officers (*i.e.*, President and Vice President). The current members of the District Board have an average service tenure of approximately 18 years. Each of the Board’s current multi-term members has served one or more years as an officer of the Board and has chaired one or more of the Board’s standing committees that review financial, long-range planning, and legislative matters. The following persons currently serve on the Board:

Lesia R. McIntosh has served on the Board since 1999 and represents Ward 1, which includes the Contra Costa County cities of Crockett, Hercules, Rodeo and San Pablo; portions of Richmond and Pinole, and the communities of North Richmond and Selby. Ms. McIntosh is currently President of the Board. Ms. McIntosh represents the District at the Special Districts Association of Contra Costa County and the Los Vaqueros Reservoir Joint Powers Authority. She is a member of the Contra Costa County Bar Association, Black Women Organized for Political Action, and the West Contra Costa County Democratic Club. She previously served on the board of directors of the Legal Services Foundation, and as a board member of the East Bay Community Development Corporation. Ms. McIntosh is an attorney with more than 30 years of experience. She has a Bachelor of Science degree in Political Science from the University of California, Berkeley and a law degree from John F. Kennedy University. Ms. McIntosh’s current term expires on December 31, 2024.

William B. Patterson has served on the Board since 1997 and represents Ward 6, which includes portions of Oakland, including East Oakland and the area south of Park Boulevard/5th Avenue to the San Leandro city boundary, in Alameda County. Mr. Patterson is currently Vice President of the Board. Mr. Patterson represents the District at the Special Districts Association of Alameda County on the board for the Freeport Regional Water Authority. He also serves as a representative for the Business Forum. Mr. Patterson is a current member of Oakland’s Urban Strategies Council board and previously served on the Oakland Public Ethics and Parks and Recreation Commissions and the Oakland Workforce Investment Board. He retired several years ago, after working for many years as a City of

Oakland Manager of Parks and Recreation. Mr. Patterson has Bachelor's and Master's degrees from San Francisco State University. His current term expires on December 31, 2024.

April Chan was elected to the Board in 2022 and represents Ward 7, which includes the areas of Castro Valley, communities of Cherryland and Fairview; portions of San Leandro and Hayward in Alameda County, and a portion of San Ramon in Contra Costa County. Ms. Chan represents the District at the Special Districts Association of Contra Costa County and on the governing board of the DSRSD/EBMUD Recycled Water Authority ("DERWA"). She also serves on the District's Retirement Board. In addition to her service on the District's Board, Ms. Chan also serves on the Alameda County Fire Commission. She is the immediate past chair of the Fairview Municipal Advisory Council. She was appointed to the Fairview Municipal Advisory Council by the Alameda County Board of Supervisors in 2018 and served until she was elected to the District Board in 2022. Her current term expires on December 31, 2026.

John A. Coleman was first elected to the Board in 1990 and represents Ward 2, which includes the Contra Costa County cities of Alamo, Lafayette and Walnut Creek, the Town of Danville, the communities of Blackhawk and Diablo, and portions of Pleasant Hill and San Ramon. Mr. Coleman represents the District on the governing boards of the Freeport Regional Water Authority and the Upper Mokelumne River Watershed Authority (currently as chair of the board), as well as DERWA. Mr. Coleman also serves as a board member of East Bay Leadership Council and as a member of the Maritime Industry Advisory Board of the California State University Maritime Academy, the San Francisco Bay Restoration Authority Advisory Committee, the San Francisco Estuary Institute Regional Monitoring Program, and the Israel-U.S. Water Initiative Advisory Committee. He is also a past president of the Association of California Water Agencies ("ACWA") board of directors and the California Association of Sanitation Agencies, a past Chair of ACWA's Federal Affairs Committee, and a past Chair of ACWA's California Finance Water Task Force. Mr. Coleman is employed as the Chief Executive Officer of the Bay Planning Coalition, which represents maritime and shoreline interests and issues in northern California. He has a Bachelor of Science degree in Natural Resources from the University of California, Berkeley and a certificate in management from the University of Pacific School of Business and Public Administration. His current term expires on December 31, 2026.

Andy Katz was first elected to the Board in 2006 and represents Ward 4, which includes Albany, Berkeley, Emeryville and North Oakland in Alameda County, and El Cerrito and Kensington in Contra Costa County. Mr. Katz is employed as an environmental and workers' rights attorney. He is Chair of the Berkeley Community Health Commission and a former Chair of Sierra Club California. Prior to his election to the District Board, he served for five years as a member of the City of Berkeley Zoning Adjustments Board. Mr. Katz has a Bachelor of Arts degree and a Master of City Planning degree from the University of California, Berkeley, and a law degree from Santa Clara University. His current term expires on December 31, 2026.

Doug A. Linney was first elected to the Board in 2000 and represents Ward 5, which includes the Alameda County cities of Alameda and San Lorenzo, the West Oakland and Oakland Airport Area, and a portion of San Leandro. Mr. Linney serves as a representative for the Business Forum and the Oakland Chamber of Commerce. He is active in a number of community and environmental organizations, including the California Environmental Voters, Friends of the River and ZEV2030, a zero emission vehicle advocacy organization. Mr. Linney is self-employed as President of The Next Generation, a public relations firm providing services that emphasize achieving environmental protection. Mr. Linney has a Bachelor of Science degree in Environmental Science and Public Policy from the University of California, Davis. His current term expires on December 31, 2024.

Marguerite Young was first elected to the Board in 2014 and represents Ward 3, which includes the City of Piedmont and a portion of the City of Oakland in Alameda County, and the Contra Costa

County city of Orinda, the Town of Moraga, the community of El Sobrante, and portions of Pinole and Richmond. She also serves on the District's Retirement Board. Ms. Young is the principal of Rivernstream Consulting which provides strategic planning, research and policy guidance at the confluence of climate, labor and justice. She recently retired from the Service Employees International Union ("SEIU") where she was the Assistant Director for the union's Climate and Environmental Justice program. As California Director of Clean Water Action, Ms. Young was co-chair of the CALFED Bay-Delta Program's Water Quality Committee, which instigated regional cooperation among water agencies to address drinking water quality issues related to Bay-Delta water supplies. Her work there also included service as an appointed member of California's Source Water Assessment Advisory Committee, the United States Environmental Protection Agency ("USEPA") Federal Advisory Committee on the Multiple Disinfection By-product Rule, and California's Recycled Water Task Force. She serves on the board of directors of Clean Water Action. She co-founded the League of Conservation Voters-East Bay and is a former board member of Friends of the River and Carpe Diem West. Ms. Young has a Bachelor of Science degree in Natural Resource Economics from the University of California, Berkeley. Her current term expires on December 31, 2026.

District Management

Clifford C. Chan joined the District in 1997 and was appointed General Manager in 2020. Mr. Chan has nearly 25 years of water industry related experience. Prior to his appointment as General Manager, Mr. Chan served as the District's Director of Operations and Maintenance and was responsible for overseeing nearly one-half of the District's employees tasked with operating and maintaining the District's water system. Previously, he held engineering and management positions in the District's Operations and Maintenance Department, including serving as Manager of Maintenance and Construction. Before joining the District, Mr. Chan was employed as an engineering consultant. He serves on committees for the American Water Works Association and the California Urban Water Agencies. He has a Bachelor of Science degree and a Master's degree in Civil Engineering from the University of California, Berkeley and is a licensed Civil Engineer in California.

Derek T. McDonald joined the District in 2007 and was appointed General Counsel in 2021. Mr. McDonald has extensive experience in public agency law, including construction, public bidding and procurement, real estate, water rights, tort and contract litigation, the Public Records Act, and the Brown Act, having worked on a number of significant cases and issues for the District during his tenure in the District's Office of General Counsel. Before joining the District, he was a court research attorney and clerked for a law firm and a public defender's office. Mr. McDonald also worked with local and international nonprofit and nongovernmental organizations in the areas of youth development, environmental restoration, international elections and human rights advocacy. He has a Bachelor's degree in Sociology from the Boston College and a law degree from the University of San Francisco.

Sophia D. Skoda joined the District in 2006 and was appointed Director of Finance in 2015. Prior to her appointment as Director of Finance, Ms. Skoda served as Treasury Manager. In addition, Ms. Skoda has previously served as a Senior Civil Engineer for the District. Before joining the District, Ms. Skoda provided a range of financial consulting services to water and wastewater utility clients throughout California. She has a Bachelor of Science degree in Civil Engineering from Stanford University and a Master's degree in Civil Engineering from the University of California, Berkeley.

Olujimi O. Yolo joined the District in 1985 and was appointed Director of Engineering and Construction in 2019. Mr. Yolo is responsible for over 280 employees tasked with planning, design and construction of water system infrastructure. Prior to his current appointment, he held progressively more responsible positions managing engineering design and construction projects in the Water and Wastewater Departments. He has 40 years of experience in the engineering field. Mr. Yolo has a

Bachelor's degree in Civil Engineering from the University of Manchester Institute of Science and Technology (England) and a Master's degree in Civil Engineering from Stanford University and is a licensed Civil Engineer in California.

Michael T. Tognolini joined the District in 1996 and was appointed Director of Water and Natural Resources in 2018. Mr. Tognolini is responsible for managing divisions that develop and administer programs to protect existing water resources, develop additional water supplies and manage 57,000 acres of water, watershed lands and related facilities. During his tenure with the District, Mr. Tognolini has held a number of engineering and management positions in drought planning and water supply development in the Water and Natural Resources Department. He has more than 34 years of experience in the water industry. Mr. Tognolini has a Bachelor's degree and a Master's degree in Civil Engineering from Stanford University.

David A. Briggs joined the District in 2017 and is presently the Director of Operations & Maintenance and the Emergency Operations Director for the District. In this capacity he manages the operation and maintenance of water facilities and power generation facilities. Prior to joining the District, Dr. Briggs spent 10 years at the San Francisco Public Utilities Commission ("SFPUC") and 13 years at the Contra Costa Water District ("CCWD"). He has been a manager since 2003. During his 27-year career, Dr. Briggs has developed experience in water resources, engineering, construction management, facilities planning, and operations and maintenance. He obtained his Bachelor's degree in Mechanical Engineering from UC Davis, and his Master's degree and Ph.D. from Stanford University, also in Mechanical Engineering. He is a licensed Civil Engineer in California.

Amit Mutsuddy joined the District in 2022 as the Director of Wastewater. Prior to joining the District, Mr. Mutsuddy most recently served for six years as the Deputy Director, Wastewater Management at the San Jose-Santa Clara Regional Wastewater Facility for the City of San Jose. In that position, Mr. Mutsuddy oversaw operations and maintenance of the wastewater treatment plant and collaborated in the implementation of \$1.4 billion in capital improvement projects at the plant. Mr. Mutsuddy's previous positions at the City of San Jose include Division Manager of the Mechanical Maintenance Division, and Senior Construction Manager for capital improvement projects for the regional wastewater treatment facility. He has more than 20 years of experience in engineering design and construction. Mr. Mutsuddy is a board member of the Bay Area Clean Water Agencies and is currently serving as its Chair. He has a Bachelor of Science degree in Civil Engineering from the Indian Institute of Technology, Chennai, India, and a Master of Science degree in Civil and Environmental Engineering from San Jose State University. He is a licensed Civil Engineer in California and a LEED accredited professional.

Rischa S. Cole joined the District in 1997 and was appointed Secretary of the District in 2017. Ms. Cole has served in a variety of lead administrative roles during her career at the District including Executive Assistant II in the Office of the Secretary and, prior to her appointment as Secretary, as Assistant to the General Manager. Ms. Cole received her Bachelor of Science degree in Business Administration from California State University, East Bay. She is a Member of the International Institute of Municipal Clerks and obtained her Certified Municipal Clerk credentials in August 2022.

David Glasser joined the District in 2023 as the Controller. Prior to joining the District, Mr. Glasser was the Finance Director for the City of Martinez, California. In that position, Mr. Glasser oversaw the finance, human resource, and information technology operations for the City. He has served as a finance executive in California municipal agencies for over 23 years. Mr. Glasser has also served as a public finance banker, financial advisor and bond analyst in the private sector. This included work for the San Francisco International Airport and Alameda County. He has more than 35 years of experience in finance and municipal management. He has a Bachelor of Arts degree in English from the State

University of New York at Albany and a Masters Degree in Public Administration from the Rockefeller School at the State University of New York at Albany.

Robert L. Hannay joined the District in 2018 as Treasury Manager. Mr. Hannay is responsible for the oversight of the District's debt management, investment management, and rate planning. Mr. Hannay additionally provides financial management support to the District's retirement system. Prior to joining the District, Mr. Hannay worked in consulting, at a rating agency, at a financial advisory firm, and in public finance investment banking. Mr. Hannay has a Bachelor of Science degree in Civil Engineering from Texas A&M University and Master's degrees in Civil Engineering and City Planning from the University of California, Berkeley. He is also a Chartered Financial Analyst (CFA) charterholder.

Jacqueline Lee joined the District in 2022 as the Debt Administrator. Ms. Lee is responsible for new money issuance and management of the outstanding debt portfolio. Prior to joining the District, she served as debt manager at the City of Oakland, California. Her experience also includes work in public finance investment banking and municipal advisory roles. She is a current or former board member of several public finance industry associations. Ms. Lee has a Bachelor of Arts in Business Economics from the University of California, Santa Barbara.

Employees and Employee Relations

As of January 1, 2024, the District had 1,725 employees in the Water System and 289 employees in the Wastewater System.

The District has four unions representing approximately 1,853 workers out of a total workforce of 2,014 employees: Local 2019 of the American Federation of State, County and Municipal Employees ("AFSCME") primarily represents professional, technical, and administrative office employees; Local 444 of AFSCME primarily represents skilled craft, operations, and maintenance employees; Local 21, International Federation of Professional and Technical Engineers represents supervisory employees; and Local 39, International Union of Operating Engineers represents water treatment/distribution employees.

Each of Locals 444, 21, 39 and 2019 are operating under a Memorandum of Understanding (collectively, "MOUs"), approved by the District Board in 2022. The term of the MOUs with Local 444, 21 and 39 began on April 26, 2021 and extends through April 20, 2025. The term of the MOU with Local 2019 began on April 26, 2021 and extends through July 13, 2025. The MOUs are comprehensive in scope and provide for binding arbitration for the resolution of grievances. The District has not had a strike or work stoppage since 1985. For a discussion of the District Employees' Retirement System, see "WATER SYSTEM FINANCES – Employees' Retirement System."

Geographic Area and Services

Originally formed to include nine cities covering 92.6 square miles, the District has grown by more than 450 separate annexations to a present area of 326 square miles in 20 incorporated and 26 unincorporated communities in both Alameda and Contra Costa Counties. It covers the eastern shore of San Francisco Bay from Carquinez Strait on the north to and including San Lorenzo on the south and it extends approximately 20 miles east, beyond the Oakland-Berkeley hills, into Contra Costa County.

The District's Water System serves this entire area, reaching approximately 50% of the combined population of Alameda County and Contra Costa County. Approximately two-thirds of the population within the District's service area resides in the cities of Alameda, Berkeley, Oakland, San Leandro, Richmond and Walnut Creek.

The land area between the present service area boundary and the ultimate service area boundary, approximately 69 square miles, includes some areas of potential development. However, a large part of this land area is parklands and other undeveloped lands that are not anticipated to be developed in the foreseeable future. Another 81 square miles within the ultimate service area boundary outside the District's present service area boundary is under the waters of the San Francisco and San Pablo Bays. The ultimate service area boundary is limited on the west and north by the shorelines of the San Francisco and San Pablo Bays. The ultimate service area boundary is limited on the south and northeast by adjoining water agencies which have sources of supply independent of the District. There is limited potential for new development at the southern end of the San Ramon Valley, now in the early stages of land use planning and environmental documentation, which is located just outside the ultimate service area boundary. The District's service area population, currently 1.4 million, is projected to grow by 2035 to a population of about 1.6 million, with much of that growth expected to come from infill development within the urbanized parts of the service area.

The Municipal Utility District Act was amended in 1941 to enable formation of special districts for wastewater service provision. In 1944, voters elected to form the District's Special District No. 1 to treat wastewater released into the San Francisco Bay. The District's Wastewater System presently serves approximately 740,000 people in an 88-square-mile area of the two counties along the east shore of the San Francisco Bay, extending from Richmond on the north, southward to Oakland's border with San Leandro. Domestic, commercial and industrial wastewater is treated for the six participating cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont, and for the Stege Sanitary District (which includes El Cerrito, Kensington and part of Richmond). Each of these participating agencies operates a sewer collection system that discharges into the District's intercepting sewers. In addition to treating waste received from the participating agencies' sewer collection systems, the District accepts high-organic waste streams delivered in trucks. The wastes include domestic waste from septic tanks, fat, oil and grease from restaurants, and other food and drink wastes. The District's trucked-waste program continues to expand in the scope of wastes accepted. The District anaerobically digests the high-organic wastes with municipal solids to create renewable energy. This energy is used to power the wastewater treatment facility, with excess energy sold to the Port of Oakland under a power purchase agreement.

Taxation of the District

All property of the District within the District's boundaries generally is exempt from property taxation. District-owned land outside of the District's boundaries is taxable, but improvements constructed on that land by the District are not taxable. As a public agency, the District is exempt from the payment of State of California (the "State") income taxes and federal income taxes.

THE WATER SYSTEM

Service Area

The District supplies water for major parts of Alameda and Contra Costa Counties. Approximately 1.4 million people are served by the District's Water System in an approximately 326 square-mile area extending from Crockett on the north, southward to and including San Lorenzo, encompassing the major cities of Oakland and Berkeley, and eastward from San Francisco Bay to Walnut Creek.

The District's Water System currently serves the incorporated communities of Alameda, Albany, Berkeley, Danville, El Cerrito, Emeryville, part of Hayward, Hercules, Lafayette, Moraga, Oakland, Orinda, Piedmont, Pinole, part of Pleasant Hill, Richmond, San Leandro, San Pablo, part of San Ramon, and part of Walnut Creek, and the unincorporated communities of Acalanes RidgeRide, Alamo, Ashland, Bayview, Blackhawk, Camino Tassajara, Castle Hill, Castro Valley, Cherryland, Crockett, Diablo, East Richmond Heights, El Sobrante, part of Fairview, Kensington, Montalvin Manor, Norris Canyon, North Richmond, part of Reliez Valley, Rodeo, Rollingwood, San Lorenzo, San Miguel, Saranap, Shell Ridge and Tara Hills.

Table 1 on the following page shows the population trends for the six largest cities in the District, Alameda and Contra Costa Counties and the State for the five years 2019 to 2023. As reflected in Table 1, over the five-year period 2019 through 2023, the California state population declined by approximately 1.6%, while the population of Alameda County decreased approximately 1.4%, and the population of Contra Costa County remained at roughly the same level. Oakland, the largest city in the District's service area and the county seat of Alameda County, was the eighth most populous city in the State of California, based on January 1, 2023 population estimates.

Table 1
DISTRICT SIX LARGEST DISTRICT CITIES,
ALAMEDA AND CONTRA COSTA COUNTIES, AND CALIFORNIA
Population Trends⁽¹⁾

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Oakland	429,932	432,327	430,901	421,806	419,556
Berkeley	122,297	122,364	120,418	123,188	123,562
Richmond	109,991	110,288	115,183	114,521	113,516
San Leandro	88,328	87,840	89,976	88,075	87,497
Alameda	81,457	81,135	78,250	77,437	77,287
Walnut Creek	<u>70,755</u>	<u>70,592</u>	<u>70,535</u>	<u>69,603</u>	<u>69,245</u>
Total Six Cities	902,760	904,546	905,263	894,630	890,663
Alameda County	1,659,608	1,663,114	1,663,371	1,644,248	1,636,194
Contra Costa County	1,147,623	1,149,853	1,161,238	1,151,798	1,147,653
California	39,605,361	39,648,938	39,286,510	39,078,674	38,940,231

⁽¹⁾ As of January 1 of each year.

Source: State of California, Department of Finance, *E-4 Population Estimates for Cities, Counties and the State, 2019-2020, with 2010 Census Benchmark*, Sacramento, California, May 2021; *2021-2023, with 2020 Census Benchmark*, Sacramento, California, May 2023.

The total civilian labor force in Alameda and Contra Costa Counties, representing all people who work or are seeking work, totaled 1,377,100 in 2022 (the most recent full year information available). In 2022, the unemployment rate approximated 3.3% in Alameda County and 3.5% in Contra Costa County. In comparison, the unemployment rate averaged 4.2% in the State of California and 3.6% in the nation as a whole for the same period. These unemployment rates reflect the recovery from the impact of the COVID-19 pandemic. In 2020, the unemployment rate approximated 8.9% in Alameda County, 9.0% in Contra Costa County, 10.1% in the State of California and 8.1% in the nation as a whole.

Table 2 shows the labor force and employment trends for Alameda and Contra Costa Counties, the State and the United States for the five years 2018 to 2022.

Table 2
ALAMEDA COUNTY AND CONTRA COSTA COUNTY
Labor Force and Employment
Calendar Years 2018 through 2022⁽¹⁾

Year and Area	Civilian Labor Force⁽²⁾	Employment	Unemployment	Unemployment Rate
2018				
Alameda County	841,600	815,800	25,700	3.1%
Contra Costa County	560,300	542,300	18,000	3.2
California	19,289,500	18,469,900	819,600	4.2
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
Alameda County	843,000	818,000	25,100	3.0%
Contra Costa County	561,000	543,500	17,500	3.1
California	19,413,200	18,617,900	795,300	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
Alameda County	819,700	746,500	73,200	8.9%
Contra Costa County	547,400	498,100	49,300	9.0
California	18,971,600	17,047,600	1,924,000	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
Alameda County	813,000	763,500	49,500	6.1%
Contra Costa County	544,000	509,300	34,700	6.4
California	18,973,400	17,586,300	1,387,100	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
Alameda County	825,600	798,400	27,200	3.3%
Contra Costa County	551,500	532,100	19,400	3.5
California	19,252,000	18,440,900	811,100	4.2
United States	164,287,000	158,291,000	5,996,000	3.6

⁽¹⁾ Most recent full calendar year information available.

⁽²⁾ Total of Employment and Unemployment figures for any year and area may not add to corresponding Civilian Labor Force number due to rounding.

Sources: For State and County information, State of California Employment Development Department, California Labor Market Division, annual information, not seasonally adjusted. For U.S. information, U.S. Department of Labor, Bureau of Labor Statistics.

Median household income in Alameda and Contra Costa Counties exceeded \$120,000 in 2022 (the most recent calendar year information available). This compares to a median household income in 2022 of approximately \$91,500 in California and just under \$75,000 in the United States.

Table 3 shows the median household income for Alameda and Contra Costa Counties, the State and the United States for the five years 2018 to 2022.

Table 3
ALAMEDA COUNTY AND CONTRA COSTA COUNTY
Median Household Income
Calendar Years 2018 through 2022⁽¹⁾

	Year and Area	Median Household Income⁽²⁾
2018	Alameda County	\$102,125
	Contra Costa County	101,618
	California	75,277
	United States	61,937
2019	Alameda County	\$108,322
	Contra Costa County	107,135
	California	80,440
	United States	65,712
2020	Alameda County	\$104,888
	Contra Costa County	103,997
	California	78,672
	United States	64,994
2021	Alameda County	\$109,729
	Contra Costa County	111,080
	California	84,907
	United States	69,717
2022	Alameda County	\$122,159
	Contra Costa County	120,061
	California	91,551
	United States	74,755

⁽¹⁾ Most recent full calendar year information available.

⁽²⁾ Median Household Income values are in inflation-adjusted dollars.

Source: U.S. Census Bureau, 1-Year American Community Surveys.

Water Supply

General. The amount of water available to the District from its water supply sources for delivery to customers of the Water System can be constrained by hydrology, physical facilities, and operational considerations, including required releases for environmental protection. See “– Water Rights and Related Proceedings.” While the District has ample stable resources to meet demands in most years, stored water in District reservoirs is a critical component of the District’s annual water supply and year-to-year operations. See “– Water Supply Operations.” Storage capacity provides the Water System with year-to-year water supply carry-over capability and a mechanism to assist the District in assuring consistent water supply reliability within its service area notwithstanding fluctuations in available supply.

During wet and normal rainfall years, the District’s water supply is obtained from three sources: the 627-square mile Mokelumne River watershed in the Sierra Nevada, runoff from streams within the District’s service area, and recycled water produced at various locations within the service area. During drought times, the District has access to substantial additional supplies from the Sacramento River via the Freeport Regional Water Project (the “FRWP”) and has secured and may seek to secure additional supplemental water supply under contractual arrangements such as water transfers. The District also plans to utilize water stored within various aquifers.

A Water Year begins on October 1 and ends on the following September 30. The District began Water Year 2024 with a provisional estimate of 668,820 acre-feet in total system storage (Pardee, Camanche and East Bay terminal reservoirs), representing 87% of capacity or 117% of average. Water Year 2023 was the third highest runoff year since 1930 with over 76 inches of precipitation received in the Mokelumne River watershed, following the 2022, 2021 and 2020 Water Years, which combined ranked as the fourth driest period in the District’s 93-year precipitation record. Such extreme hydrology may become more common in the future due to the effects of climate change. See “– Climate Change.” See also “– Current Water Conditions.”

Through its multi-year strategic planning efforts, the District has developed long-term and dry-year water supplies that are designed to maximize the District’s ability to reliably deliver water supply and responsive service to its customers and the community, while also achieving its environmental stewardship goals and obligations. See “– Long-Term Water Supply Planning” and “– Drought Management.”

Each of the District’s supply sources is more fully described below.

Mokelumne River Watershed. The District holds permits and licenses issued by the State Water Resources Control Board (“SWRCB”) which enable the District to utilize waters of the Mokelumne River as the primary source of the water supply for the District’s service area. See “– Water Rights and Related Proceedings.” The average annual runoff of the Mokelumne River is about 745,000 acre-feet. (An acre-foot is the amount of water that will cover one acre to a depth of one foot and equals approximately 326,000 gallons, which generally represents the needs of two average families in and around the home for one year.) As described below, the District’s water rights permit the total diversion of approximately 364,000 acre-feet per year from the Mokelumne River, subject to certain prior water rights.

In the last ten fiscal years (2014 through 2023), annual water production in the District to serve its customers has been below 210,000 acre-feet. Annual water production in the District to serve its customers has not previously exceeded 252,000 acre-feet. Water production includes the total water produced at the District’s water treatment plants and water moved through the distribution system that was delivered to customers, as well as water lost through leaks in the transmission system, water used in the treatment process, evaporation, and water used for fighting fires and other miscellaneous causes. These losses represent approximately 10.0% of gross production.

Annual water production in the District since Fiscal Year 2014 is shown in Table 4 below.

Table 4
WATER PRODUCTION BY FISCAL YEAR⁽¹⁾

<i>Fiscal Year</i>	<i>Annual Production (Acre-Feet)</i>	<i>Annual Production (Thousands of Ccf)</i>	<i>Annual Production (Million Gallons)</i>	<i>Average Production Per Day (Million Gallons)</i>
2014	206,088	89,772	67,154	184
2015	174,410	75,973	56,832	156
2016	162,561	70,812	52,971	145
2017	173,641	75,638	56,581	155
2018	185,790	80,930	60,540	166
2019	183,142	79,777	59,677	163
2020	187,966	81,878	61,249	167
2021	188,890	82,280	61,550	169
2022	174,945	76,206	57,006	156
2023	164,483	71,649	53,597	147

⁽¹⁾ Water production includes water used in the treatment process and for fighting fires, as well as water lost through leaks in the transmission system, evaporation and other miscellaneous causes.

Source: The District.

Average water production, as reflected in the table above, in the last ten fiscal years (2014 through 2023) has been approximately 17% lower than the prior ten fiscal years (2004 through 2013) levels due to factors that include increased water conservation, reduced consumption during drought and post-drought periods and the effects of State and local economic conditions.

Runoff is water that enters the District's reservoir system from precipitation within the watershed. Each of the District's reservoirs receives runoff, and the runoff is broadly categorized as Mokelumne River runoff or terminal reservoir runoff. In an average year, the Mokelumne River runoff represents approximately 95% of the total runoff. Runoff provides the water storage that is used for water production. During the ten-year period from 2014 to 2023, the annual Mokelumne River runoff has ranged from a low of approximately 222,000 acre-feet in Water Year 2015 to a high of 1.929 million acre-feet in Water Year 2017. In 1977, the lowest year of record since records have been kept, the annual runoff from the Mokelumne River was 129,000 acre-feet. Faced with fluctuating runoff volumes and periodic drought conditions, the District has developed a comprehensive approach to ensuring a reliable water supply. The District's Urban Water Management Plan (the "UWMP") utilizes demand management and multiple supply options to meet long-term water needs. The plan is discussed under "— Long-Term Water Supply Planning."

The Mokelumne River watershed also serves municipal, industrial and agricultural water needs in three Sierra Nevada foothill counties (Amador, Calaveras and San Joaquin), in addition to the municipal and industrial needs of the District's service area. The agencies and individual diverters on the Mokelumne River each operate and divert water under separate entitlements, permits and licenses, along with a number of contracts and agreements among various agencies and under certain court decrees.

In the Mokelumne River watershed there are entities with water rights that are junior and senior to those of the District as illustrated on the graphic provided below. The most senior water rights are those of riparian landowners and senior appropriators who diverted water prior to 1914, including Amador County and Woodbridge Irrigation District ("Woodbridge"), or rights issued by court decree as with the City of Lodi. Amador Water Agency and Jackson Valley Irrigation District (referred to collectively in the graphic on the next page as "AWA") divert water appropriated by Amador County up to 20,000 acre-feet per year; Woodbridge diverts 60,000 acre-feet in normal and wet years and 39,000 acre-feet in dry years in San Joaquin County. Woodbridge has the right to divert water above 60,000 acre-feet if certain conditions are met and if the water is available in the Mokelumne River at the Woodbridge dam. The City of Lodi has a prior right to 3,600 acre-feet if certain conditions under the Lodi Decree are met. Calaveras County Water District and Calaveras Public Utility District ("CPUD") may divert up to a total of 27,000 acre-feet per year in Calaveras County. Pacific Gas and Electric Company ("PG&E") also has water rights which it uses to operate its hydropower facilities. Because PG&E's rights are non-consumptive, they are not depicted in the graphic on the next page.

During periods of drought, when the projected runoff available in the Mokelumne River watershed is not expected to be sufficient to support the needs of existing water right holders and in-stream uses, the SWRCB (as the agency responsible for administering water rights in California) may, from time-to-time, order the curtailment of water diversions by water rights holders based on their priority of water rights. Should curtailment occur, the impact (if any) and magnitude of such impact on the District's water supply will depend on the timing of the curtailment and the timing of runoff.

The District's water rights from the State for the Camanche Reservoir, including the District's obligations under a 1998 Joint Settlement Agreement incorporated therein (the "1998 JSA"), among the District, the U.S. Fish and Wildlife Service and the California Department of Fish and Game (now the California Department of Fish and Wildlife ("CDFW")), also require that minimum releases be made from Camanche Reservoir for the protection of downstream fisheries before the District can exercise its water rights. Pursuant to the 1998 JSA, the District's required minimum releases from Camanche Reservoir are adjusted to

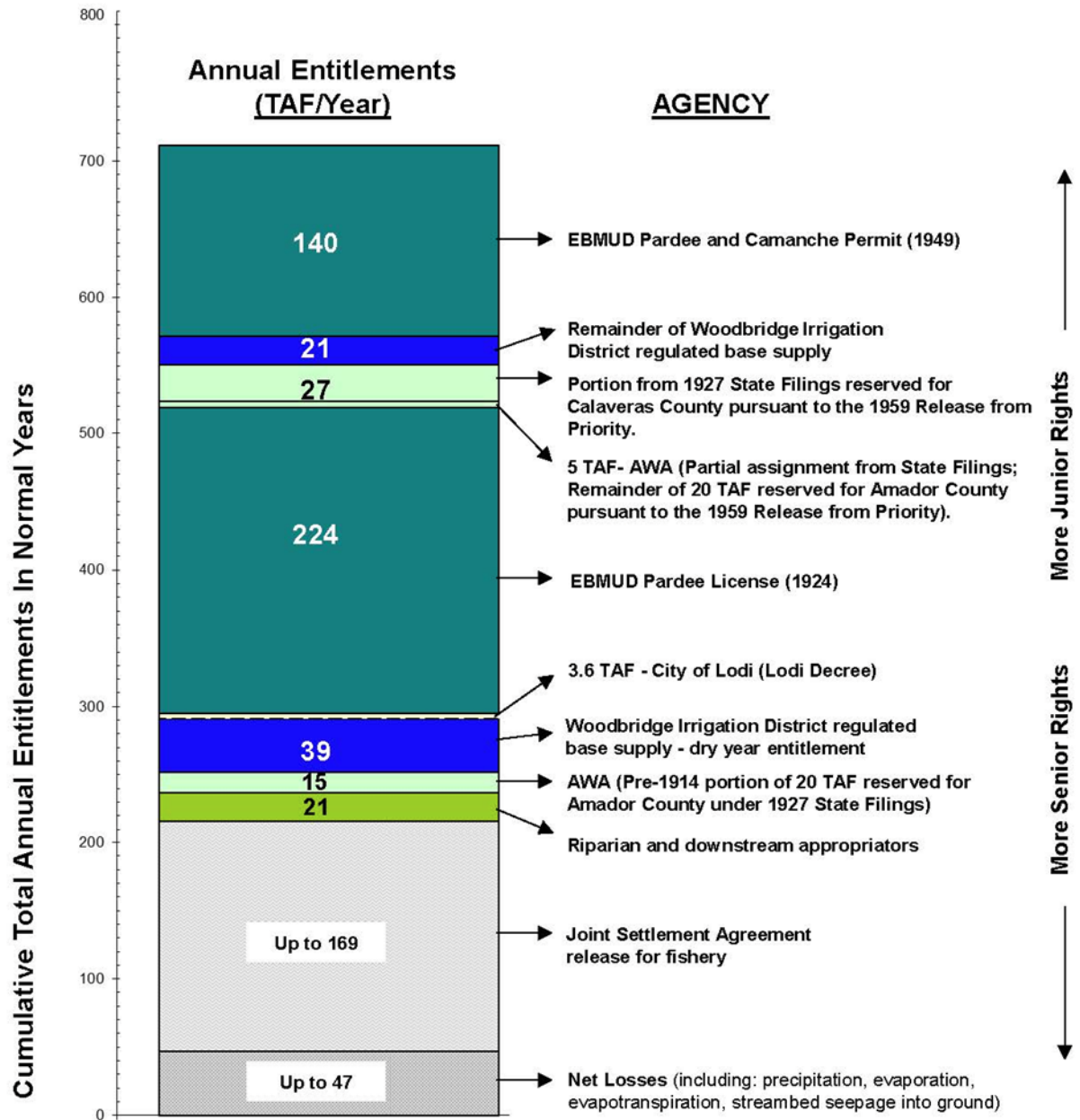
reflect the time of year and type of Water Year (*e.g.*, “normal/above normal,” “below normal,” “dry,” and “critically dry”). See also “– Water Rights and Related Proceedings.”

Additionally, for a discussion of potential effects of projected increased use of senior water rights holders on District water supplies and the District’s efforts to increase future supply through multiple water supply projects, see “– Long-Term Water Supply Planning.”

The graphic on the following page summarizes the priorities of Mokelumne River water rights and other flow commitments with respect to the Mokelumne River water supply in a normal Water Year. “TAF” as used in the graphic refers to thousand acre-feet.

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Hierarchy Of Mokelumne River Water Rights And Other Flow Commitments



Note: Total does not include storage rights or power rights which are non-consumptive (e.g. PG&E).

Local Runoff. In normal Water Years, District reservoirs in the East Bay receive on average approximately 30,000 acre-feet of water from local watershed runoff. Much of the local runoff is stored in the East Bay reservoirs for system use. In dry years, evaporation and other reservoir losses can total more than the runoff. Thus, little to no yield occurs from local watersheds in drier years.

Water Recycling. The District has undertaken a Water Recycling Program to develop and implement projects that reduce demands on potable water supplies. Recycled water has been used for landscape irrigation, cooling, equipment washdown and construction purposes at the District's Main Wastewater Treatment Plant since the early 1970s, as well as at a number of golf courses in the District's service area, beginning in 1984. The District's current Water Recycling Program includes four operating recycled water projects with approximately 9 million gallons per day ("MGD") of recycled water capability in place as described below.

The District's Nonpotable Water Policy was adopted by the District Board on April 9, 1996. The Nonpotable Water Policy requires customers of the District to use nonpotable water (recycled water and other nonpotable water sources) for non-domestic purposes when it is of adequate quality and quantity, available at reasonable cost, not detrimental to public health, and not injurious to plant life, fish and wildlife. In February 2019, the District completed an Updated Recycled Water Master Plan, in which the District confirmed its long-term water recycling goal of 20 MGD by the year 2040. In furtherance of this goal, the District has undertaken, or will undertake in the future, several water recycling project expansions. See also "— Long-Term Water Supply Planning."

DERWA SRVRWP. The District's largest recycled water project in terms of numbers of customers served is a joint project with the Dublin San Ramon Services District ("DSRSD"). The DSRSD/EBMUD Recycled Water Authority (as previously defined, "DERWA"), a joint exercise of powers agency formed by the District and DSRSD, was created to implement a program, known as the San Ramon Valley Recycled Water Program (the "SRVRWP"), to produce and deliver recycled water to the District and DSRSD for distribution within portions of their existing and future service areas. The SRVRWP is being implemented in several phases within the two districts' existing service areas. As part of the SRVRWP, DERWA constructed and operates, through a contract with DSRSD, the Jeffrey G. Hansen Water Recycling Facility ("WRF"). The WRF was originally constructed with an initial treatment capacity of 9.7 MGD (peak). The Phase 2 expansion of the WRF to 16.2 MGD (peak) was constructed and has been operational since the end of 2019. The WRF is located in the City of Pleasanton and processes secondary treated wastewater received from the City of Dublin, and portions of the cities of San Ramon and Pleasanton. Wastewater for treatment at the WRF will also be provided under a temporary wastewater diversion agreement (August 2019) with Central Contra Costa Sanitary District ("Central San") in order to produce sufficient recycled water to meet peak summer demand days. It is anticipated that DERWA's current recycled water supply will be insufficient to meet irrigation demands on peak summer days, and securing supplemental supplies, such as Central San's wastewater, will help to meet peak summer demands in the near term while efforts for long-term supplies and demand management are underway. Wastewater was diverted under the wastewater diversion agreement with Central San for the first time during the summer of 2021.

The WRF began recycled water deliveries in 2006 and currently serves 77 irrigation customers in the District's service area in the San Ramon Valley. With the completion of the customer site retrofits as a part of Phase 2 in 2023, the WRF can provide approximately 1.3 MGD of recycled water for delivery to District customers.

If implemented, future phases of the SRVWP beyond Phase 2 could extend the recycled water system to the northern portions of San Ramon, the town of Danville and the community of Blackhawk. In early 2019, the DERWA Board approved a demand management program requesting the member agencies to implement a connection moratorium beyond the District's Phase 2 connections and also implement other additional demand management practices to curtail the use of recycled water. The timing of future phases (Phases 3-5) will depend on demand and availability of sufficient supplies of treated wastewater to the WRF for processing,

and costs and availability of funding resources. At full implementation after supplemental wastewater supplies are secured, the SRVRWP is expected to provide approximately 2.5 MGD of recycled water for delivery to District customers.

The District and DSRSD entered into an agreement for the sale of recycled water by DERWA to the District and DSRSD pursuant to which each of the District and DSRSD are responsible for paying their respective share of the costs incurred by DERWA in implementing the SRVRWP (including among other things, administrative costs, construction costs, operation and maintenance costs and costs of debt service on any obligations issued or incurred by DERWA for the purposes of the SRVRWP). A portion of the costs of the SRVRWP have been financed by DERWA from State loans and grant funds (in the form of a principal forgiveness loan) obtained by DERWA (which State loans have a final maturity of July 1, 2026). Payments made and to be made by the District under such recycled water sales agreement for the purchase of recycled water are payable as a Water Operation and Maintenance Cost of the District regardless of whether any recycled water is made available to the District from such facilities. The District's aggregate annual payment obligation to DERWA in connection with the DERWA recycled water program is currently approximately \$3.1 million per year.

Chevron Recycled Water Program. The largest single user of recycled water in the District's service area is the Chevron Refinery in Richmond. The District's recycled water program serving the Chevron Refinery includes two distinct projects. Each of these projects receives secondary-treated wastewater from nearby West County Wastewater District and treats it to a higher standard (tertiary recycled water or advanced) in order to supply refinery uses. The first project was the North Richmond Recycled Water Project, which provides approximately 4 MGD of recycled water to three cooling towers located at Chevron's Richmond refinery. Service from this project began in 1996. An additional project, the Richmond Advanced Recycled Expansion ("RARE") Water Project, became operational in 2011. The RARE Water Project consists of a high-purity recycled water treatment plant at the refinery, an influent pump station, flow equalization and a standby generator. The RARE Water Project provides 3.5 MGD of recycled water for boiler feedwater at the refinery. Chevron reimbursed the District approximately \$55 million in the aggregate for capital costs of the RARE Water Project. The District is interested in exploring an expansion of recycled water use at the refinery with a goal of 10 MGD, however additional recycled water supply is needed.

East Bayshore Recycled Water Project. Another recycled water project of the District is the East Bayshore Recycled Water Project. The East Bayshore Recycled Water Facility ("EBRWF") produces unrestricted non-potable recycled water at the District's Main Wastewater Treatment Plant. The East Bayshore Recycled Water Project became operational in 2008. The project currently serves 45 commercial and governmental customers in the Oakland and Emeryville area, providing approximately 0.2 MGD of recycled water primarily for landscape irrigation. Recycled water is also used at the Main Wastewater Treatment Plant for in-plant uses such as pump seal water and irrigation with demands ranging from 0.5 MGD to 1.0 MGD. Pilot studies at the EBRWF will determine additional treatment required to improve recycled water quality suitable for use in commercial cooling systems to expand the system to serve additional customer types. Future system expansion could include additional sites in Oakland and Emeryville as well as Alameda, Berkeley, and Albany. When fully implemented, the East Bayshore Recycled Water Project is designed to provide up to 2.6 MGD of recycled water for delivery to customers.

Supplemental Supply–United States Bureau of Reclamation Central Valley Project Contract. In December 1970, the District entered into its original Central Valley Project Contract (the "Original CVP Contract") with the United States Bureau of Reclamation (the "Bureau"), entitling the District to take up to a specified quantity of American River water from the Folsom-South Canal Unit of the Bureau's Central Valley Project ("CVP") annually. The Original CVP Contract was superseded on July 20, 2001 by an Amendatory Contract, which, in turn, was superseded on April 10, 2006 by a Long-Term Renewal Contract (the "Long-Term Renewal CVP Contract"). As originally executed, the Long-Term Renewal CVP Contract had a term of 40 years, with a right of renewal for an additional 40 years available to the District. In 2020, the Long-Term

Renewal CVP Contract was converted to a permanent repayment contract (the “CVP Repayment Contract”) with no termination date. The terms of the conversion of the long-term renewal contract to a permanent repayment contract are described below. See “– *Conversion of CVP Supply Contract and Related Litigation.*”

Supply Under District CVP Supply Contract. The CVP Repayment Contract provides the District with a supplemental supply source which helps meet projected drought year needs. Under the CVP Repayment Contract, the District is entitled to receive deliveries of up to 133,000 acre-feet per year (119 MGD) of CVP water in a single dry year, and no more than 165,000 acre-feet over the course of any three consecutive dry-years. Any supplemental supply water delivered to the District from sources outside the District’s normal watershed, such as CVP water delivered under the CVP Repayment Contract, is sometimes hereinafter referred to as “Supplemental Supply.”

The Central Valley Project Improvement Act (the “CVPIA”), which was enacted by Congress in 1992, mandated changes in management of the CVP, particularly for the protection, restoration, and enhancement of fish and wildlife. The CVPIA added water for the environment as one of the stated purposes of the project, requiring the dedication of 800,000 acre-feet of CVP water towards the restoration of fisheries as well as firm supplies for wildlife refuges. The CVPIA requires that all CVP contracts contain provisions consistent with the CVPIA, including provisions for conservation and tiered pricing. The District’s executed CVP supply contract is consistent with the CVPIA provisions. Similar to other CVP contractors, the maximum quantity of water made available to the District in any dry year pursuant to this contractual entitlement is subject to shortages in CVP supply and potential reductions in allocations by the Bureau as required to meet the environmental requirements of the CVPIA.

In 2014 and 2015 and again in 2021 and 2022, the District was entitled to receive an allocation of CVP water under its CVP supply contract to provide a source of Supplemental Supply to meet the water demands of its service area since the District’s projected total system storage at the end of each of those Water Years was less than 500,000 acre-feet as a result of then occurring drought conditions. As occurred in 2014 and 2015, due to the severity of the ongoing drought and reduced levels of storage in federal reservoirs, the Bureau reduced allocations of CVP water in 2021 and 2022. The District was entitled to receive up to 33,250 acre-feet of water (25% of its full contractual amount) under its CVP Repayment Contract for the contract year 2021, which commenced on March 1, 2021 and ended on February 28, 2022. The District took delivery through the FRWP of approximately 31,915 acre-feet of such supplies through March 31, 2022 (after obtaining agreement from the Bureau to extend the period for CVP deliveries through such date). Under 2022 allocations of CVP water by the Bureau, for the contract year period of March 1, 2022 through February 28, 2023, the District was entitled to receive only sufficient water under its CVP Repayment Contract to meet public health and safety needs not able to be met by other existing water sources. Since the District had sufficient supplies for public health and safety needs, it did not receive any CVP water under the 2022 allocation.

Conversion of CVP Supply Contract and Related Litigation. On May 24, 2018, the District notified the Bureau of its interest to convert the District’s Long-Term Renewal CVP Contract to a permanent repayment contract as authorized under the Water Infrastructure Improvements for the Nation (“WIIN”) Act. As a condition of conversion to a repayment contract, the District paid in full the estimated CVP construction costs allocated to the District, in the amount of \$3,057,419. The amount paid is subject to adjustment by the Secretary of the Interior following the completion of the 2020 Final Cost Allocation and the final true-up at the end of 2030. The final construction cost will be based on actual deliveries by 2030. The District’s CVP Repayment Contract was executed on February 28, 2020. The CVP Repayment Contract has no termination date and remains in effect as long as the District pays applicable rates and charges, consistent with applicable law. The CVP Repayment Contract maintains all pre-existing essential contract terms of the Long-Term Renewal CVP Contract except it removed the contract’s expiration date of 2046, and it modified the financial terms to reflect the full repayment of the District’s capital obligation for existing CVP facilities. The District’s allocable portion of construction costs for CVP facilities or other capitalized costs incurred after the effective date of the CVP Repayment Contract or not reflected in the District’s capital obligation prepaid will be required to be paid

by the District to the Bureau within the time frame prescribed by the WIIN Act, within five years if less than \$5 million, or over time through the charges paid by the District under the CVP Repayment Contract. Conversion to a permanent repayment contract protects the District's CVP supplemental supply from the uncertainty of regulatory requirements that may exist in 2046.

The Bureau's conversion of CVP contracts held by the District and dozens of other contractors to permanent repayment contracts is the subject of litigation pending in the U.S. District Court for the Eastern District of California. Plaintiffs, comprised of various environmental organizations and the Hoopa Valley Tribe, have challenged the contract conversions under several state and federal environmental laws. The Bureau, other federal agency defendants, and the District and other CVP contractors are defending the Bureau's contract conversion actions. Plaintiffs have asked the Court to set aside the contract conversions. If Plaintiffs prevail, the Court would have the discretion to order a narrower remedy which would leave the District's CVP supply contract in place in either its current permanent or previous "long-term renewal" form. Whether or not Plaintiffs prevail on the merits, the District does not currently expect the pending litigation would affect its ability to exercise its contractual rights to receive CVP water.

Delivery of Supply Under CVP Supply Contract. The Freeport Regional Water Project (FRWP), which was placed into operation on November 15, 2011, provides the permanent infrastructure to allow the District to receive water deliveries pursuant to the CVP supply contract. Water can also be delivered through the FRWP from other supplies such as water transfers. When the FRWP is not being used by the District, the facilities can also be made available to other water providers to "wheel" water through the FRWP/FSCC (as hereafter defined) system to interties with neighboring agencies. See "– Water Facilities – *Freeport Regional Water Project*" for a description of the FRWP.

Supplemental Supply–Water Transfers and Other Arrangements. As contemplated by its Water Supply Management Plan, the District seeks to identify and secure other sources of Supplemental Supply that may be purchased in dry years through water transfers. In 2013, the District executed a memorandum of understanding with the Placer County Water Agency ("PCWA") to develop the terms of a potential long-term water transfer agreement under which the District would purchase 10,000 to 47,000 acre-feet of water released from PCWA reservoirs to the lower American River under certain conditions during dry years pursuant to PCWA's obligations under the Sacramento-area Water Forum Agreement to which PCWA is a party. The water purchased would be diverted to the District at the FRWP intake on the Sacramento River. The memorandum of understanding also guides short-term (annual) water transfers in the interim period until the long-term agreement is executed. The District utilized the memorandum of understanding with PCWA in Water Years 2014, 2015 and 2022 to provide an additional source of Supplemental Supply through one-year water purchase agreements. The Bureau approved the basis of negotiation for the long-term water transfer agreement and negotiations are in progress for the agreement. In addition, work is currently ongoing to complete the environmental reviews and permitting needed to implement the long-term agreement with PCWA.

The District has developed a number of other transfer partners who either have senior water rights on the Sacramento River or have sufficient water supplies and water storage to provide dry year water to the District if needed. The District purchased transfer water in 2015 from two of these entities, Reclamation District 1004 and the Sycamore Mutual Water Company. In 2018, the District signed a memorandum of agreement with Sycamore Mutual Water Company to conduct a feasibility study of a long-term (potentially 10 years) water transfer project that, if implemented, would be expected to yield approximately 5,000 to 7,000 acre-feet of water annually through a rolling crop-idling program. The feasibility study was completed in 2019. Based on the results of the study, the District is currently considering options on proceeding with the implementation of the water project. The next steps of the project would include developing a water transfer agreement with Sycamore Mutual Water Company, conducting the necessary environmental reviews and securing permits from appropriate State and federal agencies.

In 2018, the District also signed a memorandum of agreement with Yuba Water Agency to complete an environmental review of a potential five-year water transfer project that, if implemented, would be expected to deliver 10,000 acre-feet per year during dry years. The environmental review is based on the Yuba Accord which is slated to expire in 2025. Given the expiration of the Yuba Accord in 2025, the District is considering options before proceeding with the environmental review.

The District is pursuing other Supplemental Supply including a potential CVP contract assignment of 10,000 acre feet with Sacramento Municipal Utility District. The water under this agreement, if ultimately executed, could potentially be diverted and stored in an enlarged Los Vaqueros reservoir for delivery in future drought years.

Local Dry Year Supply–Bayside Groundwater Project. The Bayside Groundwater Project, a local supplemental supply project, consists of facilities designed to store treated drinking water in a deep aquifer during wet years for future recovery, re-treatment and distribution to customers during times of drought. Implementation of the project is planned in two phases. The District completed Phase 1 of the Bayside Groundwater Project in December 2009. The Bayside Groundwater Project Phase 1 provides a modest, locally available supplemental water supply that helps reduce the need for rationing in the event of a prolonged drought or an emergency (e.g., earthquake on the Hayward fault). Phase 1 is used to store up to an annual average of one MGD (1,120 acre-feet per year) of water within a deep aquifer that extends beneath the community of San Lorenzo. Primary Phase 1 facilities include an injection/extraction well (and pump), a treatment plant, a groundwater monitoring network and instruments used to measure minute changes (if any) in ground surface elevation (subsidence) during Phase 1 operations. Storage operations take place when water can be made available. Injection into the basin is regulated under a Statewide General National Pollutant Discharge Elimination System (“NPDES”) Permit for Drinking Water System Discharges. The timing and availability of water for injection is limited to wetter years which is a function of permit requirements, availability of pre-1914 water derived from San Leandro Creek, and concurrent operation of the Upper San Leandro Treatment Water Plant. The District first stored (injected) water for an eight-week period beginning on June 2, 2011 and ending at the end of July 2011. The estimated volume of water stored is in the range of 30 to 40 million gallons (92 to 123 acre-feet). Due to the then ongoing drought, no additional water was stored from 2012 through 2016. In 2017 to 2019, hydrologic conditions allowed the District to resume injections. From 2017 through 2019, approximately 18 million gallons of water (55 acre-feet) was injected into the deep aquifer. The District intends to continue to operate Phase 1 facilities in either a storage mode or possibly an extraction mode (based on water supply available for storage and/or drought conditions coupled with the need for water). For extraction, the facility is designed to produce up to 2 MGD over a six-month period, or 1 MGD annual average; a permit from SWRCB must be obtained by the District to extract from the facility. Information gathered from Phase 1 operations will be used in part to determine the feasibility, timing, and scope of Phase 2 relative to the sustainability management criteria in the Groundwater Sustainability Plan for the basin that was adopted in December 2021 and approved by the California Department of Water Resources (“CDWR”) in July 2023. See “Statewide Water Issues – *Groundwater Management Developments*.”

Current Water Conditions

The Water Years 2020 through 2022 combined ranked as the fourth driest three-year period in the District’s 93-year precipitation record. Water Year 2023 began as a dry year. However, conditions improved significantly as the months progressed and between late December 2022 and mid-March 2023, a series of atmospheric rivers occurred in California, bringing extreme precipitation and a massive amount of snow. Water Year 2023 was the third highest runoff year since 1930 with over 1.5 million acre-feet of runoff received in the Mokelumne River watershed. The District began Water Year 2024, which commenced on October 1, 2023, with a provisional estimate of 668,820 acre-feet in total system storage (i.e., Pardee, Camanche and East Bay terminal reservoirs), representing 87% of capacity or 117% of average.

The District monitors precipitation and reservoir levels daily. As of January 1, 2024, the District had 616,020 acre-feet of water stored in all of its reservoirs combined. As of such date, the District's reservoirs were approximately 80% of capacity, or approximately 111% of average (based on the average from 2009-2019). Season-to-date precipitation in the Mokelumne basin was 11.1 inches, or approximately 63% of average (based on 82-year average from 1930-2012). See also “–Water Supply Operations.”

Table 5 sets forth the capacity and water storage levels at the District's water reservoirs as of January 1, 2024. For a description of the District's reservoirs and other Water System facilities, see “– Water Facilities” and “– Dam Licensing and Safety Issues.”

Table 5
DISTRICT WATER RESERVOIRS
Current Capacity and Storage Levels

<u>Data as of January 1, 2024</u>	<u>Capacity (acre-feet)</u>	<u>Current Storage (acre-feet)</u>	<u>% of Capacity</u>	<u>% of Average⁽¹⁾</u>
Mokelumne				
Pardee	203,795	176,420	87%	99%
Camanche	<u>417,120</u>	<u>309,460</u>	74	120
Total Mokelumne	620,915	485,880	78	111
Terminal Reservoirs				
Briones	58,960	56,700	96	106
Upper San Leandro	38,905	33,800	87	123
San Pablo	37,915	28,090	74	102
Chabot	10,350	8,940	86	105
Lafayette	<u>4,250</u>	<u>2,610</u>	61	71
Total Terminal Reservoirs	<u>150,380</u>	<u>130,140</u>	87	108
Total System Storage	771,295	616,020	80	111

⁽¹⁾ Based on 11-year average from 2009-2019.

Source: The District.

Long-Term Water Supply Planning

In 2012, the District updated its long-range planning with its Water Supply Management Plan, extending the planning horizon from 2020 to 2040 (“WSMP 2040”). The WSMP 2040 is revisited and documented in the District's UWMP, which is updated every five years in compliance with State regulatory requirements. The most recent UWMP completed in June 2021 provides an overview of the District's water supply and demand assessments to a planning horizon of 2050 based on a range of scenarios and an opportunity to assess progress made on the WSMP 2040. The UWMP describes a diversified and resilient portfolio which includes recycled water and conservation programs and outlines the strategies to respond to uncertainties in the future. The UWMP also includes as an attachment, the Water Shortage Contingency Plan, which provides guidance for response actions during times of water shortages. See “– Drought Management.”

The WSMP 2040 and UWMP also addresses the uncertainties posed by future climate change through its multi-element approach of demand management and a wide array of potential future supply options. In 2008, the District incorporated climate change into its Strategic Plan. The District's Strategic Plan is reviewed and updated every two years. The District has also prepared a Climate Action Plan that focuses on sustainability and resilience, and acknowledges impacts and vulnerabilities, and includes mitigation measures and adaptation strategies. An interdisciplinary staff committee reviews the evolving science of climate change, assessing potential water supply impacts and vulnerabilities, and developing strategies for adaptation and mitigation.

This information will continuously inform the implementation process for projects and programs in the UWMP. See also “– Climate Change.”

The District has demonstrated its ability to meet expected water demands in the service area and other obligations for the next quarter of a century, under normal conditions. However, during multi-year droughts (under the Drought Planning Sequence), even with customer demand reduction measures in place, the District will need to obtain supplemental supplies to meet customer demands.

As contemplated by WSMP 2040 and described in the UWMP, the District is undertaking efforts to identify and secure sources of supplemental water supply. Water supplies are constantly subject to uncertainties which directly affects the amount and timing of availability of the sources of water. Certain of these activities are further discussed below:

Water Transfer Agreements. As a part of the District’s supplemental supply efforts, the District has pursued opportunities to develop additional dry-year supplies through water transfer agreements and other collaborative arrangements with other agencies. These efforts are primarily focused on opportunities with various entities within Northern California, and specifically within the Sacramento River watershed, with a view toward utilizing the FRWP to move supplies as secured via water transfers. See “– Water Supply – Supplemental Supply–Water Transfers and Other Arrangements.” Future supplemental water supply initiatives expected to be undertaken by the District include pursuing long-term arrangements with sellers that can provide certainty and flexibility to purchase transfer water during drought periods.

Potential Storage Sharing Arrangement. The District identified a possible contractual relationship and/or partnership opportunity with Contra Costa Water District, an adjacent water agency, to secure 30,000 acre-feet of storage in Contra Costa Water District’s Los Vaqueros Reservoir (the expansion of which was completed in 2012 to increase its total storage from 100,000 acre-feet to 160,000 acre-feet). In 2016, the District approved principles of agreement with Contra Costa Water District for the potential use of Los Vaqueros Reservoir; later that year, the District signed a cost sharing agreement with Contra Costa Water District to support planning efforts related to expanding the reservoir from 160,000 to 275,000 acre feet. The District supported Contra Costa Water District in its successful application for State grant funding for the project. In April 2019, the District joined Contra Costa Water District and nine other agencies in executing a multi-party cost sharing agreement to cover ongoing planning and preliminary design activities. In October 2021, the District worked with eight other agencies to form the Los Vaqueros Reservoir Joint Powers Authority (the “LVR JPA”). As part of the LVR JPA, the District is currently negotiating the costs, benefits, and operational priorities associated with the District potentially securing 30,000 acre-feet of storage in connection with the proposed reservoir expansion. If constructed, the reservoir expansion is estimated to be completed by 2031. Increasing available surface water storage could help the District meet demands during dry years. The proposed project, referred to as the Phase 2 Los Vaqueros Reservoir Expansion Project (the “Phase 2 LVR Expansion”) is a regional water storage and conveyance project, led by Contra Costa Water District, that is intended to help improve Delta ecosystem conditions and complement other beneficial uses of Delta water supplies. The primary purposes of the Phase 2 LVR Expansion are to develop water supplies for environmental benefits; improve operational flexibility and result in more reliable supplies for urban and agricultural partners; and increase the San Francisco Bay Area’s ability to respond to drought and other emergencies. Ongoing project activities are partially funded by a grant from the California Water Commission. If Contra Costa Water District is able to secure additional grant funding from the Bureau, it is expected that the Phase 2 LVR Expansion, with an estimated capital cost of approximately \$1.4 billion (in 2023 dollars), could potentially become more than 50% funded by grants. In the event that the District ultimately secures storage rights (as currently envisioned of up to 30,000 acre-feet) in the project, if completed, it is expected that the District would provide water to the Los Vaqueros Reservoir in years when surplus water is available. The District could then obtain water from the reservoir during droughts or regional emergencies. The District is evaluating options to take delivery of water via direct conveyance from Los Vaqueros Reservoir into the District’s system, or alternatively via exchanges with other agencies participating in the expansion project. The District’s execution

of the LVR JPA Agreement and participation in the cost-sharing of planning and design activities does not commit the District to participate in the Phase 2 LVR Expansion project. Any final decision to commit to the project and incur long-term financial obligations for a share of construction costs, or ongoing costs associated with the operation of the project, if ultimately completed, would require Board approval, which is not expected to be considered until sometime in 2024 or later.

Regional Groundwater Banking Options. The District has been exploring groundwater resource development in San Joaquin County. The overdrafted aquifer within San Joaquin County, which is traversed by the Mokelumne River and the District's Mokelumne aqueducts, presented an opportunity for a joint project of mutual benefit. In 2013, a memorandum of agreement was developed and executed by San Joaquin County and the District outlining the roles and responsibilities of the two agencies in connection with implementation of a groundwater banking demonstration project. In 2014, the parties entered into a cost sharing agreement to share the expenses associated with the preliminary engineering, planning and environmental review of the demonstration project. Environmental documentation was completed in 2017. In February 2017, the San Joaquin County Advisory Water Commission voted unanimously to recommend the project to the San Joaquin County Board of Supervisors. In April 2017, San Joaquin County issued the groundwater export permit for the pilot project, which allows up to 500 acre-feet of groundwater to be extracted from a well in the service area of the North San Joaquin Water Conservation District ("NSJWCD") and conveyed to District's Mokelumne Aqueducts for use in the District's service area.

In October 2017, the District executed funding and operations agreements with San Joaquin County and the NSJWCD for the Demonstration Recharge, Extraction, and Aquifer Management ("DREAM") pilot project. The DREAM pilot project provides NSJWCD with up to 1,000 acre-feet of District surface water from the Mokelumne River that participating landowners use for irrigation in lieu of pumping groundwater from the Eastern San Joaquin ("ESJ") Subbasin, thereby storing groundwater for future use. During dry years, the District can recover up to half of the banked groundwater for use within its service area. Operation of the pilot project will enable potential project proponents and participants (which may include NSJWCD, San Joaquin County and/or other local water agencies) to evaluate the feasibility of a permanent banking project in San Joaquin County. The District made its first release to the NSJWCD as part of the DREAM project in 2018. The District has completed the design and construction of facilities to allow it to pump groundwater into its aqueducts for delivery to the District's service area. The first test of the groundwater extraction was completed in early 2023. To date, the DREAM pilot project has operated as envisioned.

If the DREAM pilot project continues to yield positive results, a future expanded project can provide multiple benefits, including replenishment of the critically-over drafted ESJ Subbasin and dry year supplemental water supply for the District.

Bay Area Regional Reliability Partnership. Over the last several years, the District, along with the San Francisco Public Utilities Commission, the Contra Costa Water District, the Santa Clara Valley Water District, the Alameda County Flood Control and Water Conservation District, Zone 7, the Alameda County Water District, the Marin Municipal Water District and the Bay Area Water Supply and Conservation Agency, have been working together to advance the concept of Bay Area Regional Reliability ("BARR").

In 2015, the BARR project received partial funding from the Bureau for completion of a Bay Area Regional Reliability Drought Contingency Plan (the "BARR DCP"). The BARR DCP was completed in December 2017, and one of the early-action drought mitigation measures identified in the BARR DCP was to develop a regional water market program to facilitate voluntary transfers and exchanges and maximize efficient use of existing assets and resources.

In September 2017, the Bureau approved a \$400,000 grant for the BARR partners to identify and define processes to resolve the institutional, regulatory, and operational issues associated with water sharing among the BARR partner agencies during drought or other shortages. As part of this effort, the District,

together with six BARR partners, initiated the Bay Area Shared Water Access Program (“SWAP”) in the summer of 2019. The goal of the Bay Area SWAP is to develop a Strategy Report outlining an implementation plan that will facilitate water transfers to and exchanges within the Bay Area, leveraging existing infrastructure and institutional agreements. The participating BARR partners submitted the Strategy Report to the Bureau in 2023.

Water Conservation

The District completed its first Water Conservation Master Plan in 1994. Since that time, this document has served an important role in guiding and tracking the development of District’s conservation program. The 2021 update, which renamed the plan the Water Conservation Strategic Plan, includes existing and planned efforts to support meeting long-term water conservation planning goals to the year 2050. It presents a phased implementation of conservation measures based on threshold water production and customer demand levels designed to achieve a cumulative 70 MGD of water savings by 2050.

The Water Conservation Strategic Plan details water conservation programs, methodologies, and goals that are established in water supply planning and mandated by community-wide regulation or statute. It defines the implementation strategies, objectives, and tactics required to achieve long-term water conservation savings, presenting a ten-year implementation schedule for water conservation programs required to help meet the need for water. The ten-year planning horizon allows the District to emphasize emerging water-efficient technology and recent and anticipated regulatory and legislative code changes. The Water Conservation Strategic Plan shows how the District expects to meet the requirements of existing and emerging State regulations, including the Long-Term Framework legislation passed in 2018 (SB 606 and SB 1668). The Long-Term Framework legislation sets water use efficiency requirements that utilities must meet beginning in 2025. The District’s early adoption and investment in water conservation and water recycling programs and strong customer response in reducing water use overall and during times of drought have positioned the District well to meet the mandated State water use objectives.

Drought Management

Droughts are common in California and have occurred several times in the last several decades including in 1976-1977, 1987-1992, 2007-2009, 2012-2016, and most recently, 2020-2022. In dry periods, the District will generally meet demands through a combination of voluntary water conservation efforts, utilization of available storage (not below certain threshold levels) and Supplemental Supply resources, including supplies available under its CVP Repayment Contract, and when appropriate, implementation of mandatory use restrictions.

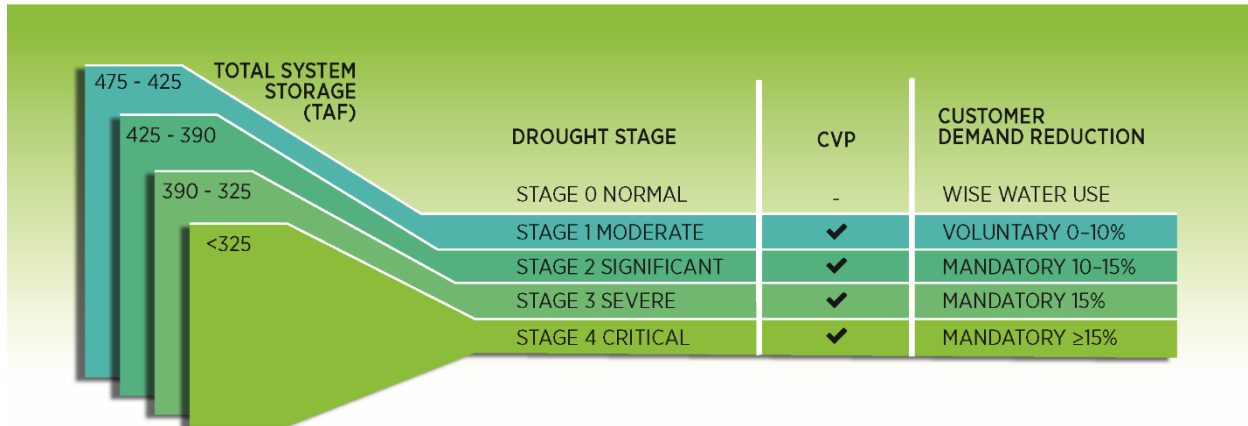
In compliance with State requirements, the District’s UWMP (described under “– Long-Term Water Supply Planning”) includes a Water Shortage Contingency Plan detailing the planned actions the District would take in response to six water shortage levels, varying from a 10% shortage to a more than 50% shortage, due to drought conditions or a catastrophic supply disruption from an earthquake or other emergency. Historically, the District plans for and implements drought response in accordance with its Water Shortage Contingency Plan, which includes DMP Guidelines, as outlined in the District’s UWMP. The District’s declarations of drought have been typically driven by local conditions. Under a drought scenario, declaration of a drought and its associated severity, or drought stage, is tied to the District’s projected total system storage at the end of the Water Year. As the District’s projected total system storage at the end of the Water Year decreases, the severity of the drought increases, with a corresponding “ramp up” in drought actions, including the acquisition of Supplemental Supply resources and increasing levels of customer demand reduction.

The District’s DMP provides a framework to manage customer demand and pursue a diversified portfolio to reach a goal of providing 85% reliability for customers in the District’s service area while continuing to meet all stream flow obligations on the lower Mokelumne River. The DMP guided the District

in managing demand and supply during the 2014-2016 drought when mandatory and voluntary rationing were imposed, and water supplies were limited. During that drought, the District faced unanticipated constraints and updated and implemented measures to assist with demand and supply management. The DMP was revisited to reflect lessons learned and actions that were taken.

The District performed modeling to better understand the effects of various actions on operations, instream-flow requirements, and customer rationing. The results provided a basis to develop the revised drought stages and associated response actions as outlined in the figure below.

FIGURE W-5 DROUGHT MANAGEMENT PROGRAM GUIDELINES



TOTAL SYSTEM STORAGE includes Pardee, Camanche, Upper San Leandro, Briones, Lafayette, Chabot, and San Pablo Reservoirs

CVP - Central Valley Project

The DMP Guidelines are designed to be used by District staff in evaluating the District’s annual water supply as part of the Water Supply Availability and Deficiency Report prepared by staff for presentation to the Board each spring. The DMP Guidelines, as revised, provide established parameters for the level of rationing the District may consider and the amount of supplemental supply that the District may require based on the District’s projected total system storage at the end of a Water Year. The revised DMP Guidelines incorporate a four-stage system for classifying the level of drought severity, consistent with the rate design structure adopted by the Board in 2015. See “WATER SYSTEM FINANCES – Drought Surcharges.”

The District adopted its updated Water Shortage Contingency Plan on June 22, 2021. The Water Shortage Contingency Plan, as updated, provides the District with additional flexibility to consider earlier drought actions and to address potential scenarios in which State-mandated water use reduction requirements exceed water use reductions that would otherwise be called for based upon the District’s End-of-September total system storage. The Water Shortage Contingency Plan defines an orderly process for collecting information on water supply availability, assessing conditions, determining fiscal actions, allocating resources, enforcing regulatory water use restrictions, monitoring customer response, and planning and implementing drought communications. The Water Shortage Contingency Plan describes the District’s actions to implement and enforce regulations and restrictions for managing a water shortage when it declares a water shortage emergency under the authority of the Water Code. It also describes the District’s planned actions to manage supply and demand before and during a water shortage to ensure a reliable water supply. The Water Shortage Contingency Plan identifies the types of programs and actions that the District might undertake at each stage of drought (and the targeted level of voluntary or mandatory water use reduction to be applied) for the applicable total system storage scenario. Such programs and actions include, among other things, customer outreach and public information campaigns, distribution of water saving devices, water use restrictions, and imposition of corresponding drought surcharges and excess use penalties.

The District has been undertaking capital investment and planning activities for decades in order to position itself to manage through droughts. The District's investments in conservation, recycling and the construction of the FRWP facilities to deliver water from the Sacramento River to the East Bay were key components of the District's successful management of its water supply through the 2014-2016 drought, the driest four year period in the history of the District, as well as the most recent 2020-2022 drought.

The District's comprehensive approach to drought response planning also includes managing the fiscal challenges posed by multi-year drought conditions. As discussed herein, the FRWP (together with certain integrated District facilities) is utilized by the District during dry years when the District's contractual right to CVP water is made available. The FRWP system also provides a means of transport to allow the District to take deliveries of other sources of Supplemental Supply from outside the District's normal watershed when secured by the District during dry years through negotiated contractual arrangements such as water transfers. Operation of the FRWP results in additional costs of water supply to the District as compared to water from the District's Mokelumne River supply. These costs include: (i) the purchase cost of the water, payable to the Bureau for CVP water or to another party in connection with any water transfer or other contractual arrangement for Supplemental Supply that may be secured by the District; (ii) the costs to convey the water from the FRWP intake to the District's Water System, which include operations costs and energy for pumping; and (iii) additional treatment costs as this supply is typically treated at the District's full conventional treatment plants which are more expensive to operate than the District's largest direct filtration plants.

Since June 2015, the District's rates and charges have included a staged system of drought rates. The specific drought surcharges are adopted along with the District's regular rates and charges, following a process which complies with the requirements of Proposition 218 and other applicable laws. The drought surcharge raises funds necessary to cover the District's water-shortage related costs noted above, as well as increased conservation and public outreach messaging, increased customer account management services, and revenue loss due to conservation. The District also maintains significant reserves in its Rate Stabilization Fund that may be drawn upon as a funding source for drought response costs. See "WATER SYSTEM FINANCES – Drought Surcharges" and "– Financial Management Policies."

Water Rights and Related Proceedings

General. The District's appropriative rights to its Mokelumne River water supply include a license, which has a priority date of 1924, entitling the District to divert up to 200 MGD (approximately 224,000 acre-feet per year) to its service area from the Mokelumne River, and a permit, which has a 1949 priority date, entitling the District to divert up to an additional 125 MGD (approximately 140,000 acre-feet per year) of Mokelumne River water to the service area. The District's license and permit for its Mokelumne River water rights are issued by the SWRCB. In August 2016, the District's Mokelumne River permit was extended to 2040, allowing the District additional time to demonstrate buildout demand prior to perfecting the right through permanent licensure.

In addition to the water rights described above, the District also has a series of rights for the production of hydroelectric power at Pardee and Camanche Dams, and holds rights associated with its local reservoirs.

As previously noted, the State has placed conditions on operations in the District's Mokelumne River water rights requiring that minimum releases be made from Camanche Reservoir for the protection of anadromous fisheries. The District has entered into a series of agreements with State and federal agencies which are incorporated into its water rights and implemented through the annual Water System operations plan. Pursuant to the 1998 JSA, the District's required minimum releases from Camanche Reservoir to satisfy its obligations for the protection of fisheries resources are adjusted to reflect the time of year and type of JSA Water Year. Notably, the 1998 JSA is a multi-party agreement that provides for mitigation of the impact of the construction of Camanche Dam and Reservoir on historical spawning grounds for anadromous fish. Through prudent and adaptive management, it is expected that the Mokelumne River will experience a record return of

Fall Run Chinook Salmon in JSA Water Year 2024, reaching over 26,000 salmon returning to the Mokelumne. See also “– Water Supply – *Mokelumne River Watershed*.”

Bay-Delta Water Quality Control Plan Proceedings. The Mokelumne River is a small tributary to the Sacramento-San Joaquin Delta. As the agency responsible for setting water quality standards and administering water rights throughout California, the SWRCB exercises its regulatory authority over the Bay-Delta by means of public proceedings leading to regulations and decisions that can impose restrictions on water rights holders. These include the Water Quality Control Plan (“WQCP”) for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary, which establishes the water quality objectives and proposed flow regime of the estuary, and water rights decisions, which assign responsibility for implementing the objectives of the WQCP to users throughout the system by adjusting their respective water rights permits.

The WQCP gets reviewed periodically. The last review was completed in 2006. In 2009, the SWRCB noticed its intent to update the water quality objectives of the 2006 WQCP and the program of implementation, with the potential to result in impacts to water rights and the issuance of water quality regulations consistent with the program of implementation. The SWRCB’s current review and update of the WQCP is being undertaken in phased proceedings, which are ongoing. The District is a party to the WQCP proceedings.

In 2010, as required by the Sacramento-San Joaquin Delta Reform Act of 2009, the SWRCB adopted its Delta Flow Criteria Report for the Sacramento-San Joaquin Delta, defining the timing and volume of water that will be required for a healthy Sacramento-San Joaquin Delta ecosystem. The report suggested that recent record levels of water diversions are unsustainable and that protecting the Sacramento-San Joaquin Delta’s fisheries will require flows that more closely approximate the natural hydrograph.

In December 2018, following a several years-long process, the SWRCB adopted “Phase 1” plan amendments to the WQCP and the accompanying final environmental documents to support new flow standards for the Lower San Joaquin River and its three major tributaries (the Stanislaus, Tuolumne and Merced Rivers) and revised southern Delta salinity objectives. The Phase 1 plan amendments include certain “unimpaired flow” requirements on the three San Joaquin River tributaries. “Unimpaired flow” is the flow that would occur without water diversions with existing channel configurations. Various stakeholders have filed suit against the SWRCB challenging these amendments.

A framework document for the “Phase 2” plan amendment process, focused on the Sacramento River and its tributaries, Delta eastside tributaries (including the Calaveras, Cosumnes, and Mokelumne Rivers), Delta outflows, and interior Delta flows, was released by the SWRCB in July 2018. The framework document described certain changes, including certain unimpaired flow requirements for the Sacramento River and its salmon-bearing tributaries, that would be proposed by the SWRCB through formally proposed plan amendments and supporting environmental documents unless it approves an alternative.

The SWRCB has also encouraged all stakeholders to work together to reach one or more voluntary agreements for consideration by the SWRCB that could implement the proposed amendments to the WQCP through a variety of tools, including non-flow habitat restoration for sensitive salmon species, while seeking to protect water supply reliability. Multiple public water agencies, with the support of the Governor, worked with CDWR and CDFW to develop voluntary agreements focused on more qualitative water quality objectives and to facilitate a more flexible implementation of the WQCP updates. To be implemented, any voluntary agreement package of agreed upon flow and non-flow measures would need to be reviewed by the SWRCB and formally considered and adopted as part of a comprehensive update to the WQCP. In 2022, the District joined other water users and several State agencies in signing a Memorandum of Understanding advancing a term sheet for voluntary agreements to implement and update Phase 2 of the Bay-Delta WQCP proceedings. Under the terms of the Memorandum of Understanding, the District and other water agencies proposed flow and non-flow measures to improve the health of the Bay-Delta. The District worked with partners on the Mokelumne River to develop a proposal that would build upon the successful implementation of the 1998 JSA

over the last 20 years to enhance the protection of lower Mokelumne River fishery resources (discussed above). Specifically, the District proposed an increase in releases from Camanche Reservoir during certain year types, creation of instream rearing and floodplain habitat, and a financial contribution to a system-wide water purchase program. In January 2023, the SWRCB released a draft supplement to its Scientific Basis Report that evaluated the voluntary agreement. The District believes the voluntary agreement, unlike the “unimpaired flow” alternatives discussed below, would provide ecosystem benefits without significantly degrading the existing levels of water supply reliability and affordability.

In September 2023, the SWRCB released a draft Staff Report/Substitute Environmental Document (the “SWRCB Staff Report”) relating to the potential Phase 2 updates to the WQCP for the Sacramento River watershed, Delta eastside tributaries (including the Calaveras, Cosumnes, and Mokelumne Rivers), interior Delta, and Delta. The SWRCB Staff Report analyzes several alternatives for Phase 2, including the proposed voluntary agreements, along with additional alternatives, including an alternative based on the 2018 framework document that would establish a Delta inflow objective requiring the Mokelumne River and certain other tributaries to maintain inflows at a certain percentage of unimpaired flow, and two “modular alternatives” that could require cutbacks in diversions during dry years to meet Delta flow and water quality requirements. The SWRCB Staff Report describes certain proposed Phase 2 plan amendments which include the 55% unimpaired flow Delta inflow water quality objective identified in the 2018 framework document, but the SWRCB has not made a decision yet and all options described in the SWRCB Staff Report remain under consideration. The SWRCB is seeking public comment on the draft SWRCB Staff Report to help inform the SWRCB’s planning process. The eventual consideration by the SWRCB of adoption of Sacramento/Delta updates to the WQCP is expected to occur in December 2024 or later.

Based on the District’s review of the SWRCB Staff Report and the alternatives being considered by the SWRCB, if the SWRCB were to ultimately adopt and implement a percent of unimpaired flow alternative, there is the potential for significant cutbacks in water supplies, relative to both the District’s existing water supply and to the expected water demand of its customers. According to modeling performed by the SWRCB and included in the SWRCB Staff Report, the proposed plan amendments alternative based on the 2018 framework document, which would establish a water quality objective of maintaining 55% of unimpaired flow (within a range of 45-65%), would result in very significant annual cutbacks in the District’s water supply. The SWRCB’s modeling of the 55% alternative indicates the District’s water supply would fall short of assumed customer demand by a very significant margin in virtually every year. The modeling indicates the “low flow” alternative of 35% unimpaired flow would cause lesser but still significant impacts on the District’s water supply, resulting in water supply shortages relative to expected demand, in most years. The proposed “drought modules,” which could be combined with the percent of unimpaired flow alternatives or the voluntary agreement alternative, could result in reductions to the District’s water supply during certain drought years.

The District believes that a 55% unimpaired flow water quality objective, if ultimately adopted and implemented, would significantly degrade the District’s ability to maintain existing levels of water supply reliability for its customers from currently available sources of water supply. The SWRCB Staff Report acknowledges the proposed unimpaired flow alternative may cause a significant impact to the District’s water supply. The SWRCB Staff Report proposes that impact could be mitigated if the District develops an alternative supply portfolio. The District believes the SWRCB Staff Report overstates the feasibility of developing these supplies and significantly understates the costs to do so. The District would attempt to mitigate the water supply impact of an unimpaired flow objective if the SWRCB implements one, but the District’s ability to secure an adequate replacement water supply at a feasible cost is not assured.

In addition, the water supply impacts expected to result from any SWRCB implementation of an unimpaired flow objective, and/or one or more of the proposed drought modules, would have significant ripple effects, including impacts on water affordability, housing, and hydropower generation. The unimpaired flow alternatives would also make it more challenging to manage water temperatures on the lower Mokelumne River which could adversely impact fish survival.

The District submitted a detailed comment letter to the SWRCB in response to the draft SWRCB Staff Report describing its serious concern with the proposed unimpaired flow alternatives. In addition, the District will continue to pursue a voluntary agreement alternative for the WQCP amendments that would seek to minimize significant changes in operations or significant impacts to its water rights as a result of the WQCP proceedings.

The District is unable to predict the outcome of the ongoing WQCP proceedings, including whether the SWRCB will ultimately select the voluntary agreement alternative, an unimpaired flow alternative, or another approach. It is also unknown how the SWRCB would implement and enforce an unimpaired flow water quality objective, if it chooses that alternative. Additional information is expected later in 2024. As noted above, the eventual consideration by the SWRCB of adoption of Phase 2 plan amendments to the WQCP, for the Sacramento-San Joaquin Delta and its tributaries, including the Mokelumne River, is expected to occur in December 2024 or later.

Water Facilities

As described herein, the District captures rain and melted snow within the 627-square mile protected watershed of the Mokelumne River and collects it at Pardee Reservoir, just over 90 miles east of the Bay Area. Downstream from Pardee Reservoir, Camanche Reservoir stores water to meet the needs of fisheries, riparian habitat and downstream water-rights holders, and provides flood control. Raw or untreated water is transported from Pardee Reservoir west via three parallel aqueducts to East Bay water treatment plants or terminal reservoirs, and from there to 170 local reservoirs and 4,200 miles of distribution pipeline. The District also has its CVP Repayment Contract with the Bureau for a supplemental water supply from the Sacramento River in dry years. When needed, the water is conveyed through the FRWP jointly owned by the District and Sacramento County. Each of the primary facilities of the District's water delivery system are more fully described below. See also “– Seismic and Wildfire Matters – *Seismic Considerations*” for a discussion of seismic improvements made by the District to enhance the reliability of its water delivery system.

Pardee Reservoir. The District's Mokelumne River water is collected and stored at Pardee Reservoir, located in the Sierra Nevada foothills approximately 90 miles east of the District and 38 miles northeast of Stockton. Pardee Reservoir has a storage capacity of 203,795 acre-feet.

Camanche Reservoir. Camanche Reservoir is located ten miles below Pardee Reservoir on the Mokelumne River. Camanche Reservoir has a capacity of 417,120 acre-feet.

Although only Camanche Reservoir is designated to provide flood control (and regulated via the U.S. Army Corps of Engineers), in practice, elevations in both Pardee and Camanche Reservoirs are managed to provide necessary flood control storage. As described herein, operations of both of these District facilities are regulated through reservoir elevations and river flow requirements for a variety of purposes besides water supply for the District, including meeting the supply needs of other legal users of water downstream, temperature control, recreation and power generation.

Terminal Reservoirs. Five terminal reservoirs located within the District's service area combine for a storage capacity of approximately 150,380 acre-feet: San Pablo (with a capacity of 37,915 acre-feet), Briones (with a capacity of 58,960 acre-feet), Lafayette (with a capacity of 4,250 acre-feet), Upper San Leandro (with a capacity of 38,905 acre-feet) and Chabot (with a capacity of 10,350 acre-feet).

Aqueducts. Raw untreated water is transported 91.5 miles from Pardee Reservoir, through the Pardee Tunnel, the Mokelumne Aqueducts and the Lafayette Aqueducts, to the District's service area, where it is stored in terminal reservoirs or delivered directly to treatment plants prior to distribution. The Pardee Tunnel is an 8-foot high horseshoe structure and is 2.2 miles long. The three Mokelumne Aqueducts are designed to deliver a combined flow of 200 MGD under gravity flow, and approximately 325 MGD with existing pumping

facilities. The first Mokelumne Aqueduct is 5-feet, 5-inches in diameter, the second is 5-feet, 7-inches in diameter, and the third is 7-feet, 3-inches in diameter. All are steel pipelines extending 81 miles from the Pardee Tunnel to the east end of the two Lafayette Aqueducts in Walnut Creek. Approximately nine miles of pipeline is above-ground and the balance is below-ground.

Lafayette Aqueduct No. 1 is a 9-foot in diameter circular concrete pipe and three tunnels that extend 7.1 miles from Walnut Creek to the Orinda Filter Plant. Lafayette Aqueduct No. 2 is a 9-foot in diameter concrete pipe with seven tunnels extending 7.3 miles from the Walnut Creek Water Treatment Plant to the Briones Diversion Works near Orinda. The supply is then pumped (or diverted) through the 7-foot, 6-inch diameter steel Briones Aqueduct into Briones Reservoir, discharged into San Pablo Reservoir, or diverted through the 7-foot, 6-inch diameter steel Orinda Raw Water Line to Orinda Filter Plant. Either or both Lafayette Aqueducts can be used to divert Mokelumne River water from Pardee directly or indirectly to all of the District's water treatment plants.

The Mokelumne Aqueducts cross the Sacramento-San Joaquin Delta for about fifteen miles and are protected by 55 miles of levees maintained by five reclamation districts governing Lower Roberts, Woodward Island, Orwood and Palm, Jones Tract, and Sargent-Barnhart Tract. The District has established a multi-pronged approach to protect the aqueducts from flooding and to recover from failures. These strategies include levee strengthening, aqueduct interconnections, and standby materials and supplies to respond to an emergency.

Since 2010, the District has worked with the five reclamation districts to obtain \$57.3 million in funding for levee strengthening and to purchase emergency supplies, with the District providing the \$8.3 million local cost share. This funding was used to bring over 40 miles of levees, adjacent to the Mokelumne Aqueducts, up to the U.S. Army Corps of Engineers' standards and to purchase materials and supplies to facilitate emergency response. These levee improvements substantially improve the stability of the levees and help protect the District's water supply and the region's agriculture, cultural, and historical resources, as well as the ecosystems in the Delta. The District makes \$0.5 million annual property assessment payments to support ongoing operation and maintenance of levees.

The District has also constructed interconnections to the three Mokelumne Aqueducts on each side of the Delta. These interconnections are designed to allow the District to restore 77% of the raw water system capacity with only one pipe in operation across the Delta. The District has six months of storage locally to serve its customers during an outage of the raw water system resulting from a failure in the Delta. This will bolster the resilience of the District's water supply system by enabling a rapid return to service after a failure, with sufficient capacity to meet customer needs and begin to recover local storage.

Freeport Regional Water Project. The FRWP is a regional water supply project undertaken by the District in partnership with the Sacramento County Water Agency ("SCWA"). In February 2002, with the support of the Bureau, the District and SCWA formed the Freeport Regional Water Authority (hereinafter, "FRWA") under a joint powers agreement to develop the FRWP. As described herein, the FRWP provides the permanent infrastructure to allow the District to receive water deliveries pursuant to its CVP Repayment Contract at a new point of diversion along the Sacramento River. See "*Water Supply-Supplemental Supply-United States Bureau of Reclamation Central Valley Project Contract*." The capacity of the FRWP was designed to deliver up to 100 MGD of supplemental water supplies to the District in dry years and up to 85 MGD to SCWA in all years. The combined FRWP system was placed into commercial operation in November 2011.

The District has entered into a Dedicated Capacity Purchase Agreement, dated as of May 1, 2007 (the "Dedicated Capacity Purchase Agreement"), by and between FRWA and the District, relating to the FRWP. Pursuant to the Dedicated Capacity Purchase Agreement, FRWA sells to the District and the District acquires 100 MGD of capacity in the FRWP ("Dedicated Capacity") in accordance with the Second Amended Joint

Exercise of Powers Agreement Concerning the Freeport Regional Water Authority dated as of November 20, 2006 (the “FRWA JPA Agreement”). The purchase price of the Dedicated Capacity has been paid by the District as a portion of the District’s capital cost of the FRWP in accordance with the FRWA JPA Agreement. In the event of future capital improvements to the FRWP, the District may be required to make additional capital contributions for its share of such costs pursuant to the FRWA JPA Agreement.

The FRWP diverts water from the Sacramento River near the community of Freeport and conveys this water through a pipeline to a turnout serving SCWA’s Vineyard Water Treatment Plant. Beyond this turnout, the pipeline extends to the Folsom South Canal (“FSC”) as a District-only asset. Water can also be delivered to the District through the FRWP from other Supplemental Supply such as water transfers. CVP or transfer water received by the District is treated at existing District treatment facilities prior to delivery to customers. Short-term storage, if needed, is provided at the District’s terminal reservoirs, including its San Pablo, Upper San Leandro, and Briones Reservoirs.

The FRWP includes a number of significant components. Chiefly, the components consist of an intake and pumping plant, approximately 18 miles of pipeline, various easements and rights-of-way, and a communications system. The capacity of the intake and pumping plant is 185 MGD. The pipeline includes a 7-foot diameter segment which runs from the intake to the SCWA turnout, and a 5-foot, 6-inch diameter pipeline segment which supplies SCWA’s Water Treatment Plant. A 6-foot diameter pipeline segment owned by the District continues for another four miles and discharges to the FSC. Fiber optic and radio systems link project facilities and key outside agencies. Downstream of the FSC, which is owned by the Bureau, District facilities convey water derived from the FRWP to the District’s Mokelumne Aqueducts via two pump stations (Clay Pump Station and Camanche Pump Station) and an additional 19 miles of pipeline. The southern system (known as the FSC Connection or the “FSCC”) is a District-only element, and includes two 100 MGD pumping plants (an intake and a pumping plant at the terminus of the FSC and a high head pumping plant near Camanche Reservoir).

Raw Water Pumping Plants. The majority of the District’s Water System is gravity-supplied, with seasonal pumping when demand is high enough. Walnut Creek No. 1, No. 2 and No. 3 Pumping Plants increase the capacities of the Mokelumne Aqueducts. When operating, these three pumping plants increase the combined capacity of the aqueducts to approximately 325 MGD. The Moraga Pumping Plant and Aqueduct supply water from the Lafayette Aqueducts to Upper San Leandro Reservoir. The plant’s four pumps have a combined delivery capacity of 105 MGD; however, the configuration of the existing outlet limits delivery to a maximum rate of 67 MGD. The Moraga Aqueduct is six miles of 5.5-foot, 5-foot and 4-foot diameter steel and concrete pipe between Lafayette and the Upper San Leandro Reservoir near Moraga. The Briones Pumping Plant and Aqueduct were placed in service following completion of Briones Reservoir. These facilities supply Briones Reservoir with Mokelumne River water. The four pumps in the Briones No. 2 Pumping Plant can deliver up to a total of 60 MGD.

Tunnels. Untreated water from San Pablo Reservoir is delivered to Sobrante Treatment Plant through a 5-foot, 6-inch diameter steel pipe; water from the Upper San Leandro Reservoir is delivered to the Upper San Leandro Treatment Plant through a 1.35 mile, 6-foot, 6-inch diameter horseshoe tunnel. The San Pablo Tunnel is 5-feet in diameter and can carry water 2.57 miles from the San Pablo Reservoir to the standby San Pablo Water Treatment Plant.

Treatment Plants. Water delivered to the District’s customers is first treated at one of six treatment plants. The six water treatment plants in the District’s Water System are capable of filtering and processing a combined total of approximately 390 MGD. The water treatment plants are Upper San Leandro in Oakland, San Pablo in Kensington (standby only), Sobrante in El Sobrante, and plants located in and named for Orinda, Lafayette and Walnut Creek. Orinda Water Treatment Plant is the largest, with a peak capacity of 190 MGD.

Distribution Facilities. From the Orinda Water Treatment Plant treated water is carried 3.41 miles through the Claremont Tunnel, a 9-foot diameter horseshoe bore to three distribution aqueducts. The water distribution network includes over 4,200 miles of pipe, 128 pumping plants and 165 neighborhood reservoirs (including approximately 143 above-ground concrete or steel reservoirs and 18 covered treated water reservoirs/clearwells, impounded by earth dams, including three that are currently out of service, one of which is being replaced by two pre-stressed concrete tanks), having an operating capacity of 636 million gallons. The District's service area is divided into 124 pressure zones, ranging in elevation from sea level to 1,450 feet. About 60% of treated water is distributed to customers by gravity flow.

Pardee and Camanche Hydropower Plants. The District operates hydropower plants at Pardee and Camanche Reservoirs pursuant to a Federal Energy Regulatory Commission ("FERC") license. The District's Pardee and Camanche hydropower plants are licensed as one project, the Lower Mokelumne River Project No. 2916. The current FERC license for these hydropower plants expires on March 31, 2031. These plants generate 185 million kilowatt hours of electricity in normal rainfall years. Other than a small amount of power being used at the District facilities at Pardee and Camanche, the power produced is currently being sold by the District to Marin Clean Energy ("MCE"), under a 10-year power purchase agreement which expires on June 30, 2025. See "WATER SYSTEM FINANCES – Power Sales Revenues."

Regional Intertie. In 2007, the District, Hayward and SFPUC completed an intertie to allow for 30 MGD of water to be conveyed between the District and SFPUC water systems via Hayward's distribution system. This project, which was funded by the participating agencies and the State through a Proposition 50 grant, provides the District and neighboring agencies increased flexibility to provide water throughout the region during an emergency. The intertie allows sharing of water among the parties during emergencies or planned critical work on facilities that would be difficult to remove from service without an alternative water source. The project consisted primarily of improvements within Hayward's water system, although there were associated minor improvements in the District and SFPUC systems.

See also "– Capital Improvement Program" for a discussion of the District's current five-year capital plan for the maintenance and improvement of its infrastructure and facilities.

Water Supply Operations

General. As described above, the District's water supply system consists of an integrated network of reservoirs, aqueducts, raw water pumping plants, treatment plants, and distribution facilities that extend from its principal water source, the Mokelumne River watershed basin in the Sierra Nevada range, across the San Francisco Bay/Sacramento-San Joaquin Delta, to the East San Francisco Bay Area. Set forth on the following page is a location map depicting the District's water supply system facilities.

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Streamflow from the Mokelumne River is collected and stored in the District's Pardee and Camanche Reservoirs, located in the Sierra foothills. Raw water from Pardee Reservoir is transported to the East Bay terminal reservoirs and treatment plants through the Pardee Tunnel, the three Mokelumne Aqueducts, and the Lafayette Aqueducts. The raw water is treated at one of the District's treatment plants before being delivered to customers.

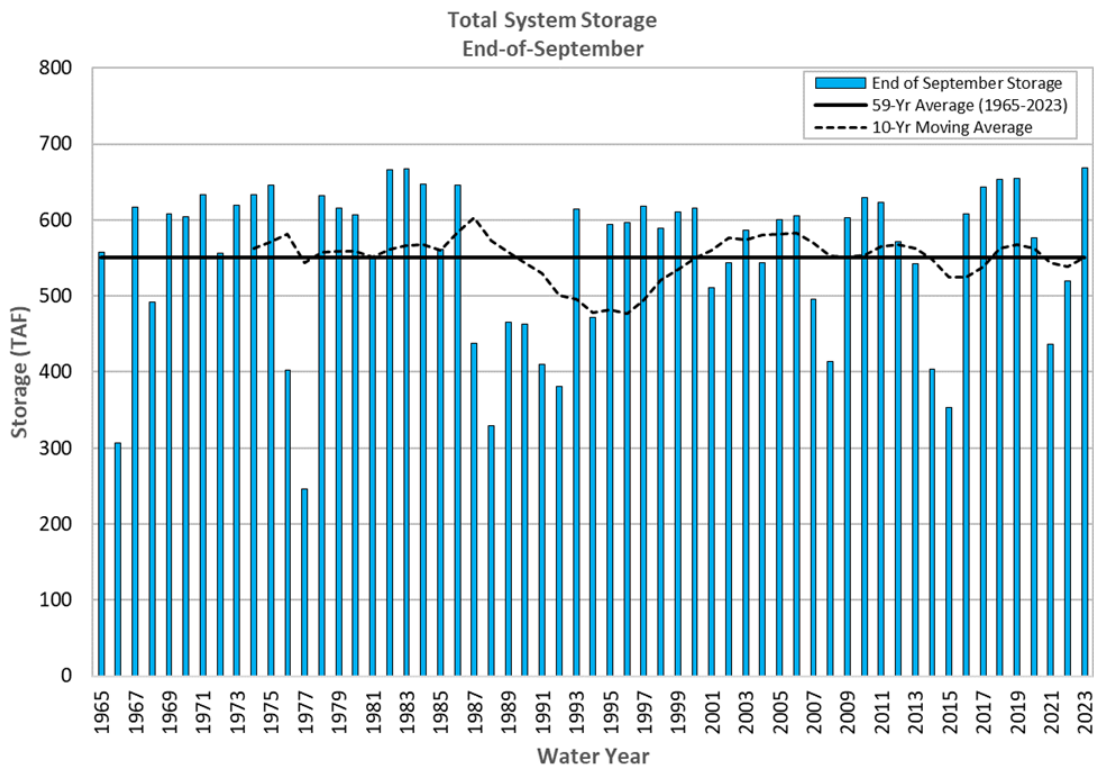
The District operates the Water System to achieve multiple objectives. These objectives are to provide municipal water supply benefits, stream flow regulation, fishery/public trust interests, flood control, recreation, temperature management and obligations to downstream diverters. All of the components of the system, including Pardee and Camanche Reservoirs, the Mokelumne Aqueducts, and the East Bay terminal reservoirs are interdependent; for this reason, the District develops an annual operations plan for the entire water supply system. The annual water supply operations plan includes scheduled operations from April through September and identifies all District requirements.

The District plans its operations according to three projections: the CDWR April 1st Water Supply Forecast, the District's End-of-September (the end of the Water Year) projected total system storage, and the District's projected November 5th combined storage for Pardee and Camanche Reservoirs. Reservoir storage levels are required to be reduced by November 5th of each year to maintain the minimum level of available space necessary for flood control purposes. The projected November 5th combined storage for Pardee and Camanche is also utilized in determining the required releases for fish flows for the October through March period each year. The District monitors projections throughout the year and adjusts reservoir operations, as conditions change, to meet its goals, objectives and requirements.

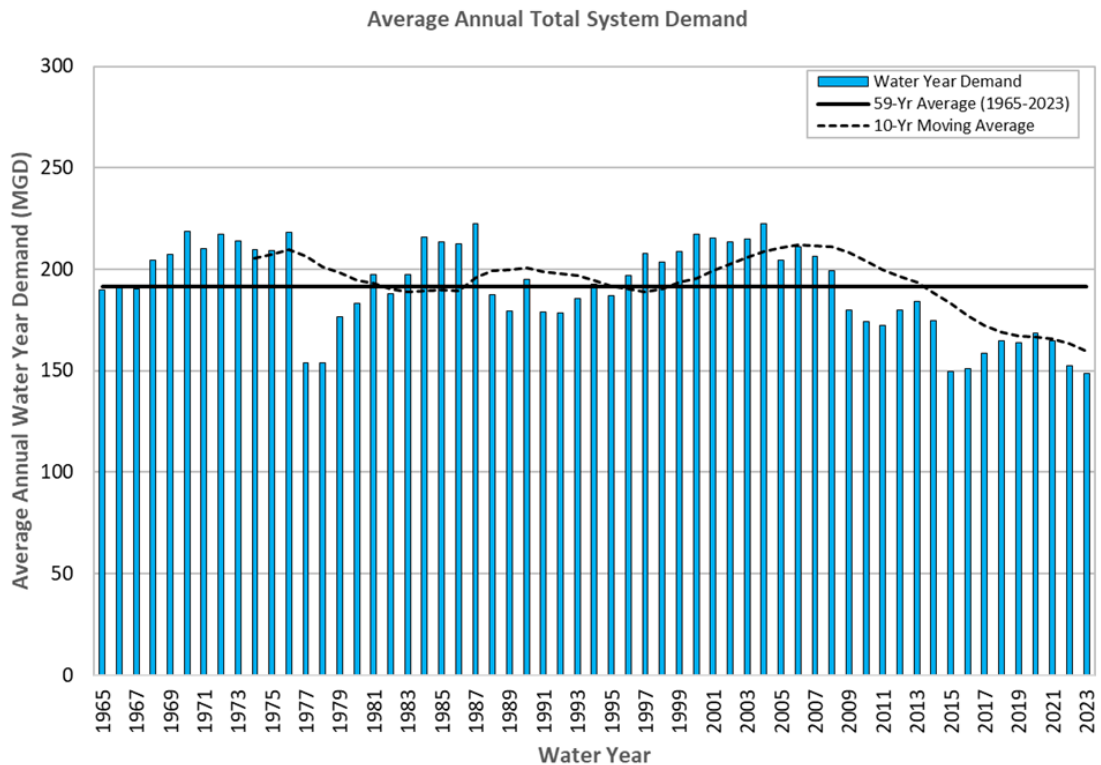
The District begins the Water Year by committing to provide the required minimum fish flows, associated with the projected November 5th storage levels for Pardee and Camanche Reservoirs, for the period October through March. Through fall and winter, the District continues to track rainfall, runoff, storage and demand to reassess reservoir operations as needed.

On April 1st of each year, CDWR releases its snow survey water supply forecast of runoff for the Mokelumne River. The District uses the forecast to develop its Annual Water Supply Operations Plan, in which it schedules operations to meet all requirements according to the forecast for the period April through September. Scheduled operations include Camanche Reservoir releases in accordance with the prescribed flow requirements. Certain obligations are not triggered if projected storage elevations for End-of-September and November 5 in Pardee and Camanche Reservoir storage are too low. As required by the District's Water Supply Availability and Deficiency Policy, the District Board is informed of the forecasted water supply condition for the end of the Water Year on September 30th. The September 30th storage forecast is used to determine if drought management measures will need to be implemented to reduce demand to ensure sufficient carryover storage for the following year. If dry year conditions exist (*i.e.*, projected total system storage on September 30th is less than 500,000 acre-feet), the Board will typically consider implementing demand management measures for the rest of the Water Year if the projected storage is significantly below 500,000 acre-feet. Projected End-of-September storage is required to be less than 500,000 acre-feet for the District to be able to utilize the Supplemental Supply made available under the CVP Repayment Contract.

The graph on the following page shows historical End-of-September storage from 1965 to 2023. The driest period for the District during such time period was 1976 to 1977. The longest dry period during such time frame was the extended drought from 1987 to 1992. The highest runoff volume in the Mokelumne River watershed on record occurred in 2017.



Set forth below is a graph depicting the average annual total Water System demand for each Water Year from 1965 to 2023.



The District was able to provide water to its customers during the extended five-year drought from 1987 to 1992, without Supplemental Supply, by relying on available storage. During the 1976 to 1977 drought, the District utilized 25,000 acre-feet of CVP water from the Delta via a temporary pump station on Middle River. As described herein, the completion of the FRWP facilities in 2011 provides the District with a Supplemental Supply during dry periods of up to 165,000 acre-feet of water under its CVP supply contract over a three-year period. In 2014, 2015, and 2021, the District was entitled to receive an allocation of CVP water under its CVP supply contract as a result of ongoing drought conditions. The District supplemented its available CVP allocation for such years with negotiated water transfer arrangements as needed. For 2022, the District's CVP allocation was reduced to a "public health and safety" level. Based upon the 2022 CVP allocation, available CVP supplies for 2022 was zero. The District supplemented supplies by purchasing 20,000 acre-feet of transfer water from PCWA. In dry periods, the District will generally meet demands through a combination of voluntary water conservation efforts, utilization of available storage (not below certain threshold levels), available Supplemental Supply resources, including FRWP, and, when appropriate, implementation of mandatory use restrictions. See also "– Drought Management."

Water Quality and Treatment; Other Regulatory Matters

Federal and State regulatory agencies continually monitor and establish new water quality standards. New water quality standards could affect availability of water and impose compliance costs on the District. The federal Safe Drinking Water Act establishes drinking water quality standards, monitoring, public notification and enforcement requirements for public water systems. To achieve these objectives, the USEPA, as the lead regulatory authority, promulgates national drinking water regulations and develops the mechanism for individual states to assume primary enforcement responsibilities. The Division of Drinking Water ("DDW") within the SWRCB has lead authority over California water agencies.

Currently, the State and the federal government regulate over 100 contaminants. Because the District's water supply comes primarily from a remote, semi-protected watershed, the raw water requires minimal treatment to meet or surpass all health and aesthetic standards. The District's drinking water is sampled and tested on an ongoing basis from all parts of the Water System to ensure that it meets or surpasses all primary (health related) and secondary (aesthetic) regulatory standards established by the USEPA and the SWRCB. Test results on the District's water consistently show that regulated constituents of drinking water either are not detected at all, or they are present in amounts far below limits permitted by State and federal drinking water standards.

The District is actively involved with professional organizations at the federal and State levels related to water quality, including the American Water Works Association, the Association of California Water Agencies and the Association of Metropolitan Water Agencies. The District serves on technical advisory committees that interact with the USEPA during regulatory development or alteration. In addition to working with the USEPA, the District has developed its own water quality initiatives, including developing State and federal legislation to limit lead levels in household plumbing fixtures. The District also sits on national standards organizations which set standards for all aspects of water quality. The District was a founding member of the Water Research Foundation ("WRF") and actively participates in research projects; with the WRF, the District participates on numerous project advisory committees and carries out funded research.

In addition to meeting the regulatory requirements, the District is a member of the Partnership for Safe Water (the "Safe Water Partnership"). The Safe Water Partnership is a voluntary effort between six drinking water organizations and more than 300 water utilities. The goal of the Safe Water Partnership is to improve performance beyond current regulatory requirements. The program is centered on gathering, analyzing, and reporting plant performance data, and on optimizing treatment plant performance. The Safe Water Partnership program uses standardized tools to assess the performance of treatment plants and benchmark against the highest industry standards. Safe Water Partnership utilities have demonstrated their commitment to production and delivery of superior quality water.

As part of routine operations and maintenance activities of the Water System, the District may discharge some treated water to the environment. Public water system discharges to State and federal waters are regulated under a Statewide General NPDES Permit for Drinking Water System Discharges. The statewide permit is administered by the SWRCB and enforced by the San Francisco and Central Valley Regional Water Quality Control Boards (the respective “Regional Board”) for parts of the system in the San Francisco Bay Area and Central Valley, respectively. This permit imposes discharge limitations, monitoring, reporting, notification requirements, and application of Best Management Practices to mitigate any potential impacts to the environment. The permit was issued in 2014, the District applied for coverage in June 2015. The permit was originally scheduled to be updated in 2020 and is in extension at this time. It is unknown when the SWRCB will update the current permit but the District will participate in the public review process once it is initiated.

The District is generally operating and maintaining the Water System treatment, distribution, and transmission facilities in compliance with the NPDES permit requirements.

As described herein, the operation of the Water System is subject to a variety of federal and State statutory and regulatory requirements concerning matters such as water quality, dam safety, instream fishery flows, discharges and endangered species. The District’s failure to comply with applicable laws and regulations could result in significant fines and penalties. In addition to claims by private parties, changes in the scope and standards for public agency water systems such as the Water System may also lead to administrative orders issued by federal or State regulators. Future compliance with such orders could also impose substantial additional operating costs on the Water System.

The District has self-reported to the appropriate regulatory agencies a number of grout discharges to San Pablo Creek that have occurred since September 2023 in connection with a contractor performing pressure grouting during a major construction project at the Orinda Water Treatment Plant. The District has taken actions to mitigate the grout releases and has been communicating with the regulatory agencies. As of the date of this Official Statement, the regulatory agencies have not taken any enforcement actions with respect to the grout releases. However, these occurrences could result in fines to be paid by the District. The District does not expect that any fines that may be required to be paid by the District in connection with such releases will have a material adverse effect on the District’s finances or operations.

Statewide Water Issues

Groundwater Management Developments. On September 16, 2014, the California Governor signed Assembly Bill No. 1739 and Senate Bill Nos. 1168 and 1319 (collectively, the “Sustainable Groundwater Management Act” or “SGMA”) into law. SGMA constitutes a legislative effort to regulate groundwater on a Statewide basis. By January 31, 2017, local groundwater users were required to establish or designate an entity (referred to as a groundwater sustainability agency, or “GSA”), subject to CDWR’s approval, to manage each high and medium priority groundwater basin.

Prior to formation of GSAs in the East Bay Plain Subbasin, the District and Hayward initiated stakeholder outreach efforts to identify eligible local agencies’ interests in the formation of the GSAs. Stakeholders requested that the District and Hayward take the lead in SGMA compliance efforts and form a GSA as they were deemed suited to undertake the SGMA compliance responsibilities. On November 29, 2016, the District became an exclusive GSA for the portion of the East Bay Plain Subbasin which underlies the District’s service area and on February 7, 2017, the City of Hayward became the GSA for the portion of the East Bay Plain Subbasin that underlies its service area.

As required by SGMA and under a cooperating agreement, the District and Hayward completed a Groundwater Sustainability Plan (“GSP”) for the East Bay Plain Subbasin and submitted the GSP to CDWR on January 26, 2022. CDWR approved the GSP in July 2023 with recommended corrective actions related to seawater intrusion, revising to the sustainable management criteria (“SMC”) for land subsidence, and

re-evaluating the SMCs for interconnected surface water. The GSP characterized groundwater conditions in the East Bay Plain Subbasin, established a sustainability goal and sustainable yield, and described projects and management actions the District and Hayward will implement within their respective service areas to maintain sustainable groundwater management through 2042 and beyond. The District and Hayward must update the GSP every five years; the next GSP is due to CDWR by January 31, 2027.

The current GSP found that the East Bay Plain Subbasin is sustainable and that no undesirable results have been observed for SGMA's six sustainability criteria: (1) groundwater levels, (2) groundwater storage, (3) seawater intrusion, (4) water quality, (5) subsidence, and (6) surface water depletion. The GSP did identify significant data gaps, however, for which, the GSP identified several actions that the District and Hayward will undertake over the next five years that include installing new monitoring wells and monitoring groundwater levels and quality. The District and Hayward are only responsible for actions within their respective service areas. The District has estimated that implementing the GSP within its service area will cost approximately \$2.5 million over the next five years.

Bay-Delta Planning Activities. Over the last 20 years, there has been ongoing attention at the State and federal level on restoring the Bay-Delta. In 2006, multiple State and federal resource agencies, water agencies, and other stakeholder groups entered into a planning agreement for the Bay-Delta Conservation Plan ("BDCP"). The BDCP was originally conceived as a comprehensive conservation strategy for the Bay-Delta designed to restore and protect ecosystem health, water supply, and water quality within a stable regulatory framework to be implemented over a 50-year time frame with corresponding long-term permit authorizations from fish and wildlife regulatory agencies. The BDCP would have included water conveyance infrastructure and extensive habitat restoration in the Bay-Delta.

In 2015, the State and federal lead agencies abandoned the concept of a comprehensive BDCP and instead proposed an alternative strategy to provide for the protection of water supplies conveyed through the Bay-Delta and the restoration of the ecosystem of the Bay-Delta, termed "California WaterFix" and "California EcoRestore," respectively. California WaterFix was a proposal for new water conveyance that would be built to divert Sacramento River water into a tunnel system that would bypass the Bay-Delta, through twin tunnels (in the project configuration as approved by CDWR) following a fairly direct alignment between several intake facilities on the Sacramento River and south to the Clifton Court Forebay, a reservoir on the Bay-Delta in Contra Costa County, approximately 17 miles southwest of Stockton. California EcoRestore is an assortment of ecosystem restoration measures to improve habitat and ecosystem function to benefit fish and wildlife.

On April 29, 2019, Governor Newsom issued an executive order directing identified State agencies to develop a comprehensive statewide strategy to build a climate-resilient water system, directing the State agencies to inventory and assess the current planning for modernizing conveyance through the Bay-Delta with a new single tunnel project (rather than the previously contemplated two-tunnel California WaterFix). Consistent with the Governor's direction, in January 2020, CDWR commenced a formal environmental review process under the California Environmental Quality Act ("CEQA") for a proposed single tunnel Delta Conveyance Project. The new conveyance facilities being reviewed would include intake structures on the Sacramento River, with a total capacity of 6,000 cfs, and a single tunnel to convey water to the existing pumping plants in the south Delta. CDWR released a Draft Environmental Impact Report ("EIR") in July 2022, and the U.S. Army Corps of Engineers released a Draft Environmental Impact Statement in December 2022. CDWR certified its Final EIR on December 8, 2023 and approved the single tunnel Delta Conveyance Project on December 21, 2023. CDWR is expected to file its water rights petition for a change in point of diversion in 2024.

The Mokelumne River, the District's primary source of water supply, is a small Delta tributary that originates in the Sierra Nevada mountains. Although the District does not deliver Bay-Delta water to customers, approximately 15 miles of the District's aqueducts cross the Bay-Delta. See also "– Water Facilities" and "– Water Supply Operations." The proposed single tunnel Delta Conveyance Project alignment

would cross the District’s right of way for its Mokelumne Aqueducts. The District is working with CDWR to negotiate a right of way agreement to protect the District’s current and future assets. The District will continue to monitor developments with respect to the proposed single-tunnel Delta Conveyance Project being developed to assure its interests in the Delta are not adversely impacted by the reconfigured Delta Conveyance Project or any related projects, and to assess what the operational and financial impacts of any such project may be.

Climate Change

General. Global climate change is expected to create greater uncertainty in water supplies and demands in the future. The District completed a Climate Action Plan in 2021 that summarized nearly 20 years of effort and focused on future mitigation and adaptation strategies to manage changing climate and its effect on water resources. The Climate Action Plan draws on other major Climate Change strategic planning documents produced by the District, including its *Climate Change: Charting a Water Course in an Uncertain Future* (2008) and *Climate Change Monitoring and Response Plan* (2014), as well as the District’s UWMP, and Climate Action, Energy, and Sustainability and Resilience policies.

The District’s Climate Action Plan addresses the impacts and vulnerabilities throughout District operations, from the Mokelumne River and East Bay watersheds to the San Francisco Bay. Through its planning efforts, the District is preparing for the probable occurrence of more frequent and severe droughts and storms, reduced snowpack, warmer weather, longer wildfire seasons, increased water demand, and rising groundwater and sea levels.

In addition to an energy policy establishing goals to reduce greenhouse gas (“GHG”) emissions contributing to climate change, the Climate Action Plan identifies a number of mitigation measures and adaptation strategies being implemented by the District with the aim of addressing and responding to the impacts of climate change.

Energy Policy. The District has adopted a policy (Policy 7.07) to promote energy efficient practices within the District’s Water System and wastewater system, service area and watersheds, minimize reliance on fossil fuels, diversify its energy sources, reduce energy costs, and strive to achieve a goal of being carbon free for direct and indirect GHG emissions. To support this policy, the District has adopted the following goals for GHG emission reductions: (i) for the Water System – to eliminate direct and indirect GHG emissions by 2030; and (ii) for the Wastewater System – to eliminate indirect GHG emissions and reduce direct GHG emissions by 50% over 2000 levels by 2030.

Mitigation Measures. In furtherance of its identified objectives to promote energy management and energy efficiency practices, increase the use and generation of renewable energy to preserve natural resources, and reduce environmental pollution and GHG emissions, the District undertakes or has undertaken a number of initiatives, actions and projects, certain of which are described below.

The District produces approximately 185,000 megawatt-hours (“MWh”) of renewable energy annually through hydropower at its Sierra Nevada foothills facilities in a median rainfall year. Similarly, the District produces approximately 50,000 MWh of renewable energy annually by combusting biogas created through the wastewater treatment process. These sources of renewable energy produce more electricity than the District consumes annually. The District also leverages its infrastructure and land to produce renewable energy through photovoltaic projects. Since 2003, the District has partnered in the development of ten photovoltaic projects on District property, providing almost two megawatts (“MW”) of capacity and producing up to 3,200 MWh of electricity annually. In 2022, the District initiated construction of the 5 MW Duffel PV Project being developed under a power purchase agreement and located on District-owned property in the City of Orinda. This project is expected to produce an estimated 10,000 MWh of electricity annually, which will be credited to the District’s energy load. As a consumer, the District also purchases clean energy through various energy suppliers. The District continues to explore other renewable energy projects such as in-conduit hydropower and PV, in support

of the District's energy policy (described above). The Duffel project is expected to be operational in the first quarter of 2024.

The District utilizes anaerobic digestion to treat the solids from the wastewater treatment process, which produces biogas. This biogas is combusted and converted to energy. The District's Wastewater System Resource Recovery Program, which the District has operated since 2002, creates additional renewable energy by accepting trucked-in organic wastes. The program reduces GHG emissions in three ways. First, the enclosed anaerobic process converts methane to carbon dioxide. Without this process, the disposal of some of these wastes would result in the uncontrolled releases of methane gas, which has 30 times more global warming potential than carbon dioxide. Second, combustion of the methane generates renewable electricity, which displaces fossil fuel use and associated GHG emissions. Third, anaerobic digestion residuals, or biosolids, are land applied whereas carbon is partially sequestered in the soil.

In its operations, for light-duty applications, the District is investing in more fuel-efficient hybrid and plug-in electric vehicles. Every passenger vehicle in the District's fleet is either a hybrid or plug-in electric vehicle. For its medium and heavy-duty fleet, the District has transitioned to nearly 100% renewable diesel vehicles, which is manufactured using organic materials such as waste animal fat or used cooking oil. Renewable diesel reduces GHG emissions by up to 80% when compared to petroleum-based diesel, and has other benefits such as lower tailpipe particulate emissions.

Adaptation Strategies. Notwithstanding its mitigation measures, the District recognizes that the impacts of climate change has the potential to affect various aspects of its operations in significant ways, including water supply planning, water quality, infrastructure projects, wastewater treatment operations, customer services, and employee safety.

The District has created a diverse water supply portfolio to better respond to the impacts of climate change over time. Water conservation reduces demand and recycling programs reduce reliance on existing supplies, while new sources of supplies provide resilience in the event one source experiences extreme shortages. Elements of the District's long-term water supply portfolio and programs include:

- an aggressive water conservation program that has offset water demands by approximately 21% compared to 15 years ago;
- recycled water projects that have reduced the use of potable drinking water by an estimated nine million gallons per day;
- the completion of the \$950 million FRWP which provides the District with water supplies during droughts and emergencies from the Sacramento and American River watersheds; and
- investing over \$20 million in numerous water system interconnections with neighboring water agencies over the last 15 years to increase regional water supply flexibility and reliability.

As described herein, the District's UWMP contains planned goals and actions aimed at developing and ensuring a resilient and sustainable water supply, including (i) expansion of water conservation programs to achieve a total of 70 million gallons per day of water savings by the year 2050; (ii) increased use of recycled water to offset potable water use by an additional 11 million gallons per day; (iii) additional supplemental supply development including surface waters, groundwater storage, and water transfers that further diversify the District's water supply portfolio; and (iv) fostering partnerships with other water districts to develop regional solutions to water supply challenges, such as through the Bay Area Regional Reliability program.

Seismic and Wildfire Matters

Seismic Considerations. The District's service area is in a seismically active region of the State. The Hayward Fault runs through the entire western portion of the District and the Calaveras Fault runs through the southeastern portion of the District's service area. The Concord and Mt. Diablo Thrust Faults are located close to the east side of the District's service area and the San Andreas Fault is located to the west. The Pardee and Camanche Dams, and the District's three aqueducts that carry raw water from Pardee Reservoir to the District's service area, are in other active earthquake fault areas. Even though the District has not experienced significant earthquake-related damage to its facilities, the District's Water System and/or its water supply could be adversely affected by a major local earthquake causing damage to the District's water treatment and distribution system, the Pardee or the Camanche Dams, or the aqueducts delivering raw water to the District's service area.

According to the United States Geological Survey, there is a high probability of an earthquake occurring in the San Francisco Bay Area that is greater than magnitude 6.7. A 1994 seismic study prepared for the District examined the likely effects of earthquakes on the Hayward Fault, the Calaveras Fault and the Concord Fault at that time on the District's Water System. The study concluded that a magnitude 7.0 earthquake on the Hayward Fault would likely cause major damage to the water transmission tunnels, substantial damage to distribution pipes, damage to potable water reservoirs and operational disruptions of the District's pumping plants, rate control stations and water treatment plants. The study also indicated that the District could also experience significant damage as a result of lesser magnitude earthquakes on the Hayward Fault or earthquakes on the Calaveras or Concord Faults. If damage to the Claremont tunnel made it unusable, severe water rationing would be required in the western portion of the District's service area during an estimated 26-week repair period. Further, the study found that repair efforts on the District's Mokelumne Aqueducts after severe damage could take up to one year before water could be transported again to the District's terminal reservoirs. This would require stringent customer conservation, as the District's terminal reservoirs store roughly six months' supply under normal consumption patterns. A major earthquake could also have a severe adverse impact on the economy of the District's service area.

In response to the 1994 seismic study, the District initiated a multi-year Water System seismic improvement program. By 2007, the District had completed its Seismic Improvement Program (the "SIP"), a \$200 million investment which focused on improving seismic performance of the distribution system and facilities, thereby increasing the reliability of water service post-earthquake. The SIP included upgrades to 70 reservoirs, 130 pumping plants, six water treatment plants, three maintenance yards, the Administration Building, and various electrical equipment anchorages throughout the District. It also included completion of an alternate transmission pipeline, the Southern Loop; completion of a fault-line by-pass for the primary transmission tunnel, the Claremont Tunnel; and seismic upgrades of Mokelumne Aqueduct No. 3, which is the aqueduct most relied on by the District to carry water across 15 miles of the Sacramento-San Joaquin Delta.

Since the completion of the SIP improvements, the District continues to enhance seismic safety as part of its comprehensive capital improvement project planning process. See "— Capital Improvement Program." That process includes the integration of seismic upgrades into ongoing facility renewal work, as well as the completion of, and additional planned, major seismic upgrades. A \$76 million seismic upgrade to the San Pablo Reservoir dam, the largest of the local water storage reservoirs, was completed in 2010. Evaluations and/or safety reviews have also been completed at all of the District's dams. Seismic upgrades at Chabot Dam in Alameda County, were completed in 2018. Retrofits to the Chabot, Upper San Leandro, San Pablo and Briones reservoir towers have also been completed (or, in the case of Briones, is in progress with final completion expected in early 2024). A previous seismic evaluation of the Pardee reservoir tower found no retrofits to that tower to be necessary. As part of the current five-year capital plan, the seismic retrofit of Lafayette reservoir tower is anticipated. The District continues to perform periodic seismic safety reviews to account for accumulated changes in seismic evaluation standards and safety requirements. In addition, Camanche and Pardee Dams, which are regulated by FERC due to their hydropower generation functions,

undergo formal five-year “Part 12D” reviews, including inspections, probable failure mode analyses and other evaluations that result in recommendation for ongoing improvements to the facilities, which are then implemented. Among other things, seismic studies are underway for Pardee Dam and structures related to Camanche Dam. In addition, the District has undertaken a comprehensive study of all of its spillways at its local and upcountry reservoirs, including condition assessments, drainage system inspections, structural analyses and maintenance repairs. Initial assessments have been completed of all spillways, other than Pardee because it was upgraded in the early 2000’s. Detailed spillway condition assessment work at Pardee will begin in 2024. Further detailed evaluations of structural and hydrologic conditions are underway, and if necessary, capital upgrades will be planned and implemented. In 2023, the District updated a Local Hazard Mitigation Plan that reflects the District’s most current system upgrades, improvements, and mitigation measures to reduce the community’s exposure to seismic hazards – as well as other natural hazards – and to improve the reliability of its services to the public.

Despite the completed and continuing seismic work, in the event of significant earthquake damage to the Water System and/or the District’s service area, there can be no assurance that Adjusted Net Water Revenues would be sufficient to pay the principal of and interest on any outstanding Water System Revenue Bonds.

Wildfire Considerations. The Mokelumne River watershed and the District’s watershed lands in the East Bay are in areas with an elevated risk of wildfires. Catastrophic wildfire in these watershed areas could severely damage water quality impacting the ability to treat water at the District’s inline water treatment plants at Orinda, Lafayette and Walnut Creek and could adversely impact other resources, including soils, fish, wildlife, air quality, carbon capture, and recreation resources. The District has an active program to manage fire risk and vegetation on its District-owned properties both in the Mokelumne River watershed and in the East Bay. Within approximately 575 square miles of watershed above Pardee Reservoir, the District works with partner agencies including the United States Forest Service, local counties, and local water agencies to identify forest lands in need of rehabilitation. The District, along with five other water agencies (AWA, Calaveras County Water District, CPUD, Jackson Valley Irrigation District and Alpine County Water Agency), and the counties of Amador, Calaveras and Alpine, are members of a California joint powers agency known as the Upper Mokelumne River Watershed Authority (“UMRWA”). Through UMRWA, the District is participating in the implementation of an extensive forest rehabilitation program. UMRWA is implementing its Forest Projects Plan Phase 1, which includes 26,000 acres of forest rehabilitation and is expected to be complete by 2031. UMRWA is also beginning planning activities for Phase 2, which would rehabilitate 225,000 acres of forest. The District annually devotes resources in the Sierra Nevada foothills to the reduction of fuel loading through grazing, prescribed burns, and tree and brush removal.

Dam Licensing and Safety Issues

As part of its Water System facilities, the District manages 24 dams. These include Pardee Reservoir in the Mokelumne River watershed, its main source of water supply, Camanche Reservoir, which stores water south of Pardee Reservoir and operates to meet regulatory and environmental obligations, including flood control and for downstream users, and the District’s five local water supply reservoirs. The remaining 18 reservoirs are part of the potable distribution system, with two out of service and one that is currently demolished and is being replaced with two 3.5 million gallon pre-stressed concrete tanks. The dams range from 8 feet to 345 feet tall and were built from the late 1800s to 1990.

Most of the District’s dams are under the jurisdiction of CDWR’s Division of Safety of Dams (“DSOD”). Pardee and Camanche Dams are also under the jurisdiction of FERC because they produce hydropower. These regulatory agencies perform independent annual dam inspections, which are the basis of annual recertification that allows continued operation of the dams. The regulators also review plans and specifications for the enlargement, alteration, repair, or removal of existing dams under their respective

jurisdiction. DSOD and FERC also conduct investigations of selected dams and direct the owners to do additional investigations and detailed safety evaluations when necessary.

The District's 50-year federal hydropower license for FERC Project 2916 – Lower Mokelumne River Project, that encompasses Pardee Reservoir and Camanche Reservoir facilities, is set to expire on March 10, 2031. The District will initiate the relicense process with filing a Notice of Intent and a Preliminary Application Document by March 2026. It typically takes about 6 to 7 years for the relicensing process and entails significant consultation with local, State, federal and tribal stakeholders. Relicensing requires an environmental review process (National Environmental Policy Act, California Environmental Quality Act), specific consultation activities (Endangered Species Act, 401 Water Quality Certification), evaluation of on-going operations and maintenance (recreation services, cultural resources management, dam safety, etc.), and establishes new license terms and conditions.

The District also has a comprehensive Dam Safety Program guided by the District's Dam Safety Program policy (Policy 9.07). Policy 9.07 requires management of District-owned dams and accompanying facilities to assure dam safety, structural integrity and operational safety for the protection of life, property and the environment. Engineers and trained technicians monitor dams using instruments, and perform monthly visual inspections and periodic reviews to ensure the safety of dams. If any areas of concern arise, repairs are planned and completed. Operations are adjusted if necessary to maintain public safety (e.g., reducing the water level to provide additional space in the reservoir or reduce water loads). In addition, the safety of each dam is reevaluated with advances in geotechnical, structural, hydrologic, hydraulic, and earthquake engineering, and if there is evidence of seepage or other potentially hazardous conditions, conduct additional inspections and monitoring to identify and implement corrective measures. Based on the findings of dam safety studies, over the past several decades the District has proactively made, and has ongoing and planned, a number of capital improvements to its dams to ensure their ongoing safety. Completed major capital improvement projects include: seismic upgrades at San Pablo and Chabot dams; spillway upgrades and repairs, modifications or restoration work at Pardee, Chabot and Upper San Leandro dams; relief wells and drainage improvements at Camanche dam; global positioning system (GPS) at Camanche and Pardee dams and an automated survey system at San Pablo Dam; concrete lining repairs at Lafayette dam; tower retrofits at USL and Briones dams and open-cut dam reservoir replacements and improvements at Walnut Creek Clearwell, Schapiro, Berryman, Estates, Summit, and South reservoirs. Ongoing and planned major capital improvement projects include an outlet tower retrofit at Lafayette dam, dam instrumentation upgrades, and open-cut dam reservoir replacements and improvements at Leland, Almond, and Central reservoirs and roof repair work at Watson and Dunsmuir. See also “– Seismic and Wildfire Matters – *Seismic Considerations*” and “– Capital Improvement Program.”

Historically, the District's dam safety program has provided for the continual, safe operation of all of the District's dams, with annual recertification received from the regulatory agencies without interruption.

Security and Emergency Preparedness; Cybersecurity

Security and Emergency Preparedness. The District has implemented a security program to provide a secure work place; maintain safe and reliable water supply and wastewater services; and to prevent or mitigate potential damage or loss of assets from internal and external threats. The District's Security Office manages the security program which includes assessment, capital, operational and coordination elements. These efforts are guided by the Security Vulnerability Assessment (SVA), water/wastewater industry experience, actual experience at District facilities, and industry standards/guidelines. The program's systems, procedures, and personnel are designed to deter, detect, delay and assess potential criminal actions.

The District has a Security Operations Control Center (the “SOCC”) that is staffed seven days a week, 24 hours a day. The SOCC houses a proprietary centralized security system to monitor access controls, video cameras and recorders, and access alarms. The dispatchers at the SOCC monitor alarms, assess conditions using the security system, and dispatch security and law enforcement response as needed for alarms and reports

of suspicious circumstances or crimes at District facilities. The security system maintains access controls for water and wastewater treatment, administrative and maintenance facilities, its storage yards and service centers, and the reservoirs and pumping plants in its water distribution system. District security includes an internal security staff and security contractors. Contract security officers are also used to supplement automated access controls at certain key facilities.

The District maintains an active emergency preparedness program that includes an Emergency Operations Plan to help manage the District's critical operations during any emergency and protect people, property, and the environment. The District also maintains a Business Continuity Program Plan to minimize impacts to critical business functions and enhance its capability to recover operations expediently and successfully following a disruptive incident. Pursuant to State law, District employees are sworn disaster service workers, and key staff is trained to use California's Standardized Emergency Management System (referred to as SEMS) and the National Incident Management System (referred to as NIMS) in response to emergencies and security incidents. As part of its Emergency Operations Plan, the District maintains two strategically located emergency operations centers and a mobile emergency command center, and has in place an emergency operations team to lead emergency response activities. The District also has adopted business continuity plans for individual work units to ensure the District's ability to respond to, and recover from, any emergency or other event that disrupts its normal business functions.

Cybersecurity. The District, like many other large public and private entities, relies on an extensive and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, executive impersonation, denial of service, malware, and other attacks on its information systems, networks, and data. Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized entities, nation state actors, or individuals attempting to gain access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption and damage. Cyberattacks are becoming more sophisticated and the threats continually evolve. Certain cyber incidents, such as surveillance, may remain undetected for an extended period. Attacks directed at critical Water System operations and facilities could damage distribution and storage assets, cause operational malfunctions and outages, and result in costly recovery and remediation efforts.

The District's cybersecurity program leverages a defense-in-depth approach to maintain the confidentiality, integrity, and availability of the District's business information systems, data, and water and wastewater control systems. There are dedicated District IT and OT Security and third-party staff who perform a variety of functions, including intrusion detection and prevention, incident response, monitoring for malware, vulnerabilities, and anomalous network traffic, promoting cybersecurity awareness to District staff through training, including new employee cybersecurity awareness training and regular email phishing exercises, and auditing the environment to ensure that configurations remain consistent with security objectives as well as implementing new security controls as needed to stay ahead of continually evolving security threats. Third-party audits and vulnerability assessments are also utilized periodically by the District to identify any potential areas of improvement for the overall cybersecurity program. The District maintains a backup data center to facilitate recovery of critical business systems after a disaster.

Insurance

The District uses a combination of self-funding/self-insuring and insurance coverage in the District's risk management program. The program provides protection for the District's buildings and facilities, including their contents and equipment, from fire, explosion and related perils, including flood. The District's insurance program does not currently include earthquake coverage. The District's reserves, self-insured retentions, deductibles, and insurance are described below.

The District self-insures liability claims up to \$10 million for bodily injury and property damage that may arise from the District's operations, including but not limited to use of its property, facilities, or vehicles. The District also maintains fidelity protection against fraudulent acts of its employees.

The District maintains reserves of approximately \$9.4 million for liability self-insurance and \$8.2 million for workers' compensation claims that may arise from the District's water and wastewater systems' operations. See also "WATER SYSTEM FINANCES – Financial Management Policies."

Selected insurance coverages include the following:

- \$90 million of commercial general and automobile liability insurance, subject to a \$10 million per occurrence self-insured retention for both the Water System and the Wastewater System;
- Statutory limits of excess workers' compensation coverage, subject to a \$5 million self-insured retention for both the Water System and the Wastewater System;
- \$200 million in coverage for "all risk" property insurance, subject to a \$500,000 deductible, with exclusions, such exclusions encompass earthquake, flood, (see special flood sublimit referenced below) and certain properties (excluded properties include various Pardee facilities, dams, reservoirs, containment basins, ponds, lakes, dikes, levees, water shafts, power tunnels, penstocks, flumes, piers, wharves, canals, tail race, draft tube, discharge tunnel, under and above-ground pipes and aqueducts (with the exception of \$2.5 million in flood coverage for above-ground aqueducts));
- \$25 million in coverage for flood perils (except for areas within the FEMA-designated 100-year floodplain in which a \$10 million limit is applicable), subject to a \$1.5 million minimum deductible per occurrence, except 5% of the total insurable property values at the time of the loss at each location involved in the loss subject to a minimum deductible of \$1.5 million for any occurrence in areas of 100-year flooding as defined by FEMA, all such flood insurance excluding coverage for underground property and pipelines;
- \$25 million in coverage for boiler and machinery insurance, subject to a \$25,000 deductible; and
- \$10 million in coverage for crime insurance for protection against fraudulent acts of employees (except for "faithful performance" claims in which a \$6 million limit is applicable), subject to a \$25,000 deductible.

Capital Improvement Program

Since Fiscal Year 2002, the District has implemented a biennial budget. In the spring of odd-numbered years, a budget is presented to the Board for consideration for the two ensuing Fiscal Years. The biennial budget planning process includes a review of projected long-term (10 years) facilities needs and the development of a capital expenditure forecast for the ensuing five fiscal years. A series of master plans document the identified facilities needs by asset classes (*e.g.*, pipelines, reservoirs and other assets) and include assessments of key facilities, taking into consideration condition assessments, operational performance and maintenance histories. Facilities in need of rehabilitation or replacement are identified and prioritized. Project scopes are also defined (for example, replacement of aging mechanical or electrical equipment, seismic upgrades, or other defined scopes).

The master plans are considered during the biennial update to the Capital Improvement Program (the "CIP"). The most recent CIP update was completed in 2023 in connection with developing the biennial budget for Fiscal Years 2024 and 2025, which was approved by the Board on June 13, 2023. The CIP update included a five-year capital expenditure forecast for Fiscal Years 2024 through 2028. Based upon this CIP forecast, cash

expenditures for capital improvements to the Water System for Fiscal Years 2024 through 2028 are estimated to aggregate approximately \$2.5 billion.

In the CIP for Fiscal Years 2024 through 2028, the District is continuing its focus on investments in infrastructure rehabilitation, repair and replacement. The projected \$2.5 billion aggregate CIP cash expenditures for the five-year forecast period represents a 22.5% increase over the prior CIP. The increase is driven by the shift from design to construction in several focus areas, including updating water treatment plants, increasing goals for replacing deteriorated water distribution pipelines, relining and recoating large diameter pipelines, and rehabilitating storage reservoirs and pumping plants. This strategy is reflected in the substantial portion of the CIP expenditure forecast dedicated to maintaining infrastructure.

Table 6 summarizes the District’s projected CIP cash expenditures for Fiscal Years 2024 through 2028 by major initiatives as forecast in the biennial budget for Fiscal Years 2024 and 2025.

Table 6
Fiscal Years 2024-2028
Capital Improvement Program
FY 2024 and FY 2025 Biennial Budget
Forecast – Cash Expenditures⁽¹⁾
(Thousands)

	<i>2024</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>Total⁽³⁾</i>	<i>% of Total</i>
Water Treatment	\$ 92,108	\$126,639	\$128,693	\$113,925	\$ 70,379	\$ 531,743	21%
Pipelines – Distribution							
System	74,382	81,586	85,740	95,139	97,445	434,292	18
Reservoirs – Distribution	31,076	23,434	20,270	26,782	28,274	129,838	5
Pumping Plants	29,219	30,223	18,886	21,301	27,190	126,820	5
Process & System-Wide							
Improvements	23,046	25,882	30,999	21,574	19,699	121,201	5
New Business Infrastructure	22,248	22,916	23,603	24,312	25,040	118,119	5
District-Wide Building							
Facility Improvements	14,901	30,982	29,804	17,383	18,188	111,258	4
Environmental Resources							
and Remediation	20,372	21,216	35,424	16,670	17,427	111,110	4
Raw Water System	16,298	24,683	22,656	12,027	21,765	97,428	4
Pipelines - Transmission	31,156	25,475	19,730	13,651	6,201	96,213	4
Water Recycling and							
Conservation	9,186	9,192	13,359	17,397	40,186	89,321	4
All Other	62,139	46,316	34,672	40,029	56,906	240,062	10
Capital Support ⁽²⁾	52,000	52,000	53,600	55,200	56,800	269,600	11
Total ⁽³⁾	\$478,131	\$520,545	\$517,436	\$475,391	\$485,502	\$2,477,004	100%

⁽¹⁾ Cash expenditures include spending for projects appropriated in earlier Fiscal Years.

⁽²⁾ Includes overhead, construction management and other administrative costs which are allocated to individual projects upon their completion.

⁽³⁾ Totals may not add due to rounding.

Source: The District.

The cost estimates are subject to revision in connection with the subsequent five-year CIP forecast prepared as part of the biennial budget planning process. See also “– *Construction-Related Risks*” below.

The District’s estimated funding sources for its CIP for Fiscal Years 2024 through 2028 as reflected in the biennial budget for Fiscal Years 2024 and 2025 are set forth in Table 7:

Table 7
Fiscal Years 2024-2028
Estimated Sources of Funds for Capital
Improvement Program Expenditures

<i>Funding Sources</i>	<i>(Millions)</i>	<i>% of Total</i>
Revenues	\$1,188	48%
Bond Proceeds ⁽¹⁾	1,127	45
Reimbursements ⁽²⁾	162	7
Total	<u>\$2,477</u>	<u>100%</u>

(1) See footnote 10 to Table 21 for additional information regarding the District’s currently projected bond issuances to finance the District’s CIP expenditures.

(2) Includes capital projects in the Water System performed at the request of other agencies for which the District is reimbursed. Also includes work to expand the distribution system to meet new connections not covered by the system capacity charge that is paid for directly by the applicants.

Included in the five-year CIP for Fiscal Years 2024 through 2028 as reflected in the biennial budget for Fiscal Years 2024 and 2025 are the major endeavors described below:

Water Treatment. Water treatment projects further the District’s objectives to operate and maintain facilities to surpass federal and State drinking water regulations, and to make system improvements designed to meet or exceed applicable regulatory requirements. Work in this category is primarily focused on making improvements to water treatment plants to improve water quality and reliability. In Fiscal Years 2024 through 2028, work is planned at five water treatment plants and includes various identified projects for the rehabilitation and renovation of systems, such as disinfection and chemical safety system improvements, control system modernization and improvements, filters upgrades, and pretreatment and ozone improvements. Other projects in this category include improvements to the hypolimnetic oxygenation system at San Pablo Reservoir and water quality improvements at Briones and Pardee Reservoirs.

Pipelines – Distribution System. Work in this category primarily focuses on pipeline projects to improve system reliability. Major projects for which work is planned in Fiscal Years 2024 through 2028 include the pipeline infrastructure renewals project, which is an ongoing project to replace deteriorating water distribution pipelines, identified primarily through the evaluation of maintenance histories. The project currently provides for the replacement of more than 20 miles of pipeline annually and aims to increase the rate of replacement to up to 30 miles of pipeline annually by Fiscal Year 2028. This project is being undertaken in conjunction with the District’s pipeline rebuild program, which is aimed at implementing more efficient replacement processes and installation methods. Other projects in this category include the pipelines/appurtenances project, which is designed to maintain efficient pipeline operations by replacing appurtenances such as valves, hydrants and meters at the end of their useful life.

Reservoirs – Distribution. Projects in this category include ongoing improvements related to water quality in the District’s distribution system, which is composed of more than 4,000 miles of pipeline and 165 reservoirs. Planned work is focused primarily on the rehabilitation, replacement, and demolition of steel and concrete distribution reservoirs, along with open-cut reservoirs. Projects are aimed at maintaining a long-term rehabilitation/replacement rate of at least two steel reservoirs, and the continued rehabilitation or replacement of the District’s concrete tanks and open-cut reservoirs. Projects being undertaken during Fiscal Years 2024 through 2028 include the reservoir rehabilitation and maintenance project, which extends the service lives of the steel and reinforced concrete distribution tanks by replacing coating systems, repairing or replacing roofs, and performing structural upgrades to improve water quality and enhance worker safety. Other planned improvements include installation of a chloramine boosting station (“CBS”) and a remote-controlled valve at one reservoir to assist in the distribution of CBS-treated water to a pressure zone and the installation of

chloramine trim stations at three reservoirs to help alleviate chronic low chloramine levels. In addition, the procurement and installation of chloramine analyzers at distribution reservoirs throughout the distribution system is being undertaken to improve water quality monitoring, with a District goal of five installations per year.

Pumping Plants. Work in this category is primarily directed by the District’s distribution pumping plant infrastructure rehabilitation plan, which was updated in 2020 and identifies the highest priority pumping plants for rehabilitation, replacement, or demolition. There are 130 distribution pumping plants across the system and the planned CIP work aims to rehabilitate at least two pumping plants annually. In Fiscal Years 2024 through 2028, work includes planning, design and/or construction at 29 of the existing 130 distribution pumping plants, as well as a number of planned new pumping plant facilities.

Process & System-Wide Improvements. Work planned in this category for Fiscal Years 2024 through 2028 includes evaluating the expansion of the Los Vaqueros Reservoir (see “– Long-Term Water Supply Planning – *Potential Storage Sharing Arrangement*”), as well as developing and implementing water transfer and exchange opportunities, participating in regional partnerships, and further investigating groundwater banking opportunities. To comply with measures associated with California Senate Bill 555, adopted in 2015, which required urban retail water suppliers to submit annual water loss audits to the State, an ongoing water loss control project was created to reduce apparent and real water losses through meter replacement, leak detection and pressure management. Other planned work in this category during the five-year CIP includes the replacement of the District’s Human Resources Information Systems (HRIS) software and ongoing technical equipment replacement programs.

New Business Infrastructure. Work in this category is focused on the delivery of District services to new customers. The need for installing new services has generally been increasing as housing development trends have elevated demand for new services. The anticipated CIP workload is estimated from projections of land development activity and recent trends in water service estimates by the District’s New Business Office. Ongoing projects include the pipeline system extensions project and the new service installations project, which provide pipeline infrastructure and installation of taps on the main, laterals, and meter sets for new customer service.

District-Wide Building Facility Improvements. These projects further the District’s objectives to ensure the security of the water supply and the water system; to evaluate facilities and implement corrective maintenance programs; to implement changes in technology; and to maintain a safe, well-equipped workplace. Work in this category during Fiscal Years 2024 through 2028 is comprised of various projects that improve and upgrade District buildings. Projects to be undertaken include making security improvements at various facilities, implementing new computer systems, certain heating, ventilation and air conditioning improvements, lighting, parking and paving improvements, and replacing vehicles and equipment as needed. One area of focus during this CIP will be on continued energy and security improvements at the Oakland Administration Building, along with communications network upgrades. In addition, as part of the District’s occupied facilities upgrades and to support the District’s vehicle replacement program, the District is preparing a Fleet Zero Emission Vehicle Masterplan to guide the District’s replacement of existing internal combustion engine-powered vehicles/equipment with zero emissions vehicles/equipment. The study, expected to begin in early 2024, will provide a comprehensive system-wide assessment of alternative fuel vehicle needs for the District and will create a roadmap to meet two goals: (i) eliminate indirect and direct greenhouse gas (GHG) emissions from the District’s fleet by 2030, as directed by District policy adopted by the Board of Directors; and (ii) comply with the California Air Resource Board’s Advanced Clean Fleets Rule. The plan will also provide planning level detail regarding required infrastructure for support facilities (*i.e.*, electric vehicle supply equipment and/or fueling infrastructure) that will need to be installed at District facilities, and is expected to provide a phased approach to guide the District’s future capital investments in the fleet and in the facilities.

Environmental Resources & Remediation. Projects in this category further the District’s objectives to operate and maintain facilities to meet all air, land and water discharge requirements; implement preventative and corrective maintenance programs; and improve the infrastructure to ensure delivery of reliable, high-quality service. The work in this category focuses on modifications to river and watershed management, trench soils management, and wastewater treatment and alternatives in the watershed. Priorities during the five-year CIP include continuing ongoing efforts to implement recommendations of the District’s Trench Soils Management Plan to more efficiently and sustainably manage trench soils (material is generated from pipeline installations and repairs), including evaluating long-term solutions for trench soils, management of District-owned storage sites, implementing Board direction on trench soils, and continued compliance with regulations.

Raw Water System. Work in this category is primarily focused on evaluating and improving the raw water system and maintaining the District’s raw water aqueducts. Planned projects during Fiscal Years 2024 through 2028 include the re-coating of various portions of Mokelumne Aqueduct No. 1 to provide protection from the corrosive Bay-Delta environment and replacing deteriorated cement lining in the Mokelumne Aqueducts that protect the steel pipeline from internal corrosion. Work includes studying lining technologies and pilot testing lining materials; inspecting the interior of Mokelumne Aqueduct No. 2 and above-ground section of Mokelumne Aqueduct No. 3; followed by design and construction of the aqueduct re-lining. In addition, the District will be planning and performing environmental review for a project to improve the resiliency of the Mokelumne Aqueducts across the Delta through a combination of a new tunnel and the strengthening of Mokelumne Aqueduct No. 3. The District will also continue to retrofit the temperature anchors and base isolators on the Mokelumne Aqueducts, and upgrade other raw water facilities.

Pipelines – Transmission. Work in this category focuses on improving and replacing large diameter pipelines and updating cathodic protection. Planned projects during Fiscal Years 2024 through 2028 include construction of the Wildcat El Cerrito and Oakland Inner Harbor Crossing pipelines, design and construction of Summit Pressure Zone Phase 2, San Leandro Channel Crossing, and Crockett Aqueduct Relocation; and completion of design of the Tidal Canal Crossing and Sequoia Aqueduct Pipeline. Additionally, the Large Diameter Pipelines Master Plan (LDPM) will be updated in Fiscal Year 2025.

Water Recycling & Conservation. As described under “– Water Supply – *Water Recycling*,” the District has undertaken a variety of recycled water projects and programs to help reduce potable water demand. Work in this category is primarily related to the planned expansion or improvement of these recycled water projects and programs. During Fiscal Years 2024 through 2028, planned work includes completion of pipeline extension as part of an East Bayshore Recycled Water Project system expansion to serve Emeryville and Oakland, as well as the conducting of a water quality improvements pilot study to develop design criteria and operations parameters to improve recycled water quality. In addition, improvements are planned to be made at the North Richmond Water Reclamation Plant (“NRWRP”), which provides advanced treatment to wastewater effluent from West County Wastewater District, for use for Chevron Refinery’s cooling towers. Key equipment is also anticipated to be replaced at the RARE Water Project, undertaken in partnership with Chevron.

Other Projects. Notable planned work in the category of Other Projects during Fiscal Years 2024 through 2028 includes, among other projects: (a) completing environmental review, public outreach, land acquisition, and design for the Delta Tunnel initiative, a 16.5-mile tunnel from Stockton to Bixler that will be designed to convey the full flow capacity of all three Mokelumne Aqueducts to mitigate flood and seismic hazard risks in the Delta, (b) improvements to recreational facilities at Camanche, Pardee and East Bay Reservoirs, and the Mokelumne River fish hatchery, (c) planning, design and construction of improvements at existing rate control stations to move water between pressure zones at multiple locations; (d) additional studies of the Camanche spillway and outlet, Pardee Dam, and Pardee South Spillway being undertaken as part of the District’s five-year cycle of evaluation and safety review of all of its dams, and other dam surveillance, reservoir tower, and water supply monitoring improvements; (e) investments to support the District’s strategic plan goal to attain additional water supply by 2040 to enhance reliability under drought conditions, and

diversify water supply through regional partnerships, including groundwater supply initiatives, imported water facilities, and water transfers; and (f) sustainable energy projects, including upgrades to powerhouse controls, improvements to the hypo- and captor-feed and storage systems; and a study to evaluate invasive species treatment strategy. In this category, the District also appropriates funds to meet unanticipated capital needs and for projects that are seeking grant funding. Such needs include replacement or repairs to facilities and equipment as a result of failure occurrences or safety deficiencies, and new projects or the acceleration of planned projects requiring funding before the next budget cycle. Funds are also available for grant funded projects that normally require the District to advance the costs and then apply for reimbursements.

Construction-Related Risks. Construction projects for the Water System are subject to ordinary construction risks and delays applicable to projects of their kind, including but not limited to: (i) inclement weather affecting contractor performance and timeliness of completion, which could affect the costs and availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors; (ii) contractor claims or nonperformance; (iii) failure of contractors to execute within the contract price; (iv) work stoppages or slowdowns; (v) failure of contractors to meet schedule terms; (vi) errors or omissions in contract documents requiring change orders; (vii) the occurrence of a major seismic event; or (viii) unanticipated project site conditions, including the discovery of hazardous materials on the site or other issues regarding compliance with applicable environmental standards, and other natural hazards or seismic events encountered during construction. In addition, Water System construction projects may require scheduling system shutdowns to avoid impacting water deliveries and many shutdown windows are inflexible. Increased construction costs or delays could impact the Water System's financial condition in general and the implementation of its CIP in particular. Construction bids may also be higher than anticipated for budgeting purposes due to inflation and the uncertainties and supply chain issues continuing from the COVID-19 pandemic.

WATER SYSTEM FINANCES

Basis of Accounting

The District reports operations on a Fiscal Year basis (currently July 1 through June 30). Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the costs of providing goods and services to the general public are financed or recovered primarily through user charges. Enterprise funds are accounted for using the accrual basis of accounting. The accounting policies of the District conform to generally accepted accounting principles for municipal water and wastewater utilities. The accounts are maintained substantially in accordance with the Uniform System of Accounts prescribed for investor-owned and major municipally-owned water and wastewater utilities.

Sources of Funds

The Water System's principal source of revenues is water sales. In Fiscal Year 2023, approximately 79.4% of the Water System's \$785.3 million in total sources of funds was provided from water sales. Sources of funds other than water sales include taxes, income from the sale of energy from the District's hydroelectric power plants, investment income, system capacity charges, grants and other capital contributions. In Fiscal Year 2023, the District's share of the countywide 1% *ad valorem* property tax levy contributed approximately 6.0%, or \$46.8 million of the total sources of funds. In Fiscal Year 2023, the Water System's hydroelectric power plants produced power revenues of approximately \$20.4 million and the District's income on investments was approximately \$13.6 million. Capital contributions totaled \$66.9 million, including \$40.8 million of system capacity charges collected during such year, \$24.0 million of contributions for facility relocations, main extensions and service installations (referred to as "earned contributions on construction"), and \$2.1 million of grants and other reimbursements.

Table 8 sets forth the District’s Water System sources of funds for the five most recent Fiscal Years ended June 30, 2023. The sources of funds in the table below include certain funds which do not constitute Adjusted Net Water Revenues for purposes of funds pledged under the Indenture. Adjusted Net Water Revenues include all charges received for, and all other income and receipts derived by the District from, the operation of the Water System or arising from the Water System, which includes, without limitation, the District’s water rates, system capacity charge and investment income, less Operation and Maintenance Costs. Property taxes are applied to reduce Operation and Maintenance Costs and are not pledged to the repayment of the Water System Revenue Bonds. See “– Property Tax Revenues.” Earned contributions on construction received for facility relocations, main extensions and service installations, and grants and other reimbursements, which are restricted to use for the specified purposes are not included in Adjusted Net Water Revenues for purposes of the Indenture. Only Adjusted Net Water Revenues are pledged to the payment of the Water System Revenue Bonds. See “SECURITY FOR THE SERIES 2024 BONDS – Pledge of Adjusted Net Water Revenues” in the front part of this Official Statement. Comparative summaries of the Water System’s historical operating results and debt service coverage ratio for each of the last five Fiscal Years appear in Table 20 under “– Historical Operating Results.”

Table 8
WATER SYSTEM SOURCES OF FUNDS
Five Fiscal Years Ended June 30, 2023
(Millions)

	<i>Fiscal Year Ending June 30</i>				
	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Operating Revenue and Other Income:					
Water sales	\$520.3	\$567.4	\$620.5	\$633.8	\$623.9
Power sales	10.7	6.3	4.6	7.2	20.4 ⁽⁵⁾
Interest ⁽¹⁾	10.5	12.3	2.1	2.3	13.6
Taxes	35.7	40.3	40.6	45.5	46.8
Other ⁽²⁾	<u>14.3</u>	<u>14.4</u>	<u>16.2</u>	<u>8.9</u>	<u>13.6</u>
Total Operating Revenue and Other Income ⁽⁶⁾	<u>\$591.5</u>	<u>\$640.7</u>	<u>\$684.0</u>	<u>\$697.8</u>	<u>\$718.3</u>
Capital Contributions:					
System Capacity Charge ⁽³⁾	\$ 73.5	\$ 53.3	\$ 50.4	\$ 39.7	\$ 40.8
Earned contributions on construction ⁽⁴⁾	23.7	17.8	21.3	9.8	24.0
Grants and reimbursements	<u>0.9</u>	<u>0.8</u>	<u>1.8</u>	<u>3.5</u>	<u>2.1</u>
Total Contributions ⁽⁶⁾	<u>\$ 98.1</u>	<u>\$ 71.9</u>	<u>\$ 73.4</u>	<u>\$ 53.0</u>	<u>\$ 66.9</u>
Total ⁽⁶⁾	<u>\$689.7</u>	<u>\$712.6</u>	<u>\$757.4</u>	<u>\$750.8</u>	<u>\$785.2</u>

⁽¹⁾ Includes interest earnings on Water System Fund.

⁽²⁾ Other revenues include receipts from property sales, rental of District property, fees for use of District recreational facilities and other miscellaneous receipts. Through Fiscal Year 2021, Other Revenues also includes interest subsidy payments received and due in each year to the District in connection with its Series 2010B Bonds which are Build America Bonds. Beginning in Fiscal Year 2022, the subsidy is not included in Other revenues. Excludes reimbursements and other receipts applied directly to operating expenses.

⁽³⁾ System capacity charge collections presented in the table above include the “buy-in” portion and the “future water supply” portion of SCC charges when collected. See also “– System Capacity Charge” below.

⁽⁴⁾ Includes contributions for facility relocations, main extensions and service installations.

⁽⁵⁾ Increase in power sales revenues in Fiscal Year 2023 reflects recent increases in market prices of wholesale energy and related energy products.

⁽⁶⁾ Totals may not add due to rounding.

Source: The District.

Water Sales Revenues

In the Fiscal Year ended June 30, 2023, water sales to residential accounts provided approximately 54.1% of the District's water sales revenues. Approximately 90.8% of the District's accounts are residential, but because residential consumption per account is lower than for other customer types, residential sales account for only 49.1% of consumption. The ten largest customers of the District's Water System consumed approximately 14.4% of the District's water in Fiscal Year 2023 and accounted for approximately 10.9% of water sales revenues. The largest account consumed 6.1% of the District's water sold and contributed 4.2% of total water sales revenues and the smallest of the ten largest accounts consumed 0.3% of the total water sold and accounted for approximately 0.3% of water sales revenues.

Table 9 below sets forth water sales revenues, consumption and number of connections by customer type for the Fiscal Year ended June 30, 2023.

Table 9
WATER SALES REVENUES, CONSUMPTION AND NUMBER
OF CONNECTIONS BY CUSTOMER TYPE
Fiscal Year Ended June 30, 2023

<i>Type of Customer</i>	<i>Sales Revenues⁽²⁾</i>	<i>Percent of Revenues</i>	<i>Consumption (MGD)</i>	<i>Percent of Consumption</i>	<i>Number of Accounts⁽¹⁾</i>	<i>Percent of Accounts</i>
Residential	\$337,599,873	54.1%	65.6	49.1%	352,026	90.8%
Commercial	200,824,195	32.2	43.9	32.8	31,795	8.2
Industrial	58,945,268	9.4	18.2	13.6	1,249	0.3
Public Authority	<u>26,559,438</u>	<u>4.3</u>	<u>6.0</u>	<u>4.5</u>	<u>2,467</u>	<u>0.6</u>
Total ⁽³⁾	<u>\$ 623,928,774</u>	<u>100.0%</u>	<u>133.7</u>	<u>100.0%</u>	<u>387,537</u>	<u>100.0%</u>

⁽¹⁾ This table referred to number of connections in certain prior disclosures. The data presented are more accurately referred to as number of accounts and the table has been re-labeled accordingly. The data presented are consistent with prior disclosures.

⁽²⁾ Does not include account establishment fees, recycled water fees and certain other miscellaneous charges.

⁽³⁾ Totals may not add due to rounding.

Source: The District.

Rates and Charges

The District's rates and rate structure are established by the District's Board after a public hearing process, and are not subject to regulation by any other agency. Under California law, the imposition of, or any increase in, a property-related fee or charge, including fees and charges for ongoing water service, is subject to specified procedural requirements (including notice, hearing and protest procedures). In addition, pursuant to California law all such property-related fees and charges are required to meet certain substantive standards, including that such fees and charges must be proportional to the cost of providing service. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND FEES AND CHARGES – Proposition 218" in the front part of this Official Statement for a discussion of the procedural and substantive requirements to which the District's rate increases are subject.

From Fiscal Year 2019 through Fiscal Year 2023, residential rates for water service have increased by an average of approximately 5.94% per Fiscal Year. The overall average rate increase, which includes the rate increases for all customer classes and rate components, for the same period was approximately 5.95%. The District's increases in water service rates and charges for Fiscal Years 2024 and 2025 were enacted by the adoption on June 13, 2023 of overall average rate increases (including meter, volume, elevation charges, non-

potable (recycled) water and private fire service) of 8.50% for Fiscal Year 2024 and 8.50% for Fiscal Year 2025.

Table 10 sets forth the average residential and overall average rate increases enacted by the District for the five Fiscal Years 2019 through 2023, and the average residential and overall average rate increases as adopted by the Board on June 13, 2023 for Fiscal Years 2024 and 2025.

Table 10
WATER RATE INCREASES

<i>Fiscal Year</i>	<i>Average Residential Rate Increase</i>	<i>Overall Average Rate Increase⁽¹⁾</i>
2019	8.99%	9.00%
2020	6.45	6.50
2021	6.24	6.25
2022	3.99	4.00 ⁽²⁾
2023 ⁽²⁾	4.03 ⁽²⁾	4.00 ⁽²⁾
2024 ⁽³⁾	8.49 ⁽³⁾	8.50 ⁽³⁾
2025 ⁽³⁾	8.46 ⁽³⁾	8.50 ⁽³⁾

⁽¹⁾ Overall average rate increase includes water rates for all customer classes (including residential) and water rate components.

⁽²⁾ Excludes drought surcharge.

⁽³⁾ The adopted rate increase for Fiscal Year 2024 is effective on bills issued on and after July 1, 2023 and the adopted rate increase for Fiscal Year 2025 will be effective on bills issued on and after July 1, 2024.

Source: The District.

The District's water rate structure is based on a cost of service methodology. The District's rate structure consists of two components: a monthly service charge and a commodity charge for water delivered. With the exception of single family residential customers, commodity charges for water delivered are based on a uniform volume rate. Single family residential customers are billed on a three-tier inclining block rate structure.

Table 11 shows the rate schedule effective July 1, 2023 for Fiscal Year 2024, and the rate schedule to be effective July 1, 2024 for Fiscal Year 2025 as approved by the Board on June 13, 2023. For Fiscal Year 2024, the monthly water bill for a typical residential account consuming 800 cubic feet (8 Ccf or 5,980 gallons) per month, excluding any drought surcharge, is \$74.49. As noted above, the District's rates for Fiscal Year 2025, as approved on June 13, 2023, will become effective on July 1, 2024, under which the monthly water bill for a typical residential account consuming 800 cubic feet (8 Ccf or 5,980 gallons) per month, excluding any drought surcharge, would be \$80.79, representing an average increase of 8.46% for residential customers from Fiscal Year 2024 rates. See also Table 21 under "– Projected Operating Results" for a description of projected future rate increases.

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Table 11
WATER SYSTEM RATES AND CHARGES

Service Charge

<i>Meter Size</i>	<i>Effective July 1, 2024</i>	<i>Effective July 1, 2025</i>
	<i>Per Month</i>	<i>Per Month</i>
5/8-inch and ¾-inch	\$ 32.70	\$ 35.48
1-inch	49.40	53.60
1 ½-inch	91.16	98.91
2-inch	141.23	153.23
Over 2-inch	Various	Various

Charge for Water Delivered

<i>Rate Class</i>	<i>Effective July 1, 2023</i>	<i>Effective July 1, 2025</i>
	<i>Per Hundred Cubic Feet (Ccf)</i>	<i>Per Hundred Cubic Feet (Ccf)</i>
Basic Rate – Single Family ⁽¹⁾	\$4.99	\$5.41
Basic Rate – Multi Family	7.05	7.65
Basic Rate – Other	7.02	7.62
Elevation Band Surcharges ⁽²⁾ –		
Pressure Zone 2: (Elevation Designator 2 through 5)	1.01	1.10
Pressure Zone 3: (Elevation Designator 6 and greater)	2.09	2.27

⁽¹⁾ Applies to first 172 gallons per day (7 Ccf) for single family residential customers. Additional consumption by residential customers is billed at \$6.86 per Ccf for consumption between 173 and 393 gallons per day (16 Ccf), and \$9.06 for all water used in excess of 393 gallons per day. For a household using 8 Ccf in Fiscal Year 2024, the water usage charge for the first 7 Ccf at the first tier rate of \$4.99 per Ccf would be \$34.93 and the water usage charge for the additional 1 Ccf at the second tier rate of \$6.86 per Ccf would be \$6.86, for a total charge for water delivered of \$41.79; the monthly service charge would be \$32.70, resulting in a total monthly bill of \$74.49. Under the adopted rates for Fiscal Year 2025, additional consumption by residential customers will be billed at \$7.44 per Ccf for consumption between 173 and 393 gallons per day (16 Ccf), and \$9.83 for all water used in excess of 393 gallons per day. For a household using 8 Ccf in Fiscal Year 2025, the water usage charge for the first 7 Ccf at the first tier rate of \$5.41 per Ccf would be \$37.87 and the water usage charge for the additional 1 Ccf at the second tier rate of \$7.44 per Ccf would be \$7.44, for a total charge for water delivered of \$45.31; the monthly service charge would be \$35.48, resulting in a total monthly bill of \$80.79.

⁽²⁾ The water elevation surcharge provides for the increased power and facility costs needed to pump water to locations (zones) 200 or more feet above sea level.

Source: The District.

Litigation Challenging Tiered Water Rates. Litigation has been filed challenging the District’s tiered water rates for single-family residential customers. The lawsuit generally alleges that the District’s tiered water rates violate the substantive requirement of Proposition 218 that such rates must be proportional to the cost of providing service. The complaint sought a refund, on behalf of the plaintiff (a Water System customer) and a class of all others similarly situated, of a portion of the water charges billed and paid by the plaintiffs and the class on or after October 4, 2020, and other relief. Following the court’s denial of certification of the class, only the claims of the individual plaintiff remain. This litigation is ongoing. For a discussion of such litigation, see “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND FEES AND CHARGES – Proposition 218 – *Article XIII D*” in the front part of this Official Statement.

Drought Surcharges

Since June 2015, the District’s Board has adopted drought surcharges that may be implemented in the event of ongoing drought conditions when the Board declares specific drought stages pursuant to its Water Shortage Contingency Plan. The drought surcharges, corresponding to increasingly severe stages of water shortages, are applied to each unit of potable water used during the billing period, and are calculated to recover costs of providing supplemental water, increased costs of water shortage-related customer service and loss of revenue. The surcharges do not apply to non-potable water. The District’s adopted rates and charges for Fiscal Years 2024 and 2025 include a staged system of drought surcharges. The District’s Board approved surcharges do not impose a drought surcharge for Stage 1 when only voluntary customer demand reductions are being implemented.

Following the Board’s declaration on April 26, 2022 of a Stage 2 Significant Drought, on May 10, 2022, the District Board authorized the implementation of a drought surcharge on each unit of potable water delivered on or after July 1, 2022 at a rate of 8% of the water flow charge for water delivered. On February 14, 2023, following a period of wet weather conditions that began in October of 2022 and receipt of the District’s Preliminary Water Supply Availability and Deficiency Report, the Board suspended implementation of the drought surcharge effective March 1, 2023. See also “THE WATER SYSTEM – Current Water Conditions” and “– Drought Management.”

Drought stages are based on the District’s 2020 Water Supply Contingency Plan which was most recently adopted by the District’s Board as a component of the Urban Water Management Plan on June 22, 2021. The DMP Guidelines for declaring drought stages is based on projected End-of-September total system storage.

The expected water use restrictions and supplemental supply needs for each of the four drought stages as identified in the District’s DMP Guidelines and the staged system of drought surcharges from the District’s adopted rate schedules for Fiscal Years 2024 and 2025 are summarized below.

Drought Management Program (DMP) Guidelines				Maximum Applicable Drought Surcharge Percentage
<i>Total System Storage (000s Acre-Feet) Projected for September 30</i>	<i>Drought Stage</i>	<i>CVP (Supplemental Water Purchases)</i>	<i>Customer Demand Reduction</i>	<i>Applied to all potable water flow charges</i>
>475	Stage 0 Normal	N/A	Wise Water Use	N/A
475-425	Stage 1 Moderate	Yes	Voluntary 0-10%	0%
425-390	Stage 2 Significant	Yes	Mandatory 10-15%	8%
390-325	Stage 3 Severe	Yes	Mandatory 15%	20%
<325	Stage 4 Critical	Yes	Mandatory ≥ 15%	25%

Comparison of Annual Water Service Charges

Table 12 shows comparative average annual water service charges by various Bay Area water agencies for a typical residential account with a 5/8-inch meter using 800 cubic feet of water (5,980 gallons) per month. Charges are for the minimum cost zone or area served by the agency based on rates effective (or proposed) as of July 1, 2023, except as noted. The water service charges for the District in the table below reflect the rates approved on June 13, 2023 that became effective as of July 1, 2023.

Table 12
COMPARATIVE ANNUAL RESIDENTIAL WATER CHARGES
For 8 Ccf/Month and 5/8" Meter
Effective Rates as of July 1, 2023⁽¹⁾⁽²⁾

<i>Water Supplier</i>	<i>Average Annual Household Water Service Charge⁽³⁾</i>
City of San Jose	\$1,205
City and County of San Francisco	1,157
City of Palo Alto	1,120
North Marin Water District ⁽⁴⁾⁽⁵⁾	1,008
Marin Municipal Water District ⁽⁴⁾	974
City of Livermore ⁽⁵⁾	972
City of Hayward	936
East Bay Municipal Utility District⁽⁶⁾	894
City of Los Altos ⁽⁴⁾	862
Contra Costa Water District	840
Dublin San Ramon Services District	838
Alameda County Water District	827
City of Pleasanton	497

⁽¹⁾ Unless otherwise noted, the table reflects charges based on rates applicable as of calendar year 2023 or fiscal year 2024 regardless of characterization as base rates or other characterization.

⁽²⁾ Rates have been obtained from publicly available sources and have not been independently verified by the District.

⁽³⁾ Chart does not reflect a comparison of average single family residential bill for each agency. The comparison is based on 8 Ccf/mo usage, which represents the average for the District. Average or typical single family residential water use at the other agencies may be lower or higher than 8 Ccf/mo.

⁽⁴⁾ Rate effective as of July 1, 2022.

⁽⁵⁾ Includes drought-related charges.

⁽⁶⁾ Reflects the District's rates for Fiscal Year 2024 as adopted on June 13, 2023.

Source: The District.

Billing and Collection Procedures

General; History of Delinquencies. All water service customers are billed directly by the District bimonthly, with the exception of approximately 1,000 accounts consisting of the largest users in the District, which are billed monthly. Billing is staggered throughout the billing cycle by geographic location within the District. Service may be discontinued if an overdue account is not paid after appropriate customer notification. See, however, “– COVID-19 Effects” below.”

The District considers its rates of payment delinquency, service discontinuance for non-payment, and write-offs for uncollectible accounts to be low by water industry standards for urban areas. Write-offs for uncollectible accounts for the last five Fiscal Years are set forth in Table 13.

Table 13
WATER SALES UNCOLLECTIBLE REVENUES⁽¹⁾
Last Five Fiscal Years

<i>Fiscal Year Ended June 30</i>	<i>Uncollectible Revenues</i>	<i>Percent of Gross Billings</i>
2019	\$ 811,487	0.16%
2020	972,993	0.17
2021	763,100	0.13
2022	1,131,434	0.18
2023	2,020,694	0.32

⁽¹⁾ Since the suspension of the discontinuance of service for past due residential accounts that was implemented in March 2020, the District has not written off past due residential accounts as uncollectible while the collection or recovery through State and federal economic assistance programs has been ongoing. The increase in uncollectible revenues in Fiscal Year 2023 reflects the resumption of service disconnections for commercial customers in the Fall of 2022 and an increase in closed accounts. See “– COVID-19 Effects” below

Source: The District.

COVID-19 Effects. To help mitigate the economic impact of COVID-19 on its customers, beginning in March 2020, the District restored water service to single-family residential customers in occupied residences whose service was discontinued for non-payment during the state of emergency, and suspended the discontinuance of water services due to non-payment. The District’s action was consistent with Executive Order N-42-20, signed by Governor Newsom on April 2, 2020. On December 31, 2021, the suspension of disconnections for non-payment was ended and the District resumed service disconnections for non-payment of commercial customers in the Fall of 2022. For the District’s single-family residential accounts, the suspension of disconnections due to non-payment remains in effect as the District progresses with the implementation of its Alternative to Shut-Off policy. This policy involves the utilization of flow restrictors or property liens to recover delinquent charges. To reduce the total number of delinquencies, the District has in place extended payment plans for past due water and wastewater charges and a Customer Assistance Program, which helps reduce the costs of water and wastewater services to qualified low-income customers.

During the period of suspension of disconnections, the District experienced an increase in the amount of bills that are 100 days or more past their payment date. From Fiscal Year 2019 to Fiscal Year 2022, the number of accounts delinquent for more than 100 days for water and/or wastewater charges increased from 1% of customers to approximately 3% of customers. As of November 2023, the number of accounts delinquent for more than 100 days increased to approximately 3.8%. Of the approximately \$___ million in accounts receivable for the Water System as of November 30, 2023, approximately \$___ million (__% of total receivables) were 100 days or more past the due date.

The District was allocated approximately \$9.5 million (net of administrative costs recovered) under the SWRCB’s California Water and Wastewater Arrearage Payment Program (“CWWAPP”) to aid the Water System accounts that have fallen behind during the period of March 4, 2020 through June 15, 2021, which was credited towards arrearages. In July 2023, additional funding was announced by the California Legislature to provide for an “Extended CWWAPP.” This new Extended CWWAPP extends the COVID-19 relief period for water and wastewater accounts that have fallen behind to December 31, 2022 and include both residential and commercial customers. The 60-day application period began November 1, 2023 and ended December 31, 2023. The District has applied for approximately \$23.8 million in funding for Water System arrearages that qualify for the Extended CWWAPP. Applications will be reviewed by the SWRCB prior to disbursement of funds and the amount to be received by the District under the Extended CWWAPP for Water System arrearages is not yet known. In addition to the CWWAPP, \$116 million in funds was allocated from the American Rescue Plan Act to the California Department of Community Services and Development for the Low-Income Household Water Assistance Program (“LIHWAP”) to provide benefit payments for eligible households with

service disconnected or pending shut-off. Under this program, customers seeking assistance are required to apply directly through the LIHWAP and if approved, benefit payments are made to the District to be applied as a bill credit to the applicable customer account to pay down the customer's water and wastewater bills. As of December 2023, the District has received approximately \$2.0 million in benefits payments through the LIHWAP that have been applied as bill credits to customer accounts for water and wastewater amounts due. LIHWAP will continue to provide benefit payments to eligible customers through March 2024. Funds received by the District pursuant to these programs are expected to reduce the District's uncollectible revenue amount.

System Capacity Charge

The District's system capacity charge ("SCC") is designed to recover from new accounts a portion of the costs of existing facilities, as well as the costs of additional facilities (primarily water supply projects) to be constructed in the future to provide water service to new customers based on land use plans. Under the existing SCC policy, funds collected from SCCs are applied toward the costs of the District's capital program for such facilities, and in the case of future water supply projects, to reimburse the Water System for the payment of debt service on Water System Revenue Bonds issued to finance such facilities.

The SCC includes both a "buy-in" portion and a "future water supply" portion. The "buy-in" portion includes the costs of existing District storage, treatment and distribution facilities, as well as existing water supply facilities (including reservoirs and aqueducts) and administration facilities. As the "buy-in" portion of the SCC, new accounts are charged for their share of the costs of these existing District facilities (escalated to current dollars). The "future water supply" portion of SCC receipts is collected to fund the costs of additional facilities required to serve new accounts. The "future water supply" portion of SCC receipts when collected are deposited in the Future Water Supply Fund, a segregated account of the Revenue Fund, to be applied to offset debt service costs attributable to SCC-related capital facilities. In Fiscal Year 2023, SCCs collected totaled \$40.8 million (the "buy-in" portion of \$35.5 million and the "future water supply" portion of \$5.3 million).

The calculations used in establishing the SCC were updated for Fiscal Year 2022 in connection with a consultant's study. The study updated the projected water demands for new customers and re-evaluated the costs of the facilities used in calculating the SCC. The District's SCC is based on the expected annual water use for new customers not on the peak capacity of the new water connection. Over the last ten years, the customer water use has declined as customers have permanently adjusted their water use patterns after experiencing two major droughts. As a result, the update to the SCC calculations for Fiscal Year 2022 reduced the SCC rates for most customers by approximately 30% when compared to the Fiscal Year 2021 rates. SCC rates for subsequent fiscal years utilize the calculation and methodology from the consultant's study with facility costs updated for inflation, depreciation and additions.

Since Fiscal Year 2016, all SCC Revenues are treated as Water Revenues when collected for purposes of the Indenture. For financial statement purposes, however, the District has elected to account for both the "buy-in" portion of SCC charges when collected and the debt service repayment component of the SCC when applied as part of capital contributions in the Statements of Revenues, Expenses, and Changes in Net Position. As a result, no SCC amounts are reflected as operating revenues in the District's financial statements.

Property Tax Revenues

The District's share of the countywide 1% *ad valorem* property tax levy has provided approximately 5% to 6% of the revenues of the Water System in each of the past five Fiscal Years for the District. The District's share of the countywide 1% *ad valorem* property tax is not pledged as a source of payment for the Water System Revenue Bonds, although such amounts are applied to pay Water Operation and Maintenance Costs in accordance with the Indenture.

Table 14 shows a five-year record of assessed valuations, secured roll levies and delinquencies for the taxable property included within the District. Assessed valuations are expressed by county assessors as “full cash value” as defined by Article XIII A of the State Constitution. The tax levy shown is the District’s allocated share of the maximum *ad valorem* tax levy by each county of 1% of full cash value.

Pursuant to California Revenue and Taxation Code Sections 4701 *et seq.*, Contra Costa County and Alameda County each maintain a reserve fund for the purpose of guaranteeing 100% of the secured levies of the electing governmental jurisdictions for which such county collects taxes (commonly referred to as the “Teeter Plan”). The District has elected to participate in Contra Costa County’s Teeter Plan program but has elected not to participate in Alameda County’s Teeter Plan program. Consequently, the District is exposed to the effect of delinquencies in collections only for property located in Alameda County.

A Teeter Plan remains in effect unless the board of supervisors of the county that has established a Teeter Plan orders its discontinuance or unless, prior to the commencement of any fiscal year of such county, such board of supervisors receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts within the county, in which event such board of supervisors is to order the discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. If the Board of Supervisors of the Contra Costa County, or in the event that the District elects to participate in Alameda County’s Teeter Plan, the Board of Supervisors of Alameda County, is to order the discontinuance of the Teeter Plan, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which such county acts as the tax-levying or tax-collecting agency.

Table 14
TAXABLE PROPERTY WITHIN THE WATER SYSTEM
Assessed Valuation and Tax Collection Record

	<i>Fiscal Year Ending June 30</i>				
	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Assessed Valuation for Taxation Purposes ⁽¹⁾⁽²⁾					
Alameda County	\$135,672,349,929	\$145,333,769,595	\$156,691,168,950	\$164,626,360,893	\$178,508,161,177
Contra Costa County	<u>114,735,931,344</u>	<u>120,648,243,577</u>	<u>126,401,657,570</u>	<u>130,466,419,058</u>	<u>140,097,656,051</u>
Total	\$250,408,281,273	\$265,982,013,172	\$283,092,826,520	\$295,092,779,951	\$318,605,817,228
District Tax Receipts ⁽³⁾					
Alameda County	\$20,043,690	\$21,733,964	\$23,676,751	\$25,213,337	\$27,604,797
Contra Costa County	<u>15,664,950</u>	<u>18,603,287</u>	<u>16,901,006</u>	<u>20,285,944</u>	<u>19,153,574</u>
Total	\$35,708,640	\$40,337,251	\$40,577,757	\$45,499,281	\$46,758,370
Delinquent June 30 ⁽⁴⁾					
Amount	\$211,662	\$277,522	\$289,340	\$332,496	\$366,088
Percent	0.59%	0.69%	0.71%	0.73%	0.78%

⁽¹⁾ Minor differences in assessed valuation numbers from amounts previously reported can occur from time to time due to a change in source data used.

⁽²⁾ Net of all exemptions except homeowner’s exemptions, the taxes on which are paid by the State. All valuations are stated on a 100% of full cash value basis as defined by law. Assessed valuations shown include redevelopment project area incremental valuations.

⁽³⁾ Net basis excluding all exemptions. Levies reflect the tax reductions effected by the adoption of Article XIII A of the State Constitution in 1978, the “Jarvis-Gann Initiative.” For Alameda County, receipts include District’s share of prior years’ delinquencies when collected.

⁽⁴⁾ Amounts apply to Alameda County only, since Contra Costa County guarantees 100% payment of the District’s secured roll levy. The delinquency percentages are calculated based on the two counties’ secured roll levies.

Sources: Reports of the Auditor-Controller’s Offices of Alameda and Contra Costa Counties, table data as compiled by the District.

Historically, from time to time, legislation was enacted as part of the State budget to provide for the reallocation of local governments' shares of the countywide 1% *ad valorem* tax, including by shifting a portion of the property tax revenues collected by the counties from special districts (such as the District) to school districts or other governmental entities. Subsequently, certain amendments to the State Constitution have been enacted to reduce the State Legislature's authority over local revenue sources by placing restrictions on, among other things, the State's access to local governments' property tax revenues. For example, on November 2, 2004 voters within the State approved Proposition 1A, which prevented the State from reducing local government's share of the 1% *ad valorem* property tax below levels in effect as of November 3, 2004, except in the case of fiscal emergency. Proposition 1A provided that in the case of fiscal emergency, the State could borrow up to 8% of local property tax revenues to be repaid within three years. Following the exercise by the State of its authority to borrow such local property tax revenues as part of the 2009-10 State budget act, on November 2, 2010, voters within the State approved Proposition 22, which prohibits any future action by the State Legislature to take, reallocate or borrow money raised by local governments for local purposes, and prohibits changes in the allocation of property taxes among local governments to aid State finances or pay for State mandates. Proposition 22 thereby effectively repealed the provisions of Proposition 1A allowing the State to borrow local property tax revenues from local governments, and prohibits any such future borrowing.

There can be no assurances that legislation or voter initiatives enacted or approved in the future will not reduce or eliminate the District's share of the 1% countywide *ad valorem* property tax revenues. See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND FEES AND CHARGES" in the front part of this Official Statement.

The tax rolls for property located within the District's Water System service area for the Fiscal Year ended June 30, 2023, aggregated a total assessed valuation of approximately \$318.6 billion, including redevelopment project areas incremental valuations of which the taxes payable were due to the redevelopment agency. In 2011, the State enacted legislation commonly referred to as "AB1X 26," which required the dissolution of California redevelopment agencies and the dissolution and winding up of the operations of those agencies, which dissolution occurred on February 1, 2012. AB1X 26 provides a framework for the management of the remaining obligations of the dissolved redevelopment agencies by their respective successor agencies and oversight boards to oversee those successor agencies. Pursuant to AB1X 26, tax increment will continue to flow to the payment of "enforceable obligations" (such as tax allocation bonds) of the dissolved redevelopment agencies.

Power Sales Revenues

The District operates hydropower plants at Pardee and Camanche Reservoirs. These plants generate 185 million kilowatt hours of electricity in median rainfall years. Commencing July 1, 2015, the energy is being sold to MCE under a 10-year power purchase agreement which expires on June 30, 2025. This power purchase agreement includes the sale of hydroelectric energy, and Renewable Energy Credits ("RECs") (*i.e.*, credits, from the generation of renewable energy). Separately, the District sells Resource Adequacy (Capacity) from the hydro facilities to energy service providers and energy marketers. This sale of capacity is expected to result in up to \$4.7 million of additional revenue in Fiscal Year 2024. Additionally, the operating capacity at Pardee is occasionally sold as spinning reserve to the grid operator. Annual revenues from power sales have ranged from approximately \$4.6 million to \$20.4 million over the last five fiscal years. Power sales revenues for Fiscal Year 2023 totaled \$20.4 million, reflecting recent increases in market prices for wholesale energy and related energy products. In its biennial budget for Fiscal Years 2024 and 2025, the District has budgeted \$8.0 million annually in hydropower revenue based upon an assumed moderately dry year of precipitation. As of December 1, 2023, projected hydropower revenue for Fiscal Year 2024 is estimated to be approximately \$15.0 million.

Earned Contributions on Construction and Grants

Cash contributions for main extension and other facilities to serve new customers are affected by the level of development within the service area. In addition to payment of its SCC (as described under “– System Capacity Charge” above), District policy requires new applicants for service to pay direct charges for mains, hydrants, pipeline extensions and relocations, and other services necessary to serve them. In Fiscal Year 2023, these earned contributions on construction totaled \$24.0 million. For the first five months of Fiscal Year 2024 (the five-month period through November 30, 2023), the District received \$3.3 million in earned contributions on construction. Grants and other reimbursements are received for specific projects. In Fiscal Year 2023, the District collected approximately \$2.1 million in grants and other reimbursements for the Water System. For the first five months of Fiscal Year 2024 (the five-month period through November 30, 2023), the District received \$199,000 in grants and reimbursements.

In the District’s biennial budget for Fiscal Years 2024 and 2025, earned contributions on construction, grants, and other reimbursements are budgeted at \$35.4 million and \$31.1 million, respectively. These figures are based on estimated new service installations and pipeline system extensions as well as other work reimbursed by applicants and other outside agencies. Lower demand than projected for these reimbursable capital expenses will lead to lower costs and lower reimbursement revenues for the District. These amounts are treated as capital contributions and are not included in Adjusted Net Water Revenues for purposes of the Indenture.

Operation and Maintenance Costs

The primary component of the District’s Operation and Maintenance Costs is labor costs, including wages, salaries and benefits. See also “– Employees’ Retirement System.” Operation and Maintenance Costs also include materials, supplies and services such as costs of chemicals for water treatment and electrical power, costs of purchased water such as water delivered to the District under the CVP Repayment Contract and/or water purchased by the District under other negotiated water purchase agreements, when applicable, and other general and administrative expenses.

Outstanding Debt

Table 15 shows the District’s Water System debt outstanding as of January 1, 2024. As provided in the Municipal Utility District Act, prior to the exercise by the District of its power to issue Water System revenue bonds, a preliminary resolution is adopted by the Board declaring its intention to authorize the issuance of revenue bonds and specifying, among other things, the maximum principal amount of bonds then proposed to be issued (excluding refunding bonds) pursuant to such resolution. As of January 1, 2024 (prior to the Series 2024 Bonds to be issued), the District has \$468,460,000 of authorized but unissued Water System revenue bonds under Resolution No. 34031-15 adopted on April 28, 2015, pursuant to which the Board declared its intention to authorize the issuance of an additional \$653,000,000 of Water System revenue bonds, to be issued from time to time in one or more series. The issuance of revenue bonds by the District is not subject to prior voter approval, although such resolutions of intention to authorize the issuance of bonds are subject to a 60-day referendum period (which, with respect to Resolution No. 34031-15, expired without challenge). The District may from time to time in the future adopt other resolutions authorizing the issuance of additional Water System revenue bonds and may incur other Parity Debt, subject to the satisfaction of the conditions set forth in the Indenture. See “SECURITY FOR THE SERIES 2024 BONDS – Issuance of Additional Water System Revenue Bonds and Parity Debt; Junior and Subordinate Obligations” in the front part of this Official Statement.

Low-interest loans were made by the SWRCB and the CDWR to the District under the Safe Drinking Water State Revolving Fund and Clean Water State Revolving Fund loan programs (both programs now administered by the SWRCB) to finance certain drinking water infrastructure projects and certain water

reclamation and reuse facilities within the District to conserve fresh water supplies. Borrowings under each of the District's outstanding State loans ("State Loans") are treated by the District as Parity Debt under the Indenture for purposes of calculating debt service coverage ratios. The District may from time-to-time in the future apply for, additional low-interest loans under State or federal loan programs. Any future State or federal loans received by the District would likely constitute Parity Debt under the Indenture. See "-- Parity State Loans" below.

Pursuant to the authority of the Municipal Utility District Act, the Board has declared its intention to authorize the issuance of short-term indebtedness of the District (which may include commercial paper notes and/or other forms of bonds, notes or other evidences of short-term indebtedness, including bank credit) in a maximum outstanding principal amount not exceeding the lesser of (1) the annual average of the District's total revenue for the three preceding years or (2) 25% of the District's total outstanding bonds issued pursuant to Chapters 6, 7 and 8 of the Municipal Utility District Act (which includes District revenue bonds). The District determined the maximum authorized principal amount of short-term indebtedness (including short-term indebtedness of both the Water System and the Wastewater System) pursuant to the above limit to be an amount not to exceed \$657,321,000 as of June 30, 2023. Commercial paper notes issued for the benefit of the Water System (and the District's repayment obligation for amounts borrowed, if any, under any applicable bank credit therefor), are payable from and secured by a pledge of Water Revenues on a basis subordinate to the Water System Revenue Bonds. See "-- Subordinate Commercial Paper Programs" below.

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Table 15
OUTSTANDING WATER SYSTEM DEBT
(as of January 1, 2024)

<i>Issue</i>	<i>Date of Issue</i>	<i>Last Maturity</i>	<i>Amount Issued</i>	<i>Outstanding January 1, 2024</i>
<u>Water System Revenue Bonds:</u>				
Revenue Bonds, Series 2010B (Build America Bonds)	02/23/10	06/01/40	\$ 400,000,000	\$ 400,000,000
Revenue Refunding Bonds, Series 2014A ⁽⁴⁾	06/11/14	06/01/35	128,315,000	128,315,000
Revenue Refunding Bonds, Series 2014B ⁽⁵⁾	06/11/14	06/01/30	242,730,000	153,665,000
Revenue Bonds, Series 2014C ⁽⁴⁾	06/26/14	06/01/44	75,000,000	75,000,000
Revenue Refunding Bonds, Series 2015A	03/03/15	06/01/37	429,360,000	410,845,000
Revenue Bonds, Series 2015B (Green Bonds)	06/17/15	06/01/45	74,335,000	72,010,000
Revenue Bonds, Series 2015C	06/17/15	06/01/45	110,715,000	110,715,000
Revenue Bonds, Series 2017A (Green Bonds)	06/22/17	06/01/45	185,355,000	185,355,000
Revenue/Refunding Bonds, Series 2017B	06/22/17	06/01/37	309,665,000	296,160,000
Revenue Bonds, Series 2019A (Green Bonds)	06/27/19	06/01/49	161,820,000	151,475,000
Revenue Bonds, Series 2022A (Green Bonds)	06/21/22	06/01/52	133,950,000	133,950,000
Revenue Refunding Bonds, Series 2022B-1	06/21/22	06/01/37	72,105,000	71,915,000
Revenue Refunding Bonds, Series 2022B-2	06/21/22	06/01/34	103,850,000	101,580,000
Total Water System Revenue Bonds			\$2,427,200,000	\$2,290,985,000
<u>Parity Debt:</u>				
State Water Resources Control Board Loan (East Bayshore Recycled Water Project)	05/22/08 ⁽¹⁾	04/01/28	20,100,000 ⁽²⁾	5,871,788
State Water Resources Control Board Loan (South Reservoir Replacement)	12/14/17 ⁽¹⁾	07/01/48	13,998,165 ⁽²⁾	12,335,342
State Water Resources Control Board Loan (MacArthur Davenport Pipeline Replacement Project)	04/18/18 ⁽¹⁾	07/01/49	12,044,901 ⁽²⁾	10,675,181
Total Parity State Loans			\$ 46,143,066	\$ 28,882,311
<u>Subordinate Debt:</u>				
Commercial Paper Notes (Water Series)	Various	Various	281,000,000 ⁽³⁾	281,000,000
Total Debt			<u>\$2,754,343,066</u>	<u>\$2,600,867,311</u>

⁽¹⁾ Date of State Loan contract execution.

⁽²⁾ Full amount disbursed to the District.

⁽³⁾ Commercial paper notes may be issued by the District in an amount up to the statutory limit described herein.

⁽⁴⁾ To be refunded in full in connection with the issuance of the Series 2024 Bonds. See "PLAN OF FINANCE" in the front part of this Official Statement.

⁽⁵⁾ To be refunded in part in connection with the issuance of the Series 2024 Bonds. See "PLAN OF FINANCE" in the front part of this Official Statement.

Source: The District.

Parity State Loans

The District has entered into and may apply for additional State Loans in the future under the Safe Drinking Water State Revolving Fund and Clean Water State Revolving Fund loan programs to obtain long-term financing for a portion of its CIP costs. State Loans under these programs are administered by the SWRCB on a project-by-project basis. The State Loan programs offer loans to applicant entities based on available moneys and placement on a statewide priority list. Although placement on the priority list is a necessary condition to receiving State Loan program moneys, placement on the priority list does not create an obligation on the part of the applicant to accept State Loan program moneys.

State Loan program moneys are disbursed on a cost-incurred basis pursuant to disbursement requests submitted by the borrower under the State Loan documents. The District is obligated to repay a State Loan only after it has submitted a disbursement request and received State Loan program moneys from the State. The SWRCB's obligation to disburse any sum to the District under a State Loan is contingent upon the availability of sufficient funds to permit the disbursements provided for therein. The SWRCB may withhold all or any portion of the funds available under any State Loan in the event that: (a) the District has materially violated, or threatens to materially violate, any term, provision, condition, or commitment of any State Loan; or (b) fails to maintain reasonable progress toward completion of the project funded thereby.

As set forth in Table 15 above, as of January 1, 2024, the District has three approved State Loans. One of these loans, the East Bayshore Recycled Water project loan, is being amortized over a 20-year term and bears interest at a per annum interest rate equal to 2.4% (inclusive of the service charge rate). The other two State Loans, the South Reservoir Replacement project loan and the MacArthur Davenport Pipeline Replacement project loan, are being amortized over a term of 30 years. Amounts disbursed under each of these State Loans bear interest at a per annum interest rate of 1.7%.

Each State Loan may be terminated by written notice during construction of the project funded thereunder, or thereafter at any time prior to complete repayment by the District, at the option of the SWRCB, upon violation by the District of any material provision of the related State Loan after such violation has been called to the attention of the District and after failure of the District to bring itself into compliance with the provisions of the related State Loan within a reasonable time as established by the SWRCB. In the event of such a termination, the District agrees, upon demand, to immediately repay to the SWRCB an amount equal to the current balance on the State Loan, including accrued interest, and all amounts due. The repayment obligations of the District under the State Loans are treated as Parity Debt under the Indenture.

Subordinate Commercial Paper Program

The District currently maintains a commercial paper note program for the benefit of the Water System and the District's Wastewater System. Under the District's commercial paper program, commercial paper notes may be issued for the Water System or the Wastewater System at prevailing interest rates for periods of not more than 270 days from the date of issuance. In connection with its commercial paper program, the District has covenanted to procure and maintain in effect for any series or subseries of commercial paper notes issued thereunder one or more liquidity facilities enabling it to borrow an aggregate amount at least equal to the principal amount of such series or subseries of commercial paper notes. As of January 1, 2024, the District had outstanding \$281,000,000 aggregate principal amount of tax-exempt Commercial Paper Notes (Water Series) ("Water System CP Notes") issued under the District's commercial paper program. From time-to-time, the District has elected to pay down the principal amount of Water System CP Notes then outstanding. In Fiscal Years 2020, 2021, 2022 and 2023, the District paid down outstanding Water System CP Notes in the principal amount of \$24.0 million, \$23.0 million, \$17.8 million and \$14.0 million, respectively.

The Water System CP Notes, together with any additional commercial paper notes issued by the District for the benefit of the Water System under either the District's commercial paper program (and the District's repayment obligation for amounts borrowed, if any, under any applicable liquidity facility therefor), are payable from and secured by a pledge of Water Revenues on a basis subordinate to the Water System Revenue Bonds and Parity Debt.

In order to provide an additional source of repayment for the Water System CP Notes, the District has entered into the following liquidity arrangements for the Water System CP Notes: (i) a standby letter of credit and reimbursement agreement with Sumitomo Mitsui Banking Corporation, acting through its New York Branch, under which up to \$144,000,000 may be advanced to the District to pay the principal of maturing Water System CP Notes, which expires on May 6, 2024, and (ii) a revolving credit agreement with Bank of America, N.A., under which up to \$137,000,000 may be advanced to the District to pay the principal of

maturing Water System CP Notes, which expires on June 28, 2024. The District's repayment obligation for amounts borrowed, if any, under the liquidity facilities for the Water System CP Notes are payable from and secured by a pledge of Water Revenues on a basis subordinate to the Water System Revenue Bonds. The liquidity facilities supporting the Water System CP Notes are subject to early termination upon the occurrence of certain events, including, among other things, the failure of the District to make certain payments, the occurrence of certain bankruptcy or insolvency-related events or the reduction (by two rating agencies if three rating agencies are then rating the Water System Revenue Bonds) of the long-term credit ratings of the Water System Revenue Bonds of the District below "A-" by S&P or Fitch or below "A3" by Moody's. Upon the occurrence of such termination or certain other specified events of default, one or more of the following would likely occur: (a) the District would be prohibited from issuing additional commercial paper notes supported by such liquidity facility; (b) any outstanding obligations of the District to the liquidity provider, including any repayment obligation for amounts advanced under any such liquidity facility for the payment of Water System CP Notes, could bear interest at rates substantially higher than the rates borne by the Water System CP Notes; and (c) any outstanding repayment obligations of the District to the liquidity provider could be accelerated and become immediately due and payable.

Debt Service Requirements

Table 18 on the following page shows estimated future payments on outstanding debt.

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Table 18: WATER SYSTEM ESTIMATED DEBT SERVICE⁽¹⁾

<i>Fiscal Year Ending June 30</i>	<i>Outstanding Water System Revenue Bonds⁽²⁾</i>			<i>Series 2024 Bonds</i>			<i>State Parity Loans⁽⁴⁾</i>	<i>Total Bonds and Parity Debt</i>	<i>Water System CP Notes⁽⁵⁾</i>	<i>Total Debt Service⁽⁶⁾</i>
	<i>Principal</i>	<i>Interest⁽³⁾</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>				
2024	\$ 79,400,000	\$ 115,651,175	\$ 195,051,175				\$ 2,395,700	\$ 197,446,875	\$ 11,240,000	\$ 208,686,875
2025	83,290,000	111,765,025	195,055,025				2,395,699	197,450,724	11,240,000	208,690,723
2026	87,380,000	107,673,375	195,053,375				2,395,701	197,449,076	8,430,000	205,879,076
2027	91,740,000	103,312,375	195,052,375				2,395,700	197,448,075	8,430,000	205,878,075
2028	96,280,000	98,775,375	195,055,375				2,395,700	197,451,075	8,430,000	205,881,075
2029	102,350,000	93,961,375	196,311,375				1,135,452	197,446,827	8,430,000	205,876,827
2030	107,440,000	88,873,275	196,313,275				1,135,453	197,448,728	8,430,000	205,878,728
2031	112,815,000	83,501,275	196,316,275				1,135,451	197,451,726	8,430,000	205,881,726
2032	118,455,000	77,860,525	196,315,525				1,135,452	197,450,977	8,430,000	205,880,977
2033	124,375,000	71,937,775	196,312,775				1,135,452	197,448,227	8,430,000	205,878,227
2034	130,315,000	65,997,125	196,312,125				1,135,451	197,447,576	8,430,000	205,877,576
2035	136,510,000	59,802,275	196,312,275				1,135,451	197,447,726	8,430,000	205,877,726
2036	143,245,000	53,070,450	196,315,450				1,135,452	197,450,902	8,430,000	205,880,902
2037	150,600,000	45,712,395	196,312,395				1,135,451	197,447,846	8,430,000	205,877,846
2038	158,550,000	37,765,086	196,315,086				1,135,452	197,450,538	8,430,000	205,880,538
2039	156,820,000	28,895,251	185,715,251				1,135,452	186,850,703	8,430,000	195,280,703
2040	73,280,000	19,943,870	93,223,870				1,135,452	94,359,322	8,430,000	102,789,322
2041	57,495,000	16,071,150	73,566,150				1,135,452	74,701,602	8,430,000	83,131,602
2042	60,260,000	13,306,550	73,566,550				1,135,453	74,702,003	8,430,000	83,132,003
2043	63,165,000	10,408,050	73,573,050				1,135,452	74,708,502	8,430,000	83,138,502
2044	66,125,000	7,449,000	73,574,000				1,135,452	74,709,452	8,430,000	83,139,452
2045	48,070,000	4,349,900	52,419,900				1,135,452	53,555,352	8,430,000	61,985,352
2046	9,360,000	2,161,850	11,521,850				1,135,452	12,657,302	8,430,000	21,087,302
2047	9,830,000	1,693,850	11,523,850				1,135,451	12,659,301	8,430,000	21,089,301
2048	10,325,000	1,202,350	11,527,350				1,135,452	12,662,802	8,430,000	21,092,802
2049	10,840,000	684,188	11,524,188				823,643	12,347,831	8,430,000	20,777,831
2050	845,000	140,175	985,175				258,830	1,244,005	8,430,000	9,674,005
2051	890,000	95,813	985,813				--	985,813	8,430,000	9,415,813
2052	935,000	49,088	984,088				--	984,088	8,430,000	9,414,088
2053	--	--	--				--	--	8,430,000	8,430,000
2054	--	--	--				--	--	8,430,000	8,430,000
Total ⁽⁶⁾	<u>\$2,290,985,000</u>	<u>\$1,322,109,965</u>	<u>\$3,613,094,965</u>				<u>\$35,770,010</u>	<u>\$3,648,864,975</u>	<u>\$266,950,000</u>	<u>\$3,915,814,975</u>

(1) Debt service is calculated on a cash basis.

(2) Includes the Refunded Bonds.

(3) Includes gross interest payable before application of any cash subsidy received by the District from the United States Treasury relating to the Series 2010B Bonds (“BABs Interest Subsidy Payments”). In accordance with amendments to the Indenture made pursuant to the Sixteenth Supplemental Indenture (which amendments became effective in June 2022), the BABs Interest Subsidy Payments reasonably expected to be received by the District is treated as an offset to debt service on the Series 2010B Bonds for purposes of the Indenture.

(4) See “SECURITY FOR THE SERIES 2024 BONDS – Outstanding Water System Revenue Obligations–Parity State Loans.”

(5) Assumes \$281,000,000 principal amount outstanding at assumed interest rate of 4.00% for Fiscal Years 2024 and 2025 and 3.00% thereafter. Includes interest only (no principal amortization). While the commercial paper program is limited by statute to seven years, it is the District’s intention to reestablish the commercial paper program prior to the expiration of each seven-year period.

(6) Totals may not add due to rounding.

Financial Management Policies

The District has detailed management policies that include guidelines for debt, capital planning, investments, derivatives, and formal reserves. It is the current Board-approved policy of the District to seek to maintain a debt service coverage ratio of 1.6 times on its outstanding Water System Revenue Bonds and to fund no more than 65% of its capital program over each five-year planning period from proceeds of debt. The debt policy also limits unhedged variable rate debt to 25% of the total debt portfolio. Derivatives use is governed by a comprehensive derivatives policy and related set of procedures with guidelines for counterparties, termination, and risk exposure. The District's current policy target for debt service coverage is higher than that required by the rate covenant under the Indenture and may be changed at the Board's discretion. See "SECURITY FOR THE SERIES 2024 BONDS – Rate Covenant."

In accordance with its current cash reserves policy, the District budgets for a number of formal reserves for the Water System, including the following:

- a working capital reserve of at least three times monthly net operating and maintenance expenses;
- a self-insurance liability program reserve in an amount based upon established actuarially determined funding guidelines or, if not yet available at the end of the fiscal year, 1.15 times the prior year reserve target (which reserve amount was approximately \$8.3 million as of June 30, 2023;
- a workers' compensation program reserve in an amount based upon established actuarially determined funding guidelines or, if not yet available at the end of the fiscal year 1.15 times the prior year reserve target (which amount was approximately \$7.2 million as of June 30, 2023; and
- a contingency/rate stabilization reserve of at least 20% of projected annual water volume sales revenues (which contingency/rate stabilization reserve is included in the Rate Stabilization Fund provided for in the Indenture (see "SECURITY FOR THE SERIES 2024 BONDS – Pledge of Adjusted Net Water Revenues"))).

The aggregate reserves maintained by the District for these four formal reserves for the Water System as of June 30, 2023 was approximately \$247.7 million, which satisfies or exceeds the reserve policy target level.

The current investment policy dictates investment criteria, reporting, and administrative requirements. See "– District Investment Policy" below.

District Investment Policy

Funds of the District are invested in accordance with the Government Code of the State, the Municipal Utility District Act and the District's investment policy. The four primary investment criteria set forth in the District's written investment policy are (in order of priority): (1) safety; (2) liquidity; (3) yield; and (4) diversification. In order to keep funds available to meet commitments, the District's investment policy provides that the maturity date (or put provision) of individual investments shall not exceed five years and that the average maturity of the portfolio shall not exceed 900 days. Investments permitted by the District's current investment policy include U.S. Treasury Obligations, U.S. Government Agencies Obligations, State of California's Local Agency Investment Fund (LAIF), a Local Government Investment Pool (LGIP), including the California Asset Management Program (CAMP) and the Investment Trust of California (CalTRUST), Money Market Mutual Funds, Certificates of Time Deposit, Negotiable Certificates of Deposit, Commercial Paper, Medium Term Corporate Notes, Repurchase Agreements and Municipal Obligations, limited to California issuers, including the State of California. Monies in the funds and accounts held by the Trustee under the Indenture may be invested only in Investment Securities, as defined therein. The District does not enter into reverse repurchase agreements or otherwise borrow for purposes of investing. The District does not

invest in highly volatile derivatives and other such securities. The District has, however, historically entered into interest rate swap transactions to hedge interest rate exposure on outstanding variable rate Water System Revenue Bonds.

Pursuant to the District’s investment policy, all securities purchased from dealers and brokers are held in safekeeping by the District’s custodial bank. All transactions require delivery of the security prior to payment for the security (delivery vs. payment). Collateral, when required, would only be in U.S. Treasury or U.S. Government Agencies Obligations, with a Master Repurchase Agreement on file with the District. Trade confirmations are reviewed for conformity to the original transaction by an individual other than the one who originated the transaction. On a monthly basis, a report listing transactions is submitted to the General Manager and the District’s Board; and on a quarterly basis, an investment report is submitted to the General Manager and the Finance/Administration Committee of the District’s Board. This quarterly report includes the type of investment, issuer, date of maturity, par and dollar amount invested for all securities, investments and moneys held by the District, and provides an investment summary by security type, percent of the portfolio, investment yield and the remaining period of investment to maturity.

Cash and Investments

The District’s cash and investments are segregated by restricted and unrestricted amounts. Restricted cash and investments generally include bond proceeds and debt service reserve funds, developer advances and capital contributions, and other miscellaneous restricted amounts. At June 30, 2023, the breakdown between restricted and unrestricted amounts for the Water System is as follows:

Table 19
WATER SYSTEM
CASH AND INVESTMENTS
(As of June 30, 2023)
(Thousands)

Cash and investments included in current and unrestricted assets	\$384,245
Cash and investments included in restricted assets	<u>40,919</u>
Total cash and investments	<u>\$425,164</u>

Source: The District.

See also “– *Cash and Investment by Fund*” in the Management’s Discussion and Analysis included in APPENDIX B – “EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022.” Additional information regarding the District’s investment portfolio may also be found in Note 2 in the District’s financial statements included in APPENDIX B – “EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022.”

Audited Financial Statements

A copy of the Basic Financial Statements of the District for the Years ended June 30, 2023 and 2022, together with the report of the District’s Independent Accountants, Lance, Soll & Lunghard, LLP, and the Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (the “Report on Internal Control”) are included as Appendix B to this Official Statement, and should be read in their entirety. In the Report on Internal Control prepared by the Independent Accountants in connection with the District’s Fiscal Year 2022-23 audited financial statements, and dated October 25, 2023, the Independent Accountants identified one deficiency in internal control that it considered to be material

weakness as described in their report. District officers and staff has reviewed and implemented or identified corrective action as needed to modify District audit and accounting practices to address the material weakness identified.

Historical Operating Results

The summary of operating results for Fiscal Years 2019 through 2023 contained in Table 20 is derived from information from the audited financial statements for such Fiscal Years and is qualified in its entirety by reference to such statements, including the notes thereto. See also “INDEPENDENT ACCOUNTANTS” in the front part of this Official Statement.

Table 20
WATER SYSTEM
Historical Operating Results and Debt Service Coverage⁽¹⁾
Fiscal Years 2019 through 2023

	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
WATER REVENUES⁽²⁾:					
Water Sales ⁽³⁾	\$520,344,215	\$567,393,958	\$620,470,633	\$633,840,416	\$623,928,774
Power Revenue	10,730,371	6,307,502	4,573,453	7,231,908	20,403,204
Interest	10,460,203	12,254,262	2,087,045	2,324,196	13,637,721
SCC Revenue ⁽⁴⁾	73,496,282	53,307,284	50,378,065	39,689,401	40,760,196
Seismic Rate Surcharge ⁽⁵⁾	(400)	42	(13)	0	0
Other Revenues ⁽⁶⁾	<u>14,264,876</u>	<u>14,361,981</u>	<u>16,205,518</u>	<u>8,938,022</u>	<u>13,587,210</u>
TOTAL WATER REVENUES	<u>\$629,295,547</u>	<u>\$653,625,029</u>	<u>\$693,714,701</u>	<u>\$ 692,023,943</u>	<u>\$ 712,317,105</u>
RATE STABILIZATION FUND TRANSFERS:					
Deposits to the Rate Stabilization Fund	\$ 0	\$ 0	\$(55,000,000)	\$ 0	\$ 0
Withdrawals from Rate Stabilization Fund for Inclusion in revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
WATER REVENUES AFTER RATE STABILIZATION TRANSFER	<u>\$629,295,547</u>	<u>\$653,625,029</u>	<u>\$638,714,701</u>	<u>\$692,023,943</u>	<u>\$ 712,317,105</u>
WATER OPERATION & MAINTENANCE COSTS⁽⁷⁾:					
Operating Expenses	\$246,619,873	\$264,262,808	\$270,759,257	\$311,831,895	\$331,655,684
(Less Tax Receipts) ⁽⁸⁾	<u>(35,708,641)</u>	<u>(40,337,251)</u>	<u>(40,577,757)</u>	<u>(45,499,281)</u>	<u>(46,758,370)</u>
TOTAL WATER OPERATION & MAINTENANCE COSTS	<u>\$210,911,232</u>	<u>\$223,925,557</u>	<u>\$230,181,500</u>	<u>\$266,332,614</u>	<u>\$ 284,897,314</u>
NET WATER REVENUES	\$418,384,315	\$429,699,472	\$408,533,201	\$425,691,329	\$427,419,791
PARITY DEBT SERVICE:					
Water System Revenue Bonds ⁽⁹⁾	\$176,560,990	\$186,586,103	\$186,122,162	\$178,501,948	\$187,236,158
Parity State Loans	<u>1,496,594</u>	<u>2,017,889</u>	<u>2,870,695⁽¹⁰⁾</u>	<u>2,395,700</u>	<u>2,395,700</u>
TOTAL PARITY DEBT SERVICE	\$178,057,584	\$188,603,992	\$188,992,857	\$180,897,648	\$189,631,858
PARITY DEBT SERVICE COVERAGE	2.35	2.28	2.16	2.35	2.25
SUBORDINATE WATER SYSTEM DEBT SERVICE⁽¹¹⁾	<u>\$ 6,824,219</u>	<u>\$ 5,421,978</u>	<u>\$ 1,623,661</u>	<u>\$ 1,517,099</u>	<u>\$ 6,980,859</u>
TOTAL PARITY AND SUBORDINATE DEBT SERVICE	\$184,881,803	\$194,025,970	\$190,616,518	\$182,414,747	\$196,612,717
TOTAL PARITY AND SUBORDINATE DEBT SERVICE COVERAGE	2.26	2.21	2.14	2.33	2.17

(Footnotes to Table 20 are on the following page.)

(Footnotes below are to Table 20 on the previous page)

- (1) Calculated in accordance with the Indenture as footnoted.
- (2) Revenues exclude grant receipts, taxes, and certain developer contributions which are treated as contributions (not Water Revenues).
- (3) Reflects average daily billed consumption of 142.7 MGD in Fiscal Year 2019, 147.8 MGD in Fiscal Year 2020, 152.7 MGD in Fiscal Year 2021, 144.7 MGD in Fiscal Year 2022, and 133.7 MGD in Fiscal Year 2023.
- (4) System Capacity Charge (“SCC”) Revenues presented in the table above include the “buy-in” portion of SCC charges and the “future water supply” portion of SCC charges when collected. SCC Revenues are treated as capital contributions and are not recognized as operating revenues for purposes of the District’s audited financial statements.
- (5) The sunset of the District’s seismic surcharge became effective July 1, 2015 and beginning with Fiscal Year 2016 the seismic surcharge has no longer been collected. However, a small amount of seismic surcharge collections were made in Fiscal Years 2017, 2018 and 2020 and a small refund was made in 2019 and 2021. Collections primarily represent late payments or bill collections.
- (6) Through Fiscal Year 2021, Other Revenues includes Build America Bonds (BABs) Interest Subsidy Payments received and due to the District in connection with the Series 2010B Bonds. Beginning in Fiscal Year 2022, the subsidy is not included in Other Revenues. (See Footnote 9 below).
- (7) Excludes depreciation and amortization expenses. Also reflects certain adjustments for non-cash pension and OPEB expenses.
- (8) Operation and Maintenance Costs exclude those expenses paid from District’s share of countywide 1% property tax revenues.
- (9) Includes net swap payments through Fiscal Year 2022. Through Fiscal Year 2021, debt service on the Series 2010B Bonds is gross of the BABs Interest Subsidy Payments received by the District. In accordance with amendments to the Indenture which became effective on June 21, 2022, commencing in Fiscal Year 2022, BABs Interest Subsidy Payments received and due to the District are treated as an offset to interest paid by the District on the Series 2010B Bonds. In Fiscal Year 2023, excludes a cash redemption made by the District of \$14.725 million principal amount of then outstanding Series 2012B Bonds, which bonds were optionally redeemed by the District from available funds.
- (10) In Fiscal Year 2021 includes the early repayment of the balance (approximately \$405,000 including accrued interest) of the District’s Safe Drinking Water State Revolving Fund Loan (Upper San Leandro Reservoir).
- (11) Includes interest only on outstanding Water System commercial paper notes. From time-to-time, the District has elected to pay down the principal amount of commercial paper notes then outstanding. In Fiscal Years 2020, 2021, 2022 and 2023, the District paid down outstanding commercial paper notes in the principal amount of \$24.0 million, \$23.0 million, \$17.8 million and \$14.0 million, respectively.

Source: The District.

District Management’s Discussion of Fiscal Year 2023 Operating Results

As reflected in the preceding table summarizing the District’s operating revenues, operating expenses and debt service coverage ratios for the five Fiscal Years ended June 30, 2019 through June 30, 2023, recent Fiscal Years have been characterized by annual rate increases leading to stable debt service coverage, including years when consumption declined. Water sales revenue decreased by \$9.9 million, or 1.6%, in Fiscal Year 2023 due to a 7.6% decrease in billed water consumption, partially offset by a 4.00% increase in water rates. Power revenues increased \$13.2 million in Fiscal Year 2023 due to higher wholesale energy prices and increased power generation. System Capacity Charge revenue increased \$1.1 million in Fiscal Year 2023 due to continued infill development within the water service area. Property tax receipts modestly increased in Fiscal Year 2023, growing \$1.2 million, or 2.8%, year-over-year.

Operating expenses increased by \$19.8 million, or 6.4% in Fiscal Year 2023 due in part to increases in raw water expenses and water treatment and distribution expenses.

The District anticipates that water consumption will continue to vary from year-to-year based on varying hydrology in California and the service area’s exposure to economic cycles. The Rate Stabilization Fund provides the District with a tool to help maintain stable revenues and policy level coverage as it addresses the current and anticipated future impacts of variable weather conditions. The Rate Stabilization Fund totaled \$150 million as of June 30, 2023.

Parity lien debt service coverage in Fiscal Year 2023 was approximately 2.25 times, above the District's policy target of 1.6 times. This is a decrease from the prior Fiscal Year's coverage level of 2.35 times. The coverage reflects rate increases, strong power revenues, and higher interest earnings, offset in part by decreased water consumption, higher operating expenses, and higher parity debt service. Overall debt service coverage was 2.17 times in Fiscal Year 2023, down from 2.33 times in Fiscal Year 2022. In each of the last five Fiscal Years, parity lien debt service coverage has been above 2.00 times.

See also the "Management's Discussion and Analysis" contained in APPENDIX B – "EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022."

Projected Operating Results

In the preparation of the projections in this section, the District has made certain assumptions with respect to conditions that may occur in the future. While the District believes these assumptions are reasonable for the purpose of the projections, they are dependent on future events. See the footnotes to Table 21 below for relevant assumptions, including projected average daily billed consumption for water sales, and assumed future average annual rate increases in water rates. See also "– Discussion of Budget Projections for Fiscal Years 2024 through 2028" for a discussion of potential impacts. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. To the extent actual future factors differ from those assumed by the District or provided to the District by others or unanticipated events or circumstances occur, the actual results will vary from those forecasted, and such variations may be material. The projected information has not been compiled, reviewed or examined by the District's independent accountants.

Table 21 sets forth the projected operating results and calculation of the debt service coverage ratio for the Water System as derived from the Five-Year Financial Forecast for the five Fiscal Years 2024 through 2028. The Five-Year Financial Forecast for Fiscal Year 2024 through 2028 was developed in connection with the District's biennial budget for Fiscal Years 2024 and 2025. The District's biennial budget and rate increases for Fiscal Years 2024 and 2025 were approved and adopted by the Board on June 13, 2023. In the preparation of the projected operating results and five-year forecast, the District developed forecasts of water consumption for the projection period, taking into account historical consumption levels, the continuing effects of conservation measures taken by customers in response to the recent drought in California, modest growth in the service area, and the expectations for the future economic environment. See also "– Discussion of Budget Projections for Fiscal Years 2024 through 2028" below.

Subsequent to the development of the biennial budget for Fiscal Years 2024 and 2025, the District learned that a large industrial customer intended to change the nature of its operations, leading to a reduction in its water consumption. The District estimates that this reduction in consumption will lead to a reduction in water sales revenues of between \$5.0 million and \$6.0 million annually over the Five-Year Financial Forecast. This anticipated reduction in Water Sales is incorporated in the projected operating results set forth in Table 21.

The District does not expect that growth will significantly bolster net revenues. As such, maintaining the District's policy target of at least 1.60 times for debt service coverage on its Water System Revenue Bonds will require annual rate increases. The projection period reflects the approved overall rate increases of 8.5% for Fiscal Year 2024 and 8.5% for Fiscal Year 2025. Annual rate increases of 6.0% are assumed for each of Fiscal Years 2026, 2027 and 2028. Any such assumed rate increases will be subject to future Board approval. Projected Operating Expenses incorporate salary and benefit expectations. The District's service area is mature and significant increases in SCC revenues are not expected. A higher level of capital spending (to be funded from a combination of cash and bond proceeds) is planned over the Five-Year Financial Forecast to fund the District's CIP, which is largely comprised of infrastructure renewal and replacement projects. See "THE WATER SYSTEM – Capital Improvement Program."

Table 21
WATER SYSTEM
Projected Operating Results and Debt Service Coverage (Millions)⁽¹⁾
Fiscal Years 2024 to 2028

	<i>FY 2024 and 2025 Budget Five-Year Financial Forecast (as adjusted)⁽²⁾</i>				
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
WATER REVENUES⁽³⁾:					
Water Sales ⁽⁴⁾	\$662.5	\$737.3	\$801.9	\$864.1	\$924.0
Power Revenue	8.0	8.0	7.0	7.0	7.0
Interest Earnings ⁽⁵⁾	13.9	13.8	9.5	10.0	10.3
SCC Revenue ⁽⁶⁾	35.0	36.2	37.5	38.8	40.2
Other Revenue	<u>7.7</u>	<u>8.1</u>	<u>7.2</u>	<u>7.3</u>	<u>7.4</u>
TOTAL WATER REVENUES	\$727.2	\$803.4	\$863.1	\$927.2	\$988.9
RATE STABILIZATION FUND TRANSFERS:					
Deposits to the Rate Stabilization Fund	\$ 0.0	0.0	0.0	0.0	0.0
Withdrawals from Rate Stabilization Fund for Inclusion in revenues	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
WATER REVENUES AFTER RATE STABILIZATION TRANSFER	\$727.2	\$803.4	\$863.1	\$927.2	\$988.9
WATER OPERATION & MAINTENANCE COSTS:					
Operating Expense ⁽⁷⁾	\$398.3	\$414.0	\$427.8	\$443.4	\$459.8
(Less Tax Receipts) ⁽⁸⁾	<u>(47.0)</u>	<u>(48.1)</u>	<u>(49.2)</u>	<u>(50.3)</u>	<u>(51.5)</u>
TOTAL WATER OPERATION & MAINTENANCE COSTS	<u>\$351.3</u>	<u>\$365.9</u>	<u>\$378.6</u>	<u>\$393.1</u>	<u>\$408.4</u>
NET WATER REVENUES	\$375.9	\$437.5	\$484.5	\$534.1	\$580.5
PARITY DEBT SERVICE:					
Water System Revenue Bonds ⁽⁹⁾	\$205.2	\$223.1	\$241.0	\$252.3	\$262.1
Parity State Loans	<u>2.4</u>	<u>2.4</u>	<u>2.4</u>	<u>2.4</u>	<u>2.4</u>
TOTAL PARITY DEBT SERVICE	\$207.6	\$225.5	\$243.4	\$254.7	\$264.5
PARITY DEBT SERVICE COVERAGE	1.81	1.94	1.99	2.10	2.19
SUBORDINATE WATER SYSTEM CP NOTES DEBT SERVICE⁽¹⁰⁾	<u>\$ 12.1</u>	<u>\$ 12.3</u>	<u>\$ 9.4</u>	<u>\$ 9.4</u>	<u>\$ 9.4</u>
TOTAL PARITY AND SUBORDINATE DEBT SERVICE	\$219.7	\$237.7	\$252.8	\$264.2	\$274.0
PARITY AND SUBORDINATE DEBT SERVICE COVERAGE	1.71	1.84	1.92	2.02	2.12

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Reflects Fiscal Years 2024 through 2028 projected results as derived from the District's Five-Year Financial Forecast prepared in connection with the biennial budget for Fiscal Years 2024 and 2025 which was approved by the Board on June 13, 2023. Certain figures have been adjusted to account for the treatment of revenues, expenses and debt service under the Indenture which differs in certain respects from treatment for budgetary purposes. In addition, projected water sales revenues have been reduced to reflect the expected reduction in water consumption by a large industrial customer as a result of a change in the nature of its operations.

⁽³⁾ Revenues exclude grant receipts, taxes, reimbursements and certain developer contributions which are treated as contributions (not Water Revenues). Revenues as projected do not take into account any amounts to be derived from the drought surcharges if implemented. See "— Rates and Charges."

(Table footnotes continued on following page.)

(Footnotes to table continued from prior page.)

- (4) For the Five-Year Financial Forecast assumed average daily billed consumption was 139.7 MGD in Fiscal Year 2024, 143.9 MGD in Fiscal Year 2025, 148.2 MGD in Fiscal Year 2026, 151.2 MGD in Fiscal Year 2027, and 152.8 MGD in Fiscal Year 2028. See “– Rates and Charges” above. Reflects adopted average annual rate increase (excluding drought surcharges) of 8.50% in Fiscal Years 2024 and 2025, and assumes average annual rate increases (excluding any drought surcharges) of 6.00% in each of Fiscal Year 2026, Fiscal Year 2027, and Fiscal Year 2028. Any such assumed rate increases will be subject to Board approval. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND FEES AND CHARGES.”
- (5) Excludes non-cash change in fair market value of investments.
- (6) SCC Revenues presented in the table above include both the projected “buy-in” portion of SCC charges and the “future water supply” portion of SCC charges when collected. See “– System Capacity Charge” above. SCC Revenues are capitalized and are not recognized as operating revenues for purposes of the District’s audited financial statements.
- (7) Projected Operating Expenses do not take into account the incremental costs of any supplemental water supplies purchased by the District. When the District is in a Stage 2 Drought or higher it is expected that costs associated with the purchase, treatment and delivery of supplemental water supplies, when taken, would be funded from receipts to be derived from the system of drought surcharges adopted by the Board. The cost of supplemental water supplies taken during a Stage 1 Drought is expected to be paid from normal water rates and from reserves. See “THE WATER SYSTEM – Drought Management.” See also “WATER SYSTEM FINANCES – Drought Surcharges.”
- (8) Water Operation and Maintenance Costs exclude those expenses paid from *ad valorem* taxes.
- (9) Debt service on the Series 2010B Bonds is net of the expected BABs Interest Subsidy Payments relating to such Series 2010B Bonds. In light of the potential effect of ongoing sequestration, the District has assumed cash receipts of approximately 33% of the interest payable on the Series 2010B Bonds (93% of the BABs Interest Subsidy Payments of 35% provided for under the American Recovery and Reinvestment Act of 2009) for Fiscal Years 2024 through 2028. Except as adjusted to reflect the treatment of the BABs Interest Subsidy Payments under the Indenture, debt service for the Five-Year Financial Forecast is as projected in connection with the biennial budget for Fiscal Years 2024 and 2025, which does not reflect the actual structure and timing of the issuance of the Series 2024 Bonds. See “PLAN OF FINANCE” in the front part of this Official Statement. Assumes issuance of additional Water System Revenue Bonds of approximately \$275 million in Fiscal Year 2024, \$275 million in Fiscal Year 2025, \$275 million in Fiscal Year 2026, \$175 million in Fiscal Year 2027, and \$150 million in Fiscal Year 2028. The actual size and timing of future debt issuances undertaken by the District will be determined by the District based on market considerations and other factors.
- (10) Includes assumed liquidity fees. For the Five-Year Financial Forecast, assumes interest only at 4% per annum for Fiscal Year 2024, 4.0% per annum for Fiscal Year 2025, and 3.0% per annum for each of Fiscal Years 2026 through 2028. There were \$281.0 million of Water System CP Notes outstanding as of the start of Fiscal Year 2024.

Source: The District.

Discussion of Budget Projections for Fiscal Years 2024 through 2028

The Five-Year Financial Forecast for the period between Fiscal Years 2024 and 2028 is based on specified assumptions, reflected in the footnotes to Table 21 and outlined below. These assumptions do not incorporate drought-related costs or revenues, as discussed below. The projections do incorporate the expected reduction in water sales from a major customer, as described under “– Projected Operating Results” above. The first two years in the Five-Year Financial Forecast are based upon the District’s two-year budget. The adopted biennial budget for Fiscal Years 2024 and 2025 was approved by the Board on June 13, 2023. In conjunction with the Board’s approval of the District’s biennial budget, the Board adopted rate increases for Fiscal Years 2024 and 2025, following a public hearing on the proposed rate increases held on June 13, 2023. See “– Rates and Charges” above.

Based upon the base budget assumptions outlined below, revenues are forecast to increase by an average annual rate of 8.0% annually over the period between Fiscal Years 2024 and 2028 as reflected in the budget forecasted amounts, while forecasted operating expenses are expected to grow by an average of approximately 3.7% per year and debt service increases by an average of 6.2% per year. Capital cash flow spending is projected at \$2.5 billion over the five-year period between Fiscal Years 2024 and 2028. Projected capital expenditures are directed at pipelines infrastructure renewal; water treatment plant upgrades; reservoir rehabilitation; pumping plant rehabilitation; raw water aqueduct improvements; meter, valve and hydrant replacements; new service installations; and other water system projects.

The average percentage of capital funded from debt is projected at 56.4% in Fiscal Year 2024 and 51.8% in Fiscal Year 2025, lower than the financial policy maximum of 65%. Revenue bond debt service coverage is projected to exceed the 1.60x policy target each year. In Fiscal Year 2024, revenue bond debt service coverage is projected in the Five-Year Financial Forecast to be 1.81x. In Fiscal Year 2025, revenue bond debt service coverage is projected to be 1.94x. Debt service coverage is projected to remain relatively steady, at 1.99x, 2.10x, and 2.19x in Fiscal Years 2026, 2027 and 2028, respectively. Reserve balances, including the Rate Stabilization Fund reserve, are projected to meet or exceed the policy reserve levels throughout the five-year period. The District is projecting ending each year over the five-year period with total reserves of over \$400 million. Included in these reserves is the Rate Stabilization Fund reserve, which is projected to remain at \$150 million at the end of Fiscal Year 2024.

The Five-Year Financial Forecast for the period covering Fiscal Years 2024 and 2028 is based on certain assumptions, which the District believes to be reasonable, incorporating among other factors the decreased demand for water in recent years. The forecast includes conservative assumptions of customer water use, but it does not reflect the impact of the drought or any voluntary or mandatory water use restrictions in the base assumptions. Management of drought costs during the forecast period, should drought conditions return, is addressed below. For the Five-Year Financial Forecast, water sales volume was budgeted at 139.7 MGD in Fiscal Year 2024 and at 143.9 MGD in Fiscal Year 2025, below the prior year's budget assumptions of 145.8 MGD in Fiscal Year 2023. Water sales volume is projected to increase only modestly to 148.2 MGD, 151.2 MGD and 152.8 MGD in Fiscal Years 2026, 2027, and 2028, respectively. The overall increases to base rates and charges for Fiscal Years 2024 and 2025 of 8.50% and 8.50%, adopted by the Board on June 13, 2023, are reflected. Overall rate increases of 6.0% per annum are assumed for each of Fiscal Years 2026, 2027 and 2028, respectively. Assumed rate increases for such years will be subject to Board approval. The base rates exclude any drought surcharges.

The District has developed a comprehensive approach to managing the financial impacts of drought, including implementing drought surcharges, with Board approval, to pay for increased costs to purchase, convey and treat supplemental water. The Five-Year Financial Forecast from Fiscal Year 2024 through 2028 is built on prudent water sales assumptions but, as noted, does not project the effects of any drought that may occur in California. Should drought conditions occur during the five-year period, the District's Board can implement increasing Drought Surcharges at each stage of drought, starting with up to 8% drought surcharges at a Stage 2 drought declaration. See "– Drought Surcharges" above. The District would also consider using funds in its Rate Stabilization Fund in a year in which water consumption is below budgeted projections.

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Employees' Retirement System

General. The District has a contributory retirement system covering substantially all of its employees (including the Water System and Wastewater System). The East Bay Municipal Utility District Employees' Retirement System (the "Retirement System") was established in 1937 to administer a single-employer, contributory, defined benefit pension plan (the "Plan") to provide retirement, disability, survivorship and post-employment health insurance benefits ("HIB") for eligible directors, officers and employees of the District. The Plan is funded by contributions from its members and from the District, and from investment earnings on Plan assets. The payment of benefits earned by Plan members of the Retirement System is an obligation of the District. Employees of the District are also covered by Social Security.

The Retirement System is administered by a Retirement Board composed of three members appointed by the District Board, two members elected by and from the active membership and one (non-voting) member elected by and from the retired membership of the Retirement System. Ordinance No. 40 of the District, effective October 1, 1937, as amended (the "Retirement System Ordinance"), assigns the authority to establish Plan benefit provisions to the District Board.

Contributions to the Retirement System are made by the members and the District. Each member's contribution is based upon a percentage of that member's covered compensation. The employee contribution rates for 1955/1980 Plan members (*i.e.*, employees first hired prior to January 1, 2013) are prescribed in the Retirement System Ordinance and may be adjusted by the District Board solely pursuant to the terms of a negotiated collective bargaining agreement or MOU with employee bargaining units. Pursuant to applicable provisions of the California Public Employees' Pension Reform Act of 2013 as codified ("PEPRA"), 2013 Tier members (*i.e.*, employees first hired on or after January 1, 2013) are required to contribute at least 50% of the "normal cost" rate. The District employees' contribution rate for 1955/1980 Plan members (which includes a 0.09% contribution to the HIB) is 8.75%, effective since April 18, 2016. The District employees' contribution rate for 2013 Tier members (which also includes a 0.09% contribution to the HIB) is established by the District Board, and such rates are based upon actuarial valuations. The current District employees' contribution rate for 2013 Tier members (including the 0.09% contribution to the HIB) is 9.50%, effective since July 1, 2021.

The District (employer) contributions are based upon percentages of the aggregate amount of members' covered compensation. Employer contribution percentages are established by the District Board. Such percentages are based upon actuarial valuations. The District's employer contribution percentage for 1955/1980 Plan members has been established at 48.48% for Fiscal Year 2024 (including a 4.75% contribution to the HIB) and has been established at 39.21% for 2013 Tier members (including a 4.52% contribution to the HIB). Based upon the June 30, 2023 funding valuation reports prepared by the actuary, for Fiscal Year 2025, the recommended District employer contribution percentage for 1955/1980 Plan members is 49.02% (including a 4.43% contribution to the HIB) and is 40.07% for 2013 Tier members (including a 4.27% contribution to the HIB). ~~{remove brackets following January 18 Retirement Board meeting}~~[The June 30, 2023 funding valuation reports, which provide the recommended contribution rates for Fiscal Year 2025, were presented by the actuary to the Retirement Board at its January 18, 2024 meeting. The District Board is expected to consider the adoption of the recommended contribution rates at its February 27, 2024 Board meeting.]

The District estimates that approximately 86% of the District's annual contributions are attributable to the Water System and approximately 14% are attributable to the Wastewater System.

As of June 30, 2023, collectively for the Water and Wastewater Systems, there were 1,955 active (non-retired) Plan members, 381 terminated Plan members entitled to but not yet receiving benefits (*i.e.*, inactive vested members) and 2,117 retirees and beneficiaries receiving benefits.

Table 22 sets forth the number of active (non-retired) and inactive vested members, total Plan assets, District and Member contributions and retirement allowances paid in the five Fiscal Years 2019 through 2023.

Table 22
RETIREMENT SYSTEM
Active (Non-Retired) and Inactive Vested Members,
Total Retirement System Assets, District and Member Contributions and Allowances Paid
Five Fiscal Years Ended June 30, 2023⁽¹⁾

<i>Fiscal Year Ended June 30</i>	<i>Active (Non-Retired) and Inactive Vested Members⁽²⁾</i>	<i>Total Retirement System Assets⁽³⁾</i>	<i>District Contribution⁽⁴⁾</i>	<i>Member Contributions</i>	<i>Allowances Paid From Retirement Plan⁽⁵⁾</i>
2019	2,150	\$1,832,965,000	\$ 84,551,000	\$17,865,000	\$114,435,000
2020	2,215	1,857,609,000	88,734,000	18,885,000	122,351,000
2021	2,223	2,328,722,000	90,624,000	19,336,000	130,472,000
2022	2,255	2,058,923,000	102,285,000	21,127,000	139,281,000
2023	2,336	2,255,307,000	106,523,000	22,088,000	149,786,000

⁽¹⁾ Includes Health Insurance Benefit.

⁽²⁾ Includes active plan members and terminated plan members entitled to but not yet receiving benefits.

⁽³⁾ Market value as of June 30 of such Fiscal Year as shown in the audited financial statements of the Retirement System.

⁽⁴⁾ The District estimates that approximately 86% of the District's annual contributions are attributable to the Water System and approximately 14% are attributable to the Wastewater System.

⁽⁵⁾ Includes benefits paid and refunds of contributions.

Source: Segal Actuarial Valuation and Review of Pension Plan Benefits Reports.

The Retirement System is an integral part of the District and, as noted above, the District appoints the majority of the governing body of the Retirement System and provides for its funding. Accordingly, the Retirement System's operations are reported as a Pension and Other Employee Benefit Trust Fund in the District's basic financial statements. The Retirement System also issues separately available financial statements on an annual basis. Such financial statements can be obtained from the District at 375 Eleventh Street, Oakland, California 94607.

The Governmental Accounting Standards Board ("GASB") issued Statements 67 and 68 affecting the reporting of net pension liabilities for accounting purposes, and Statements 74 and 75 affecting the reporting of net other post-employment healthcare benefits ("OPEB") liabilities for accounting purposes. Statements 67 and 74 are for plan reporting, and Statements 68 and 75 are for employer reporting. The information needed to comply with Statements 67 and 74 was provided by the actuary, The Segal Group, Inc. ("Segal"), in separate reports (*i.e.*, separate from the pension and health insurance benefits funding valuation reports) dated March 2, 2023, and the information needed to comply with Statements 68 and 75 was provided by the actuary in separate reports dated June 16, 2023 (for employer reporting as of June 30, 2023, based on a June 30, 2022 measurement date). The GASB Statements require shorter periods for recognition of non-investment gains/losses and actuarial assumption changes, as well as for recognition of investment gains/losses. The GASB Statements provide for a complete separation between financial reporting and funding requirements for pension and health insurance benefit plans. Under the GASB Statements, the District is required to report the Net Pension Liability (*i.e.*, the difference between the Total Pension Liability and the Pension Plan Fiduciary Net Position or market value of assets) and the Net OPEB Liabilities (*i.e.*, the difference between the Total OPEB Liability and the OPEB Plan Fiduciary Net Position or market value of assets) in its financial statements. See Note 11 and the Required Supplementary Information in the audited financial statements of the District included in APPENDIX B – "EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022” for additional information regarding the Net Pension Liability and the Net OPEB Liability of the District for the Retirement System.

{remove brackets following January 18 Retirement Board meeting}[The discussion below also includes information reflected in the GASB Statements 67 and 74 actuarial valuation reports as of June 30, 2023, prepared by Segal and dated January 5, 2024. These reports were presented to the Retirement Board at its January 18, 2024 meeting, and are expected to be considered for adoption by the District Board at its February 27, 2024 Board meeting.]

It should be noted that the amounts set forth in this discussion of the District’s Retirement System, including, for example, actuarial accrued liabilities and funded ratios, are based upon numerous demographic and economic assumptions, including investment return rates, inflation rates, salary increase rates, cost of living adjustments, postemployment mortality, active member mortality, and rates of retirement. Prospective purchasers of the District’s bonds are cautioned to review and carefully assess the reasonableness of the assumptions set forth in the documents that are cited as the sources for such information. In addition, prospective purchasers of the District’s bonds are cautioned that such sources and the underlying assumptions are made as of their respective dates, and are subject to change. Prospective purchasers of the District’s bonds should also be aware that some of the information presented in this discussion of the Retirement System contains forward-looking statements and the actual results of the Retirement System may differ materially from the information presented herein.

Benefits. All regular full-time employees (as well as certain job share and intermittent employees) of the District are members of the Plan. In accordance with the Retirement System Ordinance, eligible employees become members of the Plan on the first day they are physically on the job. Retirement plan benefits are generally determined by a formula based on the employee’s highest two years of compensation (highest 36 months for 2013 Tier members) and the length of employment with the District. Benefits adopted by the District vest in part with members after five years of continuous full-time employment. Vested members who terminate employment may elect a refund of their contributions or leave them in the Plan until eligible to receive benefits.

In addition to retirement benefits, the District provides post-employment health benefits assistance, administered by the Retirement System, for employees who retire from the District or their surviving spouses. As of June 30, 2023, there were 1,870 participants receiving these healthcare benefits. For participants entering the Retirement System prior to July 1, 1996, a monthly allowance of up to \$450 (up to \$550 for married retirees and retirees with domestic partners) is paid to retirees with at least five years of full-time service to reimburse the retiree-paid medical expenses (including any health, dental or long-term care insurance premiums paid by the retiree for his or her self, and current spouse or domestic partner, or any health, dental or long-term care insurance premiums paid by the eligible surviving spouse or domestic partner of a retiree). Effective July 1, 1996, a 20-year vesting schedule for full benefits was implemented for all new employees. Effective January 1, 1999, retired members who had separated from the District prior to their retirement and who had at least five years of service also become eligible for the post-employment healthcare benefits based on the same vesting schedule.

Actuarial Assumptions and Funding Policy. Under the Retirement System Ordinance, the District is required to have an actuarial study performed at least every two years, but the District’s current policy is to have an actuarial study performed each year. The most recent actuarial study of the Retirement System, including the pension and the HIB trusts, was performed by Segal, as of June 30, 2023. *{remove brackets following January 18 Retirement Board meeting}*[That actuarial study was presented by the actuary to, and accepted by, the Retirement Board at its January 18, 2024 meeting, and is expected to be considered for adoption by the District Board at its February 27, 2024 Board meeting.]

The actuarial report provides a basis for the District Board's decision regarding the rate of contributions by the District to the Retirement System, including both the pension and the HIB trusts. The District makes its contribution using rates determined by its outside actuaries.

To calculate the required contribution for each Fiscal Year, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than assumed (an actuarial loss). If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

In addition, under the ordinance governing the Retirement System, the District is required to have an actuarial experience study conducted no less frequently than every four years in order to review the mortality, service and compensation experience of the members, retired members and beneficiaries of the Retirement System, over the study period. The experience study provides the factual information upon which the outside actuary makes recommendations to the District regarding the economic and demographic assumptions that provide the basis for the actuarial valuation of the assets and liabilities of the Retirement System. Changes in the assumptions approved by the Retirement Board as an outcome of the experience study and recommendations of the actuary will impact the actuarial accrued liabilities of the Retirement System and may affect future recommended contribution rates.

A summary of the funding method and assumptions utilized in the actuarial study as of June 30, 2023 are described below.

Funding Method. The Plan's funding policy provides for periodic District contributions at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due as specified by the ordinance governing the Retirement System. The Entry Age Cost Method is used for this purpose. Under the Entry Age Cost Method, there are two components to the total contributions: (i) the normal cost, which is the amount of contributions required to fund the benefit allocated to the current year of service (associated with active employees only), and (ii) an amortization payment on any unfunded actuarial accrued liability ("UAAL"). The normal cost is calculated on an individual basis where the entry age normal cost is calculated as the sum of the individual normal costs. The UAAL (past service liability) is amortized as a level percentage of payroll on a closed basis over the amortization periods described below. The actuarial accrued liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation.

Amortization Periods. The UAAL is currently being funded using a layered approach. Each layer of the UAAL established prior to July 1, 2011 is being funded over a separate decreasing 30-year period, starting from the date the layer was originally established. On or after July 1, 2011, changes in the UAAL attributable to plan amendments are amortized over separate decreasing 15-year periods; changes in the UAAL attributable to assumption or method changes are amortized over separate decreasing 25-year periods; and changes in the UAAL attributable to actuarial gains/losses (*i.e.*, the extent to which actual overall experience deviates from the assumptions) are amortized over separate decreasing 20-year periods. On or after July 1, 2021, assumption and method changes are amortized over separate decreasing 20-year periods. Under the layered approach, any new UAAL layer that emerges between the prior and the current actuarial valuation (due to deviations between actual and expected actuarial experience, changes in actuarial assumptions used to measure the liabilities or other factors) will be determined and factored into the District's contribution rates so that it will be paid off after its respective amortization period described above.

Actuarial Value of Assets (Asset Smoothing Method). Methods used to compute District contribution requirements include a five-year smoothing of the difference between the actual market return and the expected return on the market value of the assets (with further adjustments as may be required to keep the smoothed

assets within 30% of market value). The impact of this will result in a “smoothed” valuation value of assets (or “Actuarial Value of Assets”) that is higher or lower than the market value of the assets depending on whether the amount that is being smoothed is either a net deferred loss or a net deferred gain.

Actuarial Assumptions. A number of assumptions are used to calculate the costs of the Plan and to compute contribution requirements for the Plan. The principal assumptions used in preparing the pension plan and HIB funding valuation reports as of June 30, 2023 and the pension plan financial reporting (*i.e.*, GASB Statement 67) valuation report as of June 30, 2023 include:

1. Investment rate of return: 6.75%.
2. Inflation rate: 2.50%.
3. Interest credited to member contributions: 6.75%.
4. Projected salary increases: Range from 9.25% to 3.75% based on time from hire (includes inflation at 2.50% plus across the board salary increase of 0.50% plus merit and promotion increases).
5. Cost of living adjustments for pension benefits: 2.75%.
6. Increase in HIB maximum monthly allowance: The Plan does not provide for an automatic increase in the HIB allowance and no such increase is assumed in the valuation.
7. Additional assumptions: Additional assumptions were used regarding rates of termination from active membership, post-retirement mortality, active member mortality, disability rates and rates of retirement.

Contribution History. The schedule of District contributions for each of the pension plan and the HIB plan for the last five Fiscal Years are shown in Table 23 on the following page.

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Table 23
RETIREMENT SYSTEM
History of Contributions
Five Fiscal Years Ended June 30, 2023
(Dollar Amounts in Thousands)

Pension Plan:

<i>Fiscal Year Ended June 30</i>	<i>Contributions as a Percentage of Covered Payroll⁽¹⁾</i>	<i>Actuarially Determined Contribution⁽²⁾</i>	<i>Actual Contribution</i>	<i>Percentage Contributed</i>
2019	36.37% ⁽³⁾	\$74,033	\$74,033	100%
2020	36.10 ⁽⁴⁾	77,645	77,645	100
2021	35.73 ⁽⁵⁾	79,252	79,252	100
2022	39.07	91,393	91,393	100
2023	38.62	95,103	95,103	100

Health Insurance Benefit:

<i>Fiscal Year Ended June 30:</i>	<i>Contributions as a Percentage of Covered Payroll⁽¹⁾</i>	<i>Actuarially Determined Contribution⁽²⁾</i>	<i>Actual Contribution</i>	<i>Percentage Contributed</i>
2019	5.17% ⁽³⁾	\$10,518	\$10,518	100%
2020	5.16 ⁽⁴⁾	11,089	11,089	100
2021	5.13 ⁽⁵⁾	11,372	11,372	100
2022	4.66	10,892	10,892	100
2023	4.64	11,420	11,420	100

⁽¹⁾ This rate represents the aggregate rate for the 1955/1980 Plan and the 2013 Tier, based on the District's actual contributions expressed as a percentage of the actual pensionable payroll amounts reported by the Retirement System.

⁽²⁾ The Actuarially determined contributions for the fiscal year ended June 30, 2023 are based on the reporting date. Years preceding fiscal year ended June 30, 2023 are based on the measurement date.

⁽³⁾ The Retirement Board decided to carry over unchanged for Fiscal Year 2019 the higher total employer contribution rates previously adopted by the Board for Fiscal Year 2018, as determined in the June 30, 2016 valuation. The Health Insurance Benefit contribution rate was the actuarially determined rate from the June 30, 2017 valuation; however, the Pension Plan contribution rate was the difference between the higher total employer rate carried over from the June 30, 2016 valuation and the actuarially determined Health Insurance Benefit rate from the June 30, 2017 valuation.

⁽⁴⁾ Based on the higher contribution rates adopted by the Retirement Board carried over from the June 30, 2017 valuation, rather than the actuarially determined contribution rates from the June 30, 2018 valuation.

⁽⁵⁾ Based on the higher contribution rates adopted by the Retirement Board carried over from the June 30, 2017 valuation, rather than the actuarially determined contribution rates from the June 30, 2019 valuation.

Source: Segal GASBS 67 Actuarial Valuation for the Pension Plan as of June 30, 2023 and GASBS 74 Actuarial Valuation for the Health Insurance Benefit Plan as of June 30, 2023.

As reflected in the funding actuarial study and shown (rounded to the nearest thousand dollars) in Table 24, the combined Actuarial Accrued Liability for pension and HIB benefits at June 30, 2023 was \$3,126,056,605 and the Actuarial Value of Assets was \$2,314,460,062, resulting in an Unfunded Actuarial Accrued Liability of \$811,596,543 and a funded ratio of the Plan under the Entry Age Cost Method of 74.0%. As described above, the Actuarial Value of Assets has been calculated using a five-year smoothing of the difference between the actual market return and the expected return on the market value of the assets. The valuation was performed in accordance with generally accepted actuarial principles and practices and the District's funding policy that was last reviewed with the Retirement Board in 2022. The assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice (ASOPs).

Table 24 sets forth the Actuarial Accrued Liability, Actuarial Value and Market Value of Assets, the Unfunded Actuarial Accrued Liability, and Funded Ratios as of June 30 of each of the Fiscal Years 2019 through 2023.

Table 24
RETIREMENT SYSTEM
(Pension Plan and HIB Combined)
Actuarial Accrued Liability, Actuarial Value and Market Value of Assets,
Unfunded Actuarial Accrued Liability and Funded Ratios
Five Fiscal Years Ended June 30, 2023⁽¹⁾
(Dollar Amounts in Thousands)

<i>Fiscal Year Ended June 30</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Actuarial Value of Assets</i>	<i>Market Value of Assets</i>	<i>Unfunded Actuarial Accrued Liability (UAAL)⁽²⁾</i>	<i>Funded Ratio on Actuarial Value</i>	<i>Funded Ratio on Market Value</i>
2019	\$2,463,526	\$1,817,563	\$1,832,965	\$645,963	73.8%	74.4%
2020	2,661,452	1,914,278	1,857,609	747,174	71.9	69.8
2021	2,728,641	2,097,712	2,328,722	630,928	76.9	85.3
2022	2,966,722 ⁽³⁾	2,216,124	2,058,923	750,599	74.7	69.4
2023	3,126,057 ⁽⁴⁾	2,314,460	2,255,307	811,597	74.0	72.1

⁽¹⁾ Dollars rounded to nearest thousand.

⁽²⁾ The District estimates that approximately 86% of the UAAL is attributable to the Water System and approximately 14% is attributable to the Wastewater System. The UAAL is determined based on the Actuarial Value of Assets.

⁽³⁾ Of this amount, \$130,951 is attributable to HIB Liabilities.

⁽⁴⁾ Of this amount, \$131,627 is attributable to the HIB liabilities.

Source: Segal Actuarial Valuation reports.

As of June 30, 2023, the market value of the combined pension and HIB plan's assets was \$2,255,307,000 and the projected benefit obligation ("PBO") was \$3,065,129,000, resulting in a funded ratio of the plan under the PBO basis of 73.6%. Under the plan provisions, determination of the funded ratio on a PBO basis is required and certain cost of living adjustments in excess of 3% for pension benefits may be granted when the funded ratio of the plan is 85% or higher as calculated on the PBO basis.

Schedule of Funding Progress. The District reports the schedule of funding progress for each of the pension plan and the post-employment healthcare plan (HIB), based on the results of the funding valuations. The schedule of funding progress presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The schedule of funding progress for the pension plan is set forth in Table 25.

Table 25
PENSION PLAN
Schedule of Funding Progress
(Dollar Amounts in Thousands)

<i>Actuarial Valuation Date June 30</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll⁽¹⁾</i>	<i>UAAL as a Percentage of Covered Payroll</i>
2019	\$1,777,065	\$2,340,773	\$563,708	75.9%	\$212,351	265.5%
2020	1,868,917	2,535,238	666,321	73.7	224,412	296.9
2021	2,045,503	2,605,614	560,111	78.5	224,392	249.6
2022	2,158,463	2,835,771	677,308	76.1	241,538	280.4
2023	2,251,691	2,994,429	742,738	75.2	262,273	283.226.3

⁽¹⁾ Projected payroll based on valuation results.

Source: Segal Actuarial Valuation and Review of Pension Plan as of June 30, 2023.

The schedule of funding progress for the post-employment healthcare plan is set forth in Table 26.

The retiree health liabilities reported in the actuarial funding study as of June 30, 2023 (and shown in Table 26 below) will not match those required to be used for GASB reporting purposes as shown in Table 28. The retiree health liabilities as reflected in the funding study have not been adjusted to include the implicit retiree rate subsidy as required under GASB reporting requirements. (Note that when premiums for active employees are determined on a pooled basis with premiums for retirees under age 65, a significant accounting obligation may exist even though the retiree under age 65 contributes most or all of the blended premium cost of the plan. The average costs for retirees if determined on a stand-alone basis is likely to exceed the average cost for the whole group, leading to an implicit subsidy for these retirees. The GASB accounting standard requires the employer to identify and account for this implicit subsidy as well as any explicit subsidies the employer may provide.) In addition, the liabilities for GASB reporting purposes for the HIB portion of the obligations shown in Table 28 were determined based upon a lower discount rate (*i.e.*, 5.23% for June 30, 2023 and 5.35% for June 30, 2022) than the 6.75% investment rate of return, respectively, used in Segal prefunding studies. The liabilities calculated for GASB reporting purposes shown in Table 28 are therefore higher than those reflected in the actuarial study as of June 30, 2023 and June 30, 2022 and described above.

Table 26
POST-EMPLOYMENT HEALTH INSURANCE BENEFIT (HIB)
Schedule of Funding Progress
(Dollar Amounts in Thousands)

<i>Actuarial Valuation Date June 30</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll⁽¹⁾</i>	<i>UAAL as a Percentage of Covered Payroll</i>
2019	\$40,498	\$122,753	\$82,256	33.0%	\$212,351	38.7%
2020	45,361	126,214	80,853	35.9	224,412	36.0
2021	52,209	123,027	70,818	42.4	224,392	31.6
2022	57,661	130,951	73,290	44.0	241,538	30.3
2023	62,769	131,627	68,858	47.7	262,273	26.3

⁽¹⁾ Projected payroll based on valuation results.

Source: Segal Actuarial Valuations and Review of Health Insurance Benefits (HIB) as of June 30, 2019 through 2023.

Net Pension Liability. Under GASB Statement 67, the pension plan is required to disclose the Net Pension Liability for financial reporting purposes. When measuring pension liability, GASB uses the same actuarial cost method (Entry Age Cost Method) and the same type of discount rate (expected return on assets) as the District uses for funding. This means that the Total Pension Liability (“TPL”) measure for financial reporting is determined on the same basis as the District’s AAL measure for funding. The Net Pension Liability (“NPL”) is equal to the difference between the TPL and the Plan Fiduciary Net Position. The Plan Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is the same as the UAAL calculated on a market value basis. The Net Pension Liability as of June 30, 2023 and June 30, 2022 is set forth in Table 27.

Table 27
PENSION PLAN
Net Pension Liability
(Dollar Amounts in Thousands)

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Total Pension Liability	\$ 2,94,429	\$ 2,835,771
Plan Fiduciary Net Position	<u>(2,194,142)</u>	<u>(2,005,352)</u>
Net Pension Liability	\$ 800,287	\$ 830,419
Plan Fiduciary Net Position as a % of the Total Pension Liability	73.27%	70.72%

Source: Segal GASBS 67 Actuarial Valuation for the Pension Plan as of June 30, 2023.

The NPL was measured as of June 30, 2023 and 2022. The Plan Fiduciary Net Position (plan assets) was valued as of the measurement date, while the Total Pension Liability was determined based upon the results of the funding actuarial valuations as of June 30, 2023 and 2022, respectively. It should be noted that for GASB Statement 68 purposes, the NPL for the reporting date of June 30, 2023 is based upon results as of the June 30, 2022 measurement date and those results are not adjusted or rolled forward. Therefore, the information as of June 30, 2022 set forth above is the same as that reported in the District’s audited financial statements as of June 30, 2023. See paragraph (2) of the Required Supplementary Information included in Appendix B.

The discount rate used to determine the Total Pension Liability was 6.75% as of June 30, 2023 and June 30, 2022, following the same assumptions used by the Retirement System in the pension funding valuations as of June 30, 2023 and June 30, 2022. It should be noted that, according to GASB, the discount rate used for financial reporting purposes should be based on the long-term expected rate of return on a retirement system’s investments, just as it is for funding. However, GASB requires that this assumption should be net of investment expenses but not net of administrative expenses (*i.e.*, without reduction for administrative expenses). Currently, the District’s investment return assumption used for the annual funding valuation is developed net of both investment and administrative expenses.

Net OPEB Liability. Under GASB Statement 74, the OPEB plan is required to disclose the Net OPEB Liability for financial reporting purposes. When measuring OPEB liability, GASB uses the same actuarial cost method (Entry Age Cost Method) and the same expected return on plan assets as the District uses for funding. This means that the Total OPEB Liability (“TOL”) measure for financial reporting is determined on the same basis as the District’s AAL measure for funding, with the exception discussed above for the implicit subsidy. The Net OPEB Liability (“NOL”) is equal to the difference between the TOL and the OPEB Plan Fiduciary Net Position. The OPEB Plan Fiduciary Net Position is equal to the market value of assets. The NOL reflects all investment gains and losses as of the measurement date. The Net OPEB Liability as of June 30, 2023 and June 30, 2022 is set forth in Table 28.

Table 28
HEALTH INSURANCE BENEFIT PLAN
Net OPEB Liability
(Dollar Amounts in Thousands)

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Total OPEB Liability	\$193,546	\$181,229
Plan Fiduciary Net Position	(61,165)	(53,571)
Net OPEB Liability	\$132,381	\$127,658
Plan Fiduciary Net Position as a % of the Total OPEB Liability	31.60%	29.56%

Source: Segal GASBS 74 Actuarial Valuation for the Health Insurance Benefit Plan as of June 30, 2023.

The NOL was measured as of June 30, 2023 and 2022. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date, while the Total OPEB Liability was determined based upon the results of the funding actuarial valuations as of June 30, 2023 and 2022, respectively, with the exception of the discount rate noted below. In addition, the implicit subsidy benefit payments are valued based on the age-based costs. It should be noted that for GASB Statement 75 purposes, the NOL for the reporting date of June 30, 2023 is based upon results as of the June 30, 2022 measurement date and those results are not adjusted or rolled forward. Therefore, the information as of June 30, 2022 set forth above is the same as that reported in the District's audited financial statements as of June 30, 2023. See paragraph (6) of the Required Supplementary Information included in Appendix B.

The discount rate used to determine the TOL and NOL was 5.23% as of June 30, 2023 and 5.35% as of June 30, 2022. It should be noted that, according to GASB, the discount rate used for financial reporting purposes as of June 30, 2023 is a blend of the assumed investment return on plan assets (*i.e.*, 6.75% for the June 30, 2023 valuation) and the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (*i.e.*, 3.65% as of June 30, 2023). Projected benefit payments are discounted by the plan investment return assumption of 6.75% until June 30, 2048. Benefit payments after June 30, 2048 are then discounted by the 20-year municipal bond rate of 3.65%. The 5.23% discount rate used in the GASB Statement 74 actuarial valuation as of June 30, 2023 is the blended discount rate reflecting benefits discounted by the plan investment return assumption rate and the bond rate.

Additional information concerning the Retirement System may be found in APPENDIX B – "EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022."

APPENDIX B

**EAST BAY MUNICIPAL UTILITY DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture (as amended and restated pursuant to the Thirty-First Supplemental Indenture). This summary is not to be considered a full statement of the terms of the Indenture and accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not defined in this summary or elsewhere in the Official Statement have the respective meanings set forth in the Indenture.

Certain 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 in the Indenture.

“Act” means the Municipal Utility District Act, constituting Division 6 of the Public Utilities Code of the State of California, and all laws of the State of California amendatory thereof or supplemental thereto, including the Revenue Bond Law of 1941, as made applicable by Article 6a of Chapter 6 of said Division 6, and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

“Adjusted Net Water Revenues” for any fiscal period means the sum of (a) the Water Revenues for such fiscal period plus (b) the amounts, if any, withdrawn by the District from the Rate Stabilization Fund for treatment as Water Revenues for such fiscal period, less the sum of (c) all Water Operation and Maintenance Costs for such fiscal period, and (d) the amounts, if any, withdrawn by the District from Water Revenues for such fiscal period for deposit in such Rate Stabilization Fund.

“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 were amortized for a period specified by the District (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 District, calculated based on a fixed interest rate equal to the rate at which the District could borrow for such period, as certified by a certificate of a financial advisor or investment banker 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 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 of California 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 related 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.

“Code” means the Internal Revenue Code of 1986, and the regulations applicable thereto or issued thereunder, as amended from time to time.

“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, for the purpose of computing Debt Service:

(a) Excluded Principal Payments shall be excluded from such calculation and Assumed Debt Service shall be included in such calculation;

(b) if the Bonds or Parity Debt are Variable Rate Indebtedness, the interest rate thereon for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the average of the SIFMA Municipal Swap Index for the five (5) years preceding such date of calculation (provided, however, that if such index is no longer published, the interest rate on such Bonds or Parity Debt shall be calculated based upon such similar index as the District shall designate in writing to the Trustee) (the “Assumed SIFMA-based Rate”);

(c) principal and interest payments on Bonds and Parity Debt shall be excluded to the extent such payments are to be paid from amounts on deposit with the Trustee or another fiduciary in escrow or trust 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;

(d) in determining the principal amount, payment shall (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 Account 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 shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Indebtedness;

(e) if any interest rate swap agreement is in effect with respect to, and the regularly scheduled payments thereunder are payable on a parity with, the Bonds or Parity Debt to which it relates, interest deemed to be payable on any such Bonds or Parity Debt with respect to which an interest rate swap agreement is in effect shall be based on the net economic effect expected by the District to be produced by the terms of such Bonds or Parity Debt and such interest rate swap agreement, including but not limited to the effects that (i) such Bonds or Parity Debt would, but for such interest rate swap agreement, be treated as Variable Rate Indebtedness instead shall be treated as Bonds or Parity Debt bearing interest at a fixed interest rate, and (ii) such Bonds or Parity Debt would, but for such interest rate swap agreement, be treated as Bonds or Parity Debt bearing interest at a fixed interest rate instead shall be treated as Variable Rate Indebtedness; and accordingly, the amount of interest deemed to be payable on any Bonds or Parity Debt with

respect to which an interest rate swap agreement is in force shall be an amount equal to the amount of interest that would be payable at the rate or rates stated in such Bonds or Parity Debt plus the amounts payable by the District under such interest rate swap agreement, minus the amounts receivable by the District under such interest rate swap agreement, and for the purpose of calculating as nearly as practicable such amounts, the following assumptions shall be made:

(1) if an interest rate swap agreement has been entered into by the District with respect to Bonds or Parity Debt providing for the payment of a net variable interest rate under such interest rate swap agreement with respect to such Bonds or Parity Debt by the District, the interest rate on such Bonds or Parity Debt for future periods when the actual interest rate cannot yet be determined shall be assumed (but only during the period the interest rate swap agreement is in effect) to be equal to the sum of (A) the fixed rate or rates stated in such Bonds or Parity Debt minus (B) the fixed rate paid by the counterparty of such interest rate swap agreement to the District, plus (C) the lesser of (x) the interest rate cap, if any, provided by a counterparty with respect to such interest rate swap agreement (but only during the period that such interest rate cap is in effect) and (y) the applicable variable interest rate calculated in accordance with paragraph (b) above; and

(2) if an interest rate swap agreement has been entered into by the District with respect to Bonds or Parity Debt providing for the payment of a fixed rate of interest to maturity or for a specific term under such interest rate swap agreement with respect to such Bonds or Parity Debt by the District, the interest on such Bonds or Parity Debt shall be included in the calculation of payments (but only during the period the interest rate swap agreement is in effect) by including for each period of calculation an amount equal to the amount of interest payable at the fixed interest rate pursuant to such interest rate swap agreement.

Notwithstanding any other paragraph of this definition of Debt Service, except as set forth in this paragraph (e), no amounts payable under any interest rate swap agreement (including termination payments) shall be included in the calculation of Debt Service;

(f) if any Bonds or Parity Debt are Variable Rate Indebtedness subject to tender for purchase and funds for the purchase price may be provided by a letter of credit, line of credit, revolving credit agreement, standby bond purchase agreement or other liquidity facility which, if drawn upon, could create a repayment obligation which has a lien on Adjusted Net Water Revenues on parity with the lien of the Bonds or Parity Debt, then for purposes of determining the amounts of principal due in any Fiscal Year on such Bonds or Parity Debt, (i) the options or obligations of the owners of such Bonds or Parity Debt to tender the same for purchase or payment prior to the stated maturity or maturities shall be ignored and not treated as a principal maturity; and (ii) any repayment obligations of the District to the provider of such letter of credit, line of credit, revolving credit agreement, standby bond purchase agreement or other liquidity facility, other than its obligations on such Bonds or Parity Debt, shall be treated as Excluded Principal Payments; and

(g) if interest on any Bonds or Parity Debt is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code, or any future similar program, then interest payments with respect to such Bonds or Parity Debt shall be reduced by the amount of such interest reasonably anticipated to be paid or reimbursed by the United States of America.

“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 District determines on a date not later than the date of issuance thereof that the District intends to pay with moneys which are not Water Revenues or Adjusted Net Water Revenues but from the proceeds of future debt obligations of the District and the Trustee may rely conclusively on such determination of the District.

“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 selected and designated as the official fiscal year period of the District, which designation shall be provided to the Trustee in a certificate of the District.

“Indenture” means the Water System Revenue Bond Indenture, dated as of April 1, 1990, by and between the Trustee and the District, as originally executed or as it may from time to time be supplemented or amended by any Supplemental Indenture delivered pursuant to the provisions thereof.

“Information Services” means the Electronic Municipal Market Access (EMMA) system operated by the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or no such services, as the District may designate in a Request of the District delivered to the Trustee.

“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) 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 their 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) 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) 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) 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 shall be purchased directly from such a bank, trust company or national banking association and shall 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 shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall 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 shall 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 shall 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) 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) 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) 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) and Standard & Poor's (if Standard & Poor's is then rating the Bonds) in their respective four highest short-term rating categories or 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 shall have a market value (exclusive of accrued interest and valued at least monthly) at least equal to the principal amount of such investment and shall 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 shall 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 shall 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) 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) a guaranteed investment contract with a financial institution or insurance company which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated not lower than their respective ratings on the Bonds by Moody's (if Moody's is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds);

(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) 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; and

(xiv) any investment approved by the Board for which confirmation is received from each rating agency then rating any of the Bonds that such investment will not adversely affect such agency's rating on such Bonds.

"Mandatory Sinking Account Payment" means the amount required to be deposited by the District in a sinking account for the payment of term Bonds.

"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 calculated 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 shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District and not objected to by the Trustee.

“Opinion of Bond Counsel” means a written opinion of a law firm of national standing in the field of public finance selected by the District and not objected to by the Trustee.

“Outstanding,” when used at any particular time with reference to Bonds, means (subject to the provisions relating to disqualified bonds) 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 District shall have been discharged under the Indenture; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

“Owner” or **“Bondholder”** or **“Bondowner,”** whenever used with respect to a Bond, means the person in whose name such Bond is registered.

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

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

“Rate Stabilization Fund” means the Rate Stabilization Fund initially created under Resolution No. 30050 of the District, adopted on January 26, 1982, as amended and supplemented from time to time; it being understood that all obligations of the District under such Resolution No. 30050 have ceased and been discharged, provided that, the Rate Stabilization Fund created thereunder has been continued for purposes of the Indenture.

“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.

“Redemption Price” means with respect to any Bond (or portion thereof) the principal amount 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.

“Revenue Fund” means the fund held in trust by the District to which the Adjusted Net Water Revenues are required to be deposited.

“Series” whenever used 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.

“SIFMA Municipal 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 & Financial Markets Association (formerly the Bond Market Association) (“SIFMA”) or by any Person acting in cooperation with or under the sponsorship of SIFMA and effective from such date.

“Standard & Poor’s” means Standard & Poor’s Corporation, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District and not objected to by the Trustee.

“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 Operation and Maintenance Costs” means the reasonable and necessary costs of maintaining and operating the Water System, calculated on sound accounting principles, including (among other things) the reasonable expenses of management, repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes and other similar costs, but excluding in all cases depreciation and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, and excluding all costs paid from the proceeds of taxes received by the District.

“Water Revenues” means, all charges received for, and all other income and receipts derived by the District from, the operation of the Water System, or arising from the Water System, together with income from the investment of any moneys in any fund or account established under the Indenture; provided, however, there shall be excluded therefrom any amounts reimbursed to the District by the United States of America pursuant to Section 54AA of the Code, or any future similar program.

“Water System” means the entire water system of the District and all of the facilities thereof, including all facilities for the storage, transmission or distribution of water or the generation or transmission of hydroelectric power, together with all additions, betterments, extensions and improvements to said system or any part thereof. The term “Water System” does not include the sewage disposal system or facilities of Special District No. 1 of the District (including any power generation facilities constituting a part of said system).

Pledge of Revenues

The Bonds are revenue obligations of the District and are payable as to both principal and interest, and any premium upon redemption thereof, exclusively from the Adjusted Net Water Revenues and other amounts held by the Trustee (except for amounts held in the Rebate Fund). The Adjusted Net Water Revenues are pledged to the payment of Bonds and Parity Debt without priority or distinction of one over the other. Said pledge constitutes a first lien on the Adjusted Net Water Revenues and such other amounts referred to in this paragraph.

Allocation of Adjusted Net Water Revenues

The District is to transfer the moneys in the Revenue Fund, into the following respective funds, in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Adjusted Net Water Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority.

(1) Interest Fund. The District shall transfer to the Trustee and the Trustee shall set aside in the Interest Fund on or before the Business Day prior to each interest payment date therefor an amount equal to the interest becoming due and payable on the Outstanding Bonds which are Current Interest Indebtedness (excluding any interest for which there are moneys on deposit in the Interest Fund from the proceeds of any Series of Bonds or other source to pay such interest).

(2) Principal Fund; Sinking Accounts. The District shall transfer to the Trustee and the Trustee shall set aside in the Principal Fund on or before the Business Day prior to each principal or Sinking Account payment date therefor an amount equal to (a) the amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds, plus (b) the Mandatory Sinking Account Payments to be paid into the respective Sinking Accounts for the Term Bonds; provided that if the District certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from excess amounts on deposit in a bond reserve fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid. All of the aforesaid Mandatory Sinking Account Payments shall be made without priority of any payment into any one such Sinking Account over any other such payment.

(3) Bond Reserve Funds. Upon the occurrence of any deficiency in any Bond Reserve Fund established under the Indenture for any Series of Bonds, the District shall transfer to the Trustee and the Trustee shall set aside in such Bond Reserve Fund an amount equal to the aggregate amount of each unreplenished prior withdrawal from the Bond Reserve Fund until there is on deposit in such Bond Reserve Fund an amount equal to the respective reserve requirement.

Any Adjusted Net Water Revenues remaining after the foregoing transfers shall be held free and clear of the Indenture by the District and it may use and apply such Adjusted Net Water Revenues for any lawful purpose of the District, including the redemption and purchase of Bonds.

If on any principal payment date, interest payment date or mandatory redemption date the amounts on deposit in the Interest Fund and Principal Fund, including the Sinking Accounts therein are insufficient to make such payments, the Trustee shall immediately notify the District of such deficiency and direct that the District transfer the amount of such deficiency to the Trustee on such payment date. The District covenants and agrees to transfer to the Trustee from any Adjusted Net Water Revenues in its possession the amount of such deficiency on the principal, interest or mandatory redemption date referenced in such notice.

Investments

All moneys in any of the funds and accounts held by the Trustee shall be invested, as directed by the District, solely in Investment Securities.

The District may and the Trustee shall, upon the Request of the District, enter into a financial futures or financial option contract with an entity the debt securities of which are rated in their respective highest short-term Rating Categories by Moody's and Standard & Poor's.

The District may and the Trustee shall, upon the Request of the District, 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 District or the Trustee, if any, pursuant to such a swap agreement may be applied to the deposits required hereunder; in which case, the entity with which the District 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 and Standard & Poor's. If the District so designates, amounts payable under the interest rate swap agreement shall be secured by Adjusted Net Water Revenues and other assets pledged hereunder to the Bonds on a parity basis therewith and, in such event, the District shall pay to the Trustee for deposit in the Interest Fund, at the times and in the manner provided in 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 shall pay to the other party to the interest rate swap agreement, to the extent required thereunder, amounts deposited in the Interest Fund for the payment of interest on the Bonds with respect to which such agreement was entered into.

Additional Bonds; Parity Debt

The District may issue Bonds and Parity Debt payable from Adjusted Net Water Revenues and secured equally and ratably with Bonds previously issued, subject to the following specific conditions precedent to the issuance of any such additional Bonds or Parity Debt:

- (a) No Event of Default shall have occurred and then be continuing.
- (b) The aggregate principal amount of Bonds or Parity Debt shall not exceed any limitation imposed by law or by any Supplemental Indenture.
- (c) The District shall have placed on file with the Trustee a Certificate of the District certifying that the sum of: (1) the Adjusted Net Water Revenues for any period of 12 consecutive months during the 18 months immediately preceding the date on which such additional Bonds or Parity Debt will become Outstanding; plus (2) 90% of the amount by which the District projects Adjusted Net Water Revenues for such period of 12 months 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 District projects Adjusted Net Water Revenues will increase during the period of 12 months commencing on the date of issuance of such additional Series of Bonds 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, shall (4) have been at least equal to 1.1 times the amount of Maximum Annual Debt Service on all Bonds and Parity Debt then Outstanding and the additional Bonds or Parity Debt then proposed to be issued.

Refunding Bonds

Refunding Bonds may be authorized and issued by the District without compliance with the provisions described above under "Additional Bonds; Parity Debt," provided that Maximum Annual Debt Service on all Bonds and Parity Debt Outstanding following the issuance of such refunding Bonds is less

than or equal to Maximum Annual Debt Service on all Bonds and Parity Debt Outstanding prior to the issuance of such refunding Bonds.

Covenants

Among other covenants the District has agreed as follows:

The District will not create any pledge, lien or charge upon any of the Adjusted Net Water Revenues having priority over or having parity with the lien of the Bonds except only as described in the Indenture. The District will not issue any additional bonds under Resolution No. 30050 of the District, adopted on January 26, 1982.

The District 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, if applicable. The District will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the District, or take or omit to take any action that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, if applicable. To that end, the District will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds.

The District will, at all times while any of the Bonds remain Outstanding, fix, prescribe and collect rates, fees and charges in connection with the services and facilities furnished by the Water System so as to yield Water Revenues in each Fiscal Year sufficient so that the Adjusted Net Water Revenues for such year shall be at least equal to 1.1 times the amount of Debt Service on all Bonds and Parity Debt Outstanding for such Fiscal Year.

The District 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 District and upon terms and conditions deemed reasonable by the District, the District will procure and maintain at all times: (a) insurance on the Water System against such risks as and in such amounts as the District deems prudent taking into account insurance coverage for similar utilities, and (b) public liability insurance in such amounts as the District deems prudent taking into account insurance coverage for similar utilities.

Events of Default; Remedies

The following events are Events of Default under the Indenture:

(a) default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise, or default in the redemption from any Sinking Account of any Bonds 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 shall become due and payable;

(c) if the District shall fail 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), for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, has been given to the District by the Trustee; except that, if

such failure can be remedied but not within such sixty (60) day period and if the District has taken all action reasonably possible to remedy such failure within such sixty (60) day period, such failure shall not become an Event of Default for so long as the District shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Trustee;

(d) if any default shall exist under any agreement governing any Parity Debt and such default shall continue beyond the therein stated grace period, if any, with respect to such default;

(e) [reserved];

(f) if the District files 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 makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself;

(g) if a court of competent jurisdiction shall enter an order, judgment or decree declaring the District insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the District, or approving a petition filed against the District seeking reorganization of the District under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days from the date of the entry thereof; and

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the Adjusted Net Water Revenues, and such custody or control shall not be terminated within 60 days from the date of assumption of such custody or control.

If an Event of Default shall occur and be continuing, the District is to immediately transfer to the Trustee all Adjusted Net Water Revenues held by it and received thereafter and the Trustee shall apply all Adjusted Net Water 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 Bondholders 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;

(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 shall 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 shall 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 principal amount of the Bonds at the time Outstanding shall be entitled, upon notice in writing to the District, 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 shall become and shall be immediately due and payable.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, the District shall pay to or shall 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 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) shall have been made good or cured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, by written notice to the District 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 shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

The Trustee is appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) to represent the Owners in the matter 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, the Act and applicable provisions of any other law. Upon any default or other occasion, giving rise to a right in the Trustee to represent the Bondholders, the Trustee may take such action as may seem appropriate and, upon the request in writing of Owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Owners by such appropriate actions as it shall deem most effectual to protect and enforce any such right.

No remedy conferred 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, shall 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.

Amendments

The Indenture and the rights and obligations of the District, the Owners of the Bonds and the Trustee may be modified or amended at any time by a Supplemental Indenture, with the written consent of the Owners of a majority in the aggregate amount of Bonds then Outstanding. No such modification or amendment shall (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 Account Payment provided for the payment of any Bonds, 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, 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 Adjusted Net Water Revenues and other assets pledged under the Indenture, or deprive the Owners of the Bonds of the lien created by the Indenture on such Adjusted Net Water Revenues and other assets, without the consent of the Owners of all of the Bonds then Outstanding.

The Indenture may also be modified or amended at any time with the written consents of each provider of a letter of credit or a policy of bond insurance for the Bonds, provided that at such time the payment of all the principal of and interest on all Outstanding Bonds shall be insured by a policy or policies of municipal bond insurance or payable under a letter of credit the provider of which shall 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, rated not lower than the respective ratings on the Bonds by Moody's (if Moody's is then rating the Bonds) or Standard & Poor's (if Standard & Poor's is then rating the Bonds).

The Indenture and the rights and obligations of the District, of the Trustee and the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Bondholders 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 District or to surrender any right or power reserved to or conferred upon the District;

(2) to make such provisions for the purpose of curing any omission or ambiguity, or of curing or correcting any defective provision contained in the Indenture, or in regard to questions arising under the Indenture, as the District may deem necessary or desirable, and which shall not materially and adversely affect the interests of the Owners of the Bonds;

(3) to modify the Indenture in such manner as to permit qualification 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 statutes and which shall not materially and adversely affect the interests of the Owners of the Bonds;

(4) to make modifications or adjustments necessary 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 District 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 such provisions shall not materially and adversely affect the interest of the Owners of the Bonds;

(6) if the District 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

Bonds may be paid by the District in any of the following ways:

- (a) by paying or causing to be paid the Bond Obligations of and interest on such Outstanding Bonds, as and when the same become due and payable;
- (b) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount to pay or redeem such Outstanding Bonds; or
- (c) by delivering to the Trustee, for cancellation by it, such Outstanding 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 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 shall have been given or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the District in respect of such Bond shall cease, terminate and be completely discharged, provided that the Owner thereof shall thereafter be entitled to the payment of the principal of and premium, if any, and interest on the Bonds, and the District shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payments.

The District may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

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 shall 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 shall have been given or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or
- (b) Investment Securities described in clauses (i), (ii) or (v) of the definition thereof, the principal of and interest on which when due will, in the opinion of an independent certified public accountant 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 shall have been given as required by the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Request of the District) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

Upon the delivery of the Series 2024 Bonds, Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, proposes to render its final approving opinion with respect to the Series 2024 Bonds in substantially the following form:

[Closing Date]

East Bay Municipal Utility District
Oakland, California

**EAST BAY MUNICIPAL UTILITY DISTRICT
(Alameda and Contra Costa Counties, California)**

\$ _____
**Water System Revenue Bonds,
Series 2024A (Green Bonds)**

\$ _____
**Water System Revenue
Refunding Bonds, Series 2024B**

Ladies and Gentlemen:

We have acted as bond counsel to the East Bay Municipal Utility District (the “District”) in connection with the issuance of its \$ _____ aggregate principal amount of Water System Revenue Bonds, Series 2024A (Green Bonds) (the “Series 2024A Bonds”) and \$ _____ aggregate principal amount of Water System Revenue Refunding Bonds, Series 2024B (the “Series 2024B Bonds” and, collectively with the Series 2024A Bonds, the “Series 2024 Bonds”). The Series 2024 Bonds are being issued pursuant to the Municipal Utility District Act (constituting Division 6 of the Public Utilities Code of the State of California, as amended) and the Revenue Bond Law of 1941 as made applicable by Article 6a of Chapter 6 of Division 6 of the Municipal Utility District Act, as amended, and with respect to the Series 2024B Bonds, Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended (collectively, the “Act”), and a Water System Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as amended and supplemented, including as amended and restated pursuant to the Thirty-First Supplemental Indenture, dated as of March 1, 2024), and as supplemented by a Thirty-Second Supplemental Indenture, dated as of March 1, 2024, by and between the District and the Trustee, providing for the issuance of the Series 2024 Bonds (as so amended, restated and supplemented, the “Indenture”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In our capacity as bond counsel, we have reviewed the Act, the Indenture, the Tax Certificate executed and delivered by the District in connection with the issuance and delivery of the Series 2024 Bonds (the “Tax Certificate”), certifications of the District, the Trustee, and others, opinions of counsel to the District and the Trustee, and such other documents, opinions and instruments as we deemed necessary to render the opinions set forth herein.

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, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause the interest (and original issue discount) on the Series 2024 Bonds to be included in gross income for federal income tax purposes. With respect to the opinions expressed herein, we call attention to the fact that the rights and obligations under the Series 2024 Bonds and the Indenture are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles, to the possible unavailability of specific performance or injunctive relief, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California. Furthermore, the imposition of certain fees and charges by the District relating to the Water System is subject to the provisions of Articles XIIC and XIID of the California Constitution.

By delivering this letter, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Series 2024 Bonds or the Indenture, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any assets thereunder.

Based upon the foregoing and subject to the limitations and qualifications herein specified, as of the date hereof, we are of the opinion, under existing law, that:

1. The Series 2024 Bonds constitute the valid and binding special limited obligations of the District.

2. The Indenture has been duly authorized, executed and delivered by, and constitutes the valid and binding obligation of, the District. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Series 2024 Bonds, of the Adjusted Net Water Revenues of the District, and certain other amounts held by the Trustee under the Indenture, as and to the extent set forth in the Indenture and subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

3. The Series 2024 Bonds are special limited obligations of the District and are payable exclusively from and are secured by a pledge of Adjusted Net Water Revenues of the District and certain other amounts held by the Trustee under the Indenture, as and to the extent set forth in the Indenture and subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. The general fund of the District is not liable, and neither the credit nor taxing power of the District is pledged, for the payment of the Series 2024 Bonds or the interest thereon.

4. Other bonds and parity debt of the District have been and may from time to time hereafter be issued under the Indenture which are payable from Adjusted Net Water Revenues on a parity basis with the Series 2024 Bonds.

5. Interest on the Series 2024 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum

tax imposed on individuals; however, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), interest with respect to the Series 2024 Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.

6. The interest on the Series 2024 Bonds is exempt from State of California personal income tax.

7. The difference between the issue price of a Series 2024 Bond (the first price at which a substantial amount of the Series 2024 Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Series 2024 Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Series 2024 Bond owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Series 2024 Bond owner will increase the Series 2024 Bond owner’s basis in the applicable Series 2024 Bond. Original issue discount that accrues for the Series 2024 Bond owner is excluded from the gross income of such Series 2024 Bond owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals (as described in paragraph 5 above) and is exempt from State of California personal income tax.

8. The amount by which a Series 2024 Bond owner’s original basis for determining loss on sale or exchange in the applicable Series 2024 Bonds (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Series 2024 Bond owner’s basis in the applicable Series 2024 Bonds (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Series 2024 Bond owner realizing a taxable gain when a Series 2024 Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2024 Bond to the owner.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Series 2024 Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Series 2024 Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024 Bonds. The District has covenanted to comply with all such requirements.

The opinions expressed and the statements made herein are based on an analysis of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. 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. The Indenture and the Tax Certificate permit certain actions to be taken or to be omitted if a favorable opinion of bond counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (or original issue discount) for federal income tax purposes with respect to any Series 2024 Bonds if any such

action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other provisions of the Code may give rise to adverse federal income tax consequences to particular Series 2024 Bond owners. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Series 2024 Bonds.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the official statement relating to the Series 2024 Bonds or other offering material relating to the Series 2024 Bonds and we expressly disclaim any duty to advise the owners of the Series 2024 Bonds with respect to matters contained in such official statement or other offering material.

This opinion is limited to the laws of the State of California and the federal laws of the United States. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

Respectfully submitted,

APPENDIX E

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix E concerning The Depository Trust Company, New York, New York (“DTC”), and DTC’s book-entry system has been obtained from DTC and the District and the Trustee take no responsibility for the completeness or accuracy thereof. The District and the Trustee cannot and do not give any assurances that DTC, Direct Participants (as defined below) or Indirect Participants (as defined below) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2024 Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Series 2024 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2024 Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Appendix E. The District and the Trustee are not responsible or liable for the failure of DTC or any DTC Direct or Indirect Participant to make any payment or give any notice to a Beneficial Owner with respect to the Series 2024 Bonds or an error or delay relating thereto. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC’s Direct and Indirect Participants are on file with DTC.

DTC will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of each Series of the Series 2024 Bonds, 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. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings’ rating of AA+. The DTC Rules applicable to Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such website is not incorporated herein by reference.

Purchases of Series 2024 Bonds under the DTC book-entry system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC’s records. The

ownership interest of each actual purchaser of each Series 2024 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 Series 2024 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 Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 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 the Series 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2024 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 the Series 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2024 Bond documents. For example, Beneficial Owners of the Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2024 Bonds 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 Series 2024 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 District 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 Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the Series 2024 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 District or the Trustee, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Direct or Indirect 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 District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the Series 2024 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized

representative of DTC) is the responsibility of the District 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 securities depository with respect to the Series 2024 Bonds at any time by giving notice to the Trustee and the District. Under certain circumstances, in the event that a successor depository is not obtained, Series 2024 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers for the Series 2024 Bonds through DTC (or a successor securities depository). In that event, Series 2024 Bond certificates will be printed and delivered as provided in the Indenture. In addition, the following provisions would apply: the principal or redemption price of the Series 2024 Bonds will be payable upon presentation thereof, at the principal corporate trust office of the Trustee, in San Francisco, California; interest on the Series 2024 Bonds will be payable by check mailed on each interest payment date to the registered owners thereof as shown on the registration books of the Trustee as of the close of business on the 15th day of the calendar month immediately preceding the applicable interest payment date (the “record date”), except that in the case of an owner of \$1,000,000 or more in aggregate principal amount of Series 2024 Bonds, upon written request of such owner to the Trustee received at least 10 days prior to the record date for the payment of interest, specifying the account or accounts to which such payment shall be made (which request shall remain in effect until revoked by such owner in a subsequent writing delivered to the Trustee), such interest shall be paid in immediately available funds by wire transfer to such account or accounts on the following interest payment date; and the Series 2024 Bonds will be transferable and exchangeable on the terms and conditions provided in the Indenture.

The information in this Appendix E concerning DTC and DTC’s book-entry system has been obtained from sources the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX G

THE DISTRICT'S GREEN BOND GUIDANCE AND EXPECTED SERIES 2024A GREEN BOND PROJECTS

The District anticipates funding or reimbursing CIP expenditures for the Water System projects identified in the table below using proceeds of the Series 2024A Bonds. These projects were selected using the District's Guidance for Issuing Green Bonds, which was last approved by the District's Board on March 22, 2022. A complete copy of the District's Green Bond Guidance as approved by the District Board on March 22, 2022 is attached hereto.

The District's criteria are presented below in a numbered list for easier reference in the table below.

1. Maintain water quality
2. Improve water use efficiency, including conservation through reduced water loss
3. Improve biodiversity and ecosystem quality
4. Protect against flooding
5. Reduce pollution
6. Improve resilience (adaptation) to climate change
7. Reduce the combustion of fossil fuels
8. Reduce greenhouse gas emissions
9. Implement "reduce, reuse, recycle" practices in preference to raw materials
10. Adhere to sustainable purchasing guidelines

East Bay Municipal Utility District Expected Series 2024A Green Bond Projects

Project Name	Short Description	EBMUD Green Bond Criteria	Amount Funded
Treatment Plant Upgrades	Treatment Plant Upgrades support compliance with water quality regulations and improves the safety, reliability, and operation of the water treatment plants (WTPs). Work includes construction of the San Pablo Reservoir Hypolimnetic Oxygenation System (HOS), Orinda WTP Disinfection and Chemical Safety System Improvements Project, start of construction of the Upper San Leandro (USL) WTP Maintenance and Reliability and USL and Sobrante Chemical Safety System Improvements Project, the USL Control System Improvements Project, and the completion of construction of the Orinda WTP Scouring Air and Maintenance Improvements Project and the Sobrante Maintenance Safety Improvements Project.	1, 2, 5, 6	\$100.5 million

(chart continued on next page)

**East Bay Municipal Utility District
Expected Series 2024A Green Bond Projects
(continued)**

Project Name	Short Description	EBMUD Green Bond Criteria	Amount Funded
Pipeline Rebuild	Pipeline Rebuild is focused on the continued replacement and renewal of failing pipelines in the distribution system. This project will ramp up replacement and renewal at a rate sufficient to maintain high system reliability and continue to evaluate areas for cost reductions through efficiencies.	1, 2	\$69.2 million
Large Diameter Pipelines	Large diameter transmission pipelines form the backbone of the distribution system. This project replaces existing transmission pipelines that are at risk of failure and installs new transmission pipelines to improve the water system. Work includes Summit Pressure Zone (PZ) Phase 2 design; Wildcat, Summit PZ Phase 1 and Alameda Crossing #1, D St., and East 15th St., construction.	1, 2	\$28.3 million
Mokelumne Aqueduct Nos. 2 & 3 Relining	The Mokelumne Aqueduct System consists of three large diameter pipelines that convey untreated water to the District's Water Treatment Plants. This project will replace the deteriorated cement mortar lining in Mokelumne Aqueducts No. 2 (MOK2) and No. 3 (MOK3) to protect the steel pipelines from internal corrosion. In addition to relining, it is necessary to design and construct raw water treatment facilities to minimize corrosion. Work includes design and the start of construction of the raw water treatment facilities and MOK2 Relining Phase 1.	1, 2	\$20.8 million
Pumping Plant Rehabilitation	The Distribution Pumping Plant Infrastructure Rehabilitation Plan (IRP) identifies the highest priority pumping plants (PP) for rehabilitation, replacement, or demolition to ensure efficient, reliable, and safe operation.	1, 2	\$16.2 million
Reservoir Rehabilitation and Maintenance	This project includes the rehabilitation and replacement of the District's 165 steel, concrete, and redwood reservoirs and pressure vessels to maintain the existing infrastructure, improve roof safety, improve water quality, and prioritize work through the Infrastructure Rehabilitation Plan (IRP).	1, 2	\$14.6 million
Reservoir Tower Modifications – Briones & Lafayette	This project includes the seismic evaluation, design, and retrofit of six reservoir towers. Briones and Lafayette Reservoir Towers require upgrades to resist earthquake loads. Improvements to the mechanical components and their controls are also being included. The Briones Tower isolation valve will be relocated to a more accessible and safe location. Lafayette Tower modifications include seismic and gate control upgrades, and modifications to the tower to act as a spillway capable of handling the revised Probable Maximum Flood.	1, 4	\$9.5 million

(chart continued on next page)

**East Bay Municipal Utility District
Expected Series 2024A Green Bond Projects
(continued)**

Project Name	Short Description	EBMUD Green Bond Criteria	Amount Funded
Open Cut Reservoir Program – San Pablo Clearwell	Open-cut reservoir rehabilitation, replacement, and demolition projects are necessary to remove hazardous materials, reduce maintenance costs, improve safety, and improve water quality by optimizing storage in the distribution system. Work includes construction completion of the San Pablo Clearwell Replacement Project.	1, 2	\$7.3 million
Planned Meter Replacements	This project replaces water meters and meter boxes at the end of their useful lives.	1, 2	\$3.5 million
Dam Operational Upgrades – Moraga Creek	This project involves undertaking improvements to various dams and reservoirs to allow continued safe operation of the facilities. The primary objective of this project is to mitigate hazards along Moraga Creek. Continued movement could cause a blockage of the creek and cause localized flooding and additional land-sliding, impacting the surrounding community. In addition, further soil movement into the creek could be carried to Upper San Leandro (USL) Reservoir, reducing its storage and capacity and adversely impacting water quality, which could reduce the capacity of the USL Water Treatment Plant.	1, 3, 4, 6	\$3.5 million
Maloney Pumping Plant and Water Treatment Plant Improvements	This project consists of Maloney Pumping Plant capacity expansion, electrical improvements at Maloney Pumping Plant and Sobrante Water Treatment Plant, installation of a standby generator, replacement of La Honda Rate Control Station (RCS), and replacement of instrumentation and controls for the Greenridge Pumping Plant and La Honda RCS.	1, 2	\$3.2 million
		Total⁽¹⁾	\$276.5 million

⁽¹⁾ Totals may exceed the expected project fund deposit and may not add due to rounding.

Source: The District.

The proceeds of the Series 2024A Bonds (exclusive of amounts applied to pay costs of issuance and other costs related to the issuance of the Series 2024 Bonds and refunding of the Refunded Bonds) are to be allocated to costs of the projects identified above. Because proceeds of the Series 2024A Bonds will be applied to reimburse the District for prior expenditures made in connection with the projects identified above, the District does not intend to undertake any further tracking of and reporting on the use of the proceeds of the Series 2024A Bonds. See also “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” in the front part of this Official Statement and “THE WATER SYSTEM – Capital Improvement Program” in APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM)” to this Official Statement.

The District’s Green Bond Guidance as most recently approved by the Board follows on the next page.

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[INSERT DISTRICT GREEN BOND GUIDANCE DOCUMENT]

APPENDIX H
PROPOSED CHANGES TO THE INDENTURE
[To come]

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 18, 2024

MEMO TO: Board of Directors

THROUGH: Clifford C. Chan, General Manager *CCC*

FROM: Sophia D. Skoda, Director of Finance *SDS*

SUBJECT: EBMUD Series 2024A Wastewater System Revenue Bonds

SUMMARY

The proposed Wastewater System Revenue Bonds, Series 2024A (the “2024 Bonds”) are being issued to provide funding for the District’s Capital Improvement Program. The District is planning to issue these bonds as “Green Bonds” based on the Guidance for Issuing Green Bonds, approved by Board Motion No. 063-22 on March 22, 2022. Bond proceeds will also be used to pay the costs of issuance of the 2024 Bonds. The total amount of bonds planned for issuance is not to exceed \$30 million. This item will be presented at the January 23, 2024 Finance/Administration Committee meeting.

DISCUSSION

Issuance of bonds in 2024 is anticipated in the financing plan shown in the District’s Biennial Budget for Fiscal Years 2024 and 2025. The 2024 Bonds are proposed to provide approximately \$25 million in funding for the District’s Wastewater System Capital Improvement Program. In connection with the issuance of the 2024 Bonds, it is also being proposed that the Bond Indenture under which the District’s Wastewater System Revenue Bonds are issued be amended and restated as described below.

The bond resolution authorizes the issuance of the 2024 Bonds in one or more series or subseries (and with such further or other series designation as applicable) in an aggregate principal amount not to exceed \$30 million. It approves the Preliminary Official Statement and Official Statement that will be used to market the 2024 Bonds to investors. The resolution further authorizes other documents supporting the bond issuance, including Supplemental Indentures, a Bond Purchase Contract, and a Continuing Disclosure Agreement, and authorizes their execution. It also delegates authority to the General Manager, the Director of Finance or the Treasury Manager or the designee of any of such officers to engage U.S. Bank Trust Company, National Association, the District's bond trustee, as trustee for the 2024 Bonds. The bond resolution further authorizes the General Manager, the Director of Finance, the Treasury Manager, and the other proper officers of the District to take the necessary actions and execute other agreements, documents and certificates in order to provide for the sale and delivery of the 2024 Bonds. The 2024 Bonds

are currently scheduled to be sold via a negotiated sale in February 2024 using an underwriter from the District's underwriting pool. The timing of the bond sale may be adjusted for market conditions and other factors. This item supports the District's Long-Term Financial Stability Strategic Plan goal.

Summaries of the key bond documents are provided below:

- Authorizing Resolution relating to the 2024 Bonds authorizes the issuance of the bonds in one or more series or subseries (with such further or other series designation as applicable) in an aggregate amount not to exceed \$30 million, with a final maturity not later than June 1, 2054 and at a true interest cost to the District of not in excess of 5.75 percent per annum.
- Preliminary Official Statement (including Appendices) is the disclosure document prepared by the District that provides information about the District and the Wastewater System (primarily in Appendix A) and the terms of the bond sale to potential investors. A final Official Statement will be prepared after the sale of the 2024 Bonds for distribution to actual purchasers of such bonds. Under federal securities laws, these disclosure documents are required to contain all information that would be material to investors in making their decision whether to purchase the District's bonds and must not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein not misleading, in light of the circumstances under which it was presented.
- Twenty-First Supplemental Indenture supplements the Wastewater System Bond Indenture between the District and its bond trustee. The Twenty-First Supplemental Indenture amends and restates the Indenture to (a) remove the label "subordinated" from the definition of revenues pledged under the Bond Indenture since there is only one lien on net revenues of the Water System securing repayment of all of the District's Water System Revenue Bonds equally; and (b) incorporate into the master Bond Indenture certain amendments previously made to the Indenture by the Thirteenth Supplemental Indenture that have become effective.
- Twenty-Second Supplemental Indenture relating to the 2024 Bonds supplements the Wastewater System Bond Indenture between the District and its bond trustee and provides the terms of the 2024 Bonds, including the principal and interest payment dates and the interest rates on the new 2024 Bonds. Under the Bond Indenture, the District is obligated to set rates to provide net revenues sufficient to cover 1.1 times the annual debt service on all of the outstanding Wastewater System Revenue Bonds, which will include the 2024 Bonds. The Twenty-Second Supplemental Indenture also includes amendments to the Indenture that will become effective at a future date when consent equal to a majority in principal amount of the then outstanding bonds is obtained. The amendments include modifications to the District's rate covenant; modifications to the provisions allowing for the District to issue additional bonds or incur other Parity Debt payable from net revenues on a parity with the payment by the District of the Wastewater System Revenue Bonds; and modifications to the timing

requirement for the District to furnish its audited financial statements to the Trustee for each Fiscal Year.

- Continuing Disclosure Agreement obligates the District to provide certain annual financial and operating information regarding the District and the Wastewater System and notices of certain events in connection with the 2024 Bonds to the information repository for municipal bonds. Under the securities laws, the underwriters are required to obtain this commitment from the District to provide ongoing disclosure in connection with the District's bonds. Under the Continuing Disclosure Agreement, Digital Assurance Certification, LLC, as the District's dissemination agent, is entitled to receive compensation for its services and receives certain indemnification from the District in connection with its services.
- Purchase Contract is the agreement between the District and the underwriter of the 2024 Bonds in connection with a negotiated sale of the bonds. The Purchase Contract provides the terms and conditions under which the underwriter agrees to purchase the 2024 Bonds from the District for reoffering to the public and specifies the circumstances under which the underwriters' obligation may be terminated prior to delivery of the 2024 Bonds. The Authorizing Resolution provides that the discount to be paid to the underwriters in connection with their purchase of the bonds shall not exceed 0.45 percent of the aggregate principal amount of the Bonds to be purchased.

NEXT STEPS

This item will be presented to the Board for consideration at its meeting on January 23, 2024.

CCC:SDS:rlh

- Attachments:
1. Twenty-First Supplemental Indenture
 2. Twenty-Second Supplemental Indenture
 3. Purchase Contract
 4. Continuing Disclosure Agreement
 5. Preliminary Official Statement

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TWENTY-FIRST SUPPLEMENTAL INDENTURE

between

EAST BAY MUNICIPAL UTILITY DISTRICT

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Successor Trustee

Dated as of [March 1], 2024

(Supplemental to the Wastewater System Subordinated Revenue Bond
Indenture dated as of April 1, 1990)

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Twenty-First Supplemental Indenture
(Supplemental to the Wastewater System
Subordinated Revenue Bond Indenture dated
as of April 1, 1990)

To Amend and Restate the Provisions of such
Wastewater System Subordinated Revenue Bond Indenture

This Twenty-First Supplemental Indenture, dated as of [March 1], 2024 (the “Twenty-First Supplemental Indenture”), between the East Bay Municipal Utility District (the “District”) and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”);

W I T N E S S E T H :

WHEREAS, this Twenty-First Supplemental Indenture amends and is supplemental to the Wastewater System Subordinated Revenue Bond Indenture, dated as of April 1, 1990 (the “Original Indenture”), as amended and supplemented (the “Indenture”), between the District and the Trustee, providing for the issuance of bonds initially designated as “Wastewater System Subordinated Revenue Bonds” and subsequent to the execution and delivery of the Twelfth Supplemental Indenture (as defined below) designated as “Wastewater System Revenue Bonds” (the “Bonds”);

WHEREAS, pursuant to Article IX of the Original Indenture, the Indenture and the rights and obligations of the District, of the Trustee and of the Owners of the Bonds may be modified or amended from time to time and at any time by a Supplemental Indenture entered into by the District and the Trustee in accordance with the terms thereof;

WHEREAS, the District and the Trustee have previously executed and delivered the Twelfth Supplemental Indenture, dated as of September 15, 2010 (the “Twelfth Supplemental Indenture”), pursuant to which Twelfth Supplemental Indenture, the Original Indenture was amended to add a covenant of the District not to issue any senior lien Wastewater Bonds (as such term is defined in the Original Indenture) in the future, and the effect of such amendment is that the lien on net revenues of the Wastewater System securing such Wastewater Bonds as established under Resolution No. 30051 of the District, adopted on January 26, 1982, as amended and supplemented (the “Wastewater Bond Resolution” as defined in the Original Indenture) has been closed and discharged;

WHEREAS, the District and the Trustee have previously executed and delivered the Thirteenth Supplemental Indenture, dated as of October 1, 2010 (the “Thirteenth Supplemental Indenture”), which Thirteenth Supplemental Indenture contained a number of amendments to the Original Indenture which were to become effective upon the earliest to occur of certain specified events, and as a result of the conditions to effectiveness having been satisfied, such amendments to the Original Indenture contained in the Thirteenth Supplemental Indenture became effective as of June 14, 2017;

WHEREAS, in accordance with Section 9.01(B)(8) of the Original Indenture, the Indenture may be modified or amended from time to time and at any time by a Supplemental Indenture which the District may adopt without the consent of any Bondholders for any purpose that does not materially and adversely affect the interests of the Owners of the Bonds;

WHEREAS, the District has found and determined (1) that it is in the best interests of the District to amend and restate the Original Indenture as provided herein in order to (a) reflect that, with all of the senior lien Wastewater Bonds having been paid and the lien established under the Wastewater Bond Resolution having been discharged, Bonds issued under and pursuant to the Original Indenture are no longer payable on a basis junior and subordinate to any senior lien Wastewater Bonds, and to eliminate references in the Indenture to “subordinate” and to the Wastewater Bond Resolution; (b) reflect the incorporation of the amendments made to the Original Indenture by the Thirteenth Supplemental Indenture that have become effective, and (c) make other minor modifications thereto to certain references that have become dated; and (2) that such amendment and restatement of the Original Indenture will not materially and adversely affect the interests of the Owners of the Bonds; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this Twenty-First Supplemental Indenture, do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Twenty-First Supplemental Indenture;

NOW, THEREFORE, the parties hereto agree, as follows:

ARTICLE XXXVII

AMENDMENT AND RESTATEMENT OF THE INDENTURE

SECTION 37.01 Definitions. Unless otherwise specifically provided in the recitals hereto or otherwise herein, capitalized terms used in this Twenty-First Supplemental Indenture shall have the meanings ascribed to them in the Original Indenture. The terms defined in the recitals hereto shall, for all purposes of this Twenty-First Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings specified in such recitals, to be equally applicable to both the singular and plural forms of any of the terms therein defined.

SECTION 37.02 Amendment and Restatement of the Indenture. The Original Indenture shall be and hereby is amended and restated in the form of Exhibit A hereto to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken-text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text).

SECTION 37.03 Miscellaneous. This Twenty-First Supplemental Indenture and all the terms and provisions herein contained shall form part of the Indenture. The Indenture is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, except as specifically amended or restated hereby. Reference to this

Twenty-First Supplemental Indenture need not be made in any Bond, document, agreement, letter, certificate, Supplemental Indenture or any communication issued or made subsequent to or with respect to the Indenture, it being hereby agreed that any reference to the Indenture shall be sufficient to refer to, and shall mean and be a reference to, the Indenture as amended and restated hereby. In case any one or more of the provisions contained herein should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired hereby.

SECTION 37.04 Effective Date of Twenty-First Supplemental Indenture. This Twenty-First Supplemental Indenture shall take effect upon its execution and delivery.

SECTION 37.05 Execution in Counterparts. This Twenty-First Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed the Twenty-First Supplemental Indenture by their officers thereunto duly authorized as of the day and year first written above.

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____
Sophia D. Skoda
Director of Finance

ATTEST:

By: _____
Rischa S. Cole
Secretary of the District

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Serena Kohne
Vice President

EXHIBIT A
(SEE ATTACHED)

WASTEWATER SYSTEM-~~SUBORDINATED~~ REVENUE BOND INDENTURE

between

EAST BAY MUNICIPAL UTILITY DISTRICT

and

~~FIRST INTERSTATE~~U.S. BANK ~~OF CALIFORNIA~~TRUST COMPANY, NATIONAL
ASSOCIATION,
as successor Trustee

Dated as of April 1, 1990

(as amended and restated pursuant to
the Twenty-First Supplemental Indenture)

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INDENTURE

This INDENTURE, dated as of April 1, 1990, by and between EAST BAY MUNICIPAL UTILITY DISTRICT (the "District") and ~~FIRST-INTERSTATE~~U.S. BANK OF CALIFORNIATRUST COMPANY, NATIONAL ASSOCIATION, as successor trustee (the "Trustee");

WITNESSETH:

WHEREAS, the District is authorized by Section 12850 et seq. of the California Public Utilities Code and ~~Resolution No. 31971~~resolutions adopted by the Board of Directors (the "Board") of the District ~~on October 27, 1987~~from time-to-time pursuant to Section 12852 of the California Public Utilities Code, to issue its revenue bonds; and

WHEREAS, the District has determined to enter into this Indenture in order to provide for the authentication and delivery of certain revenue bonds (the "Bonds"), to establish and declare the terms and conditions upon which the Bonds shall be issued and secured and to secure the payment of the principal thereof and premium (if any) and interest thereon;

WHEREAS, the execution and delivery of this Indenture has in all respects been duly and validly authorized by resolutions duly passed and approved by the District; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this Indenture do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Indenture;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued, authenticated and delivered hereunder and to provide the terms and conditions under which all property, rights and interests hereby assigned and pledged are to be dealt with and disposed of, and to secure the performance and observance of the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and in consideration of the premises and of the material covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby agree and covenant with the Trustee for the benefit of the respective Owners, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE I

EQUALITY OF SECURITY; DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

SECTION 1.01 Equality of Security. In consideration of the acceptance of the Bonds by the Owners thereof from time to time, this Indenture shall be deemed to be and shall constitute a contract between the District, the Trustee and the Owners from time to time of the Bonds and the covenants and agreements herein set forth to be performed by or on behalf of the District or the Trustee shall be for the equal and proportionate benefit, security and protection of all Owners of the

Bonds, without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reasons of the series, time of issue, sale or negotiation thereof or for any cause whatsoever, except as expressly provided therein or herein. Nothing herein shall prevent additional security being provided to particular Bonds or the creation of a bond reserve fund therefor under any Supplemental Indenture.

SECTION 1.02 Definitions. The terms defined in this Section shall, for all purposes of this Indenture and of any Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Unless otherwise defined in this Indenture, all terms used herein which are defined in the Act shall have the meanings assigned to such terms in the Act.

Accreted Value

“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.

Act

“Act” means the Municipal Utility District Act, constituting Division 6 of the Public Utilities Code of the State of California, and all laws of the State of California amendatory thereof or supplemental thereto, including the Revenue Bond Law of 1941, as made applicable by Article 6a of Chapter 6 of said Division 6, and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

Adjusted Net Wastewater Revenues

“Adjusted Net Wastewater Revenues” for any fiscal period means the sum of (a) the Wastewater Revenues for such fiscal period plus (b) the amounts, if any, withdrawn by the District from the Rate Stabilization Fund for treatment as Wastewater Revenues for such fiscal period, less the sum of (c) all Wastewater Operation and Maintenance Costs for such fiscal period, and (d) the amounts, if any, withdrawn by the District from Wastewater Revenues for such fiscal period for deposit in such Rate Stabilization Fund.

Annual Debt Service

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

Assumed Debt Service

“Assumed Debt Service” means for any Fiscal Year, the aggregate amount of principal and interest which would be payable on all ~~Wastewater Bonds~~, Bonds and Parity Debt if each Excluded Principal Payment were amortized for a period specified by the District (but no longer than thirty (30) years from the date of the issuance of the ~~Wastewater Bonds~~, 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 District](#), calculated based on a fixed interest rate equal to the rate at which the District could borrow for such period, as certified by a certificate of a financial advisor or investment banker delivered to the Trustee, who may rely conclusively on such certificate, within thirty (30) days of the date of calculation.

Board

“Board” means the Board of Directors of the District.

Bond Obligation

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

Bonds; Serial Bonds; Term Bonds

“Bonds” means the East Bay Municipal Utility District Wastewater System ~~Subordinated~~ Revenue Bonds authorized by, and at any time Outstanding pursuant to, this Indenture.

“Serial Bonds” means Bonds, maturing in specified years, for which no Mandatory Sinking Account Payments are provided.

“Term Bonds” means Bonds payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

Business Day

“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

“Capital Appreciation Indebtedness” means ~~water Bonds~~, Bonds and Parity Debt on which interest is compounded and paid less frequently than annually.

Certificate, Statement, Request, Requisition or Order of the District

“Certificate,” “Statement,” “Request,” “Requisition” and “Order” of the District mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the District by its General Manager or any other person authorized by the General 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 shall be read and construed as a single instrument. If and to the

extent required by Section 1.03, each such instrument shall include the statements provided for in Section 1.03.

Code

“Code” means the Internal Revenue Code of 1986, and the regulations applicable thereto or issued thereunder, as amended from time to time.

Corporate Trust Office

“Corporate Trust Office” or “corporate trust office” means the corporate trust office of the Trustee at ~~3451~~ California Street, ~~8th Floor~~ Suite 1000, San Francisco, CA ~~94104~~94111, Attention: Corporate Trust Department, or such other or additional offices as may be designated by the Trustee.

Costs of Issuance

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District 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.

Current Interest Indebtedness

“Current Interest Indebtedness” means the ~~Wastewater Bonds~~, Bonds and Parity Debt on which interest is paid at least annually.

Debt Service

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

(a) Excluded Principal Payments shall be excluded from such calculation and Assumed Debt Service shall be included in such calculation;

(b) if the ~~Wastewater Bonds~~, Bonds or Parity Debt are Variable Rate Indebtedness, the interest rate thereon for periods when the actual interest rate cannot yet be determined shall be assumed to be ~~twelve percent~~ equal to the average of the SIFMA Municipal Swap Index for the five (12%5) per annum years preceding such date of calculation (provided, however, that if such index is no longer published, the interest rate on such Bonds or Parity Debt shall be calculated based upon such similar index as the District shall designate in writing to the Trustee) (the “Assumed SIFMA-based Rate”);

(c) principal and interest payments on ~~Wastewater Bonds~~, Bonds and Parity Debt shall be excluded to the extent such payments are to be paid from amounts on deposit with

the Trustee or another fiduciary in escrow or trust specifically therefor and to the extent that such interest payments are to be paid from the proceeds of ~~Wastewater Bonds~~, Bonds or Parity Debt held by the Trustee or another fiduciary as capitalized interest;

(d) in determining the principal amount ~~due~~, payment shall (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 Account Payments or any scheduled redemption or payment of ~~Wastewater Bonds~~, Bonds or Parity Debt on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Indebtedness;

(e) if any interest rate swap agreement is in effect with respect to, and ~~is the~~ regularly scheduled payments thereunder are payable on a parity with, the ~~Wastewater Bonds~~, Bonds or Parity Debt to which it relates, ~~no amount~~ interest deemed to be payable under on any such Bonds or Parity Debt with respect to which an interest rate swap agreement is in effect shall be ~~included in~~ based on the ~~calculation of Debt Service unless net~~ economic effect expected by the District to be produced by the terms of such Bonds or Parity Debt and such interest rate swap agreement, including but not limited to the ~~sum of effects that~~ (i) ~~interest payable on~~ such Bonds or Parity Debt would, but for such interest rate swap agreement, be treated as Variable Rate Indebtedness instead shall be treated as Bonds or Parity Debt bearing interest at a fixed interest rate, and (ii) such Bonds or Parity Debt would, but for such interest rate swap agreement, be treated as Bonds or Parity Debt bearing interest at a fixed interest rate instead shall be treated as Variable Rate Indebtedness; and accordingly, the amount of interest deemed to be payable on any Bonds or Parity Debt with respect to which an interest rate swap agreement is in force shall be an amount equal to the amount of interest that would be payable at the rate or rates stated in such ~~Wastewater Bonds~~, Bonds or Parity Debt, plus ~~(ii) the~~ amounts payable by the District under such interest rate swap agreement, ~~less (iii) minus the~~ amounts receivable by the District under such interest rate swap agreement ~~are greater than the interest payable on the Wastewater Bonds, Bonds or Parity Debt to which it relates, then, in such instance, the amount of such payments to, and for the purpose of calculating as nearly as practicable such amounts, the following assumptions shall be made that exceed the:~~

(1) if an interest rate swap agreement has been entered into by the District with respect to ~~be, paid on the Wastewater Bonds~~, Bonds or Parity Debt ~~shall be included in such calculation. For such purposes, providing for the payment of a net variable amount interest rate under any such interest rate swap agreement with respect to such Bonds or Parity Debt by the District, the interest rate on such Bonds or Parity Debt for future periods when the actual interest rate cannot yet be determined shall be assumed (but only during the period the interest rate swap agreement is in effect) to be equal to twelve percent the sum of (12%A) per annum the fixed rate or rates stated in such Bonds or Parity Debt minus (B) the fixed rate paid by the counterparty of such interest rate swap agreement to the District, plus (C) the lesser of (x) the interest rate cap, if any, provided by a counterparty with respect to such interest rate swap agreement (but only during the period that such interest rate~~

cap is in effect) and (y) the applicable variable interest rate calculated in accordance with paragraph (b) above; and

(2) if an interest rate swap agreement has been entered into by the District with respect to Bonds or Parity Debt providing for the payment of a fixed rate of interest to maturity or for a specific term under such interest rate swap agreement with respect to such Bonds or Parity Debt by the District, the interest on such Bonds or Parity Debt shall be included in the calculation of payments (but only during the period the interest rate swap agreement is in effect) by including for each period of calculation an amount equal to the amount of interest payable at the fixed interest rate pursuant to such interest rate swap agreement.

Notwithstanding any other paragraph of this definition of Debt Service, except as set forth in this paragraph (e), no amounts payable under any interest rate swap agreement (including termination payments) shall be included in the calculation of Debt Service;

(f) if any ~~Wastewater Bonds, Bonds or Parity Debt~~ include an option or an obligation to tender all or are Variable Rate Indebtedness subject to tender for purchase and funds for the purchase price may be provided by a portion letter of such credit, line of credit, revolving credit agreement, standby bond purchase agreement or other liquidity facility which, if drawn upon, could create a repayment obligation which has a lien on Adjusted Net Wastewater Bonds, Bonds or Parity Debt to Revenues on parity with the District, lien of the Trustee or another fiduciary or agent and require that such Wastewater Bonds, Bonds or Parity Debt or portion thereof be purchased if properly presented, then for purposes of determining the amounts of principal and interest due, in any Fiscal Year on such Bonds or Parity Debt, (i) the options or obligations to tender shall be treated as a principal maturity occurring on the first date on which holders or of the owners thereof may or are required to tender, except that any of such option Bonds or obligation Parity Debt to tender the same for purchase or payment prior to the stated maturity or maturities shall be ignored and not treated as a principal maturity, if (1) such Wastewater Bonds, Bonds or Parity Debt are rated in one of the two highest long term Rating Categories by Moody's and by Standard & Poor's or such Wastewater Bonds, Bonds or Parity Debt are rated in the highest short term, note or commercial paper Rating Categories by Moody's and by 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 any repayment obligations of the District with respect to the provider of such letter of credit or, line of credit, revolving credit agreement, standby bond purchase agreement or other liquidity facility, other than its obligations on such Wastewater Bonds, Bonds or Parity Debt, shall be subordinated to the obligation of treated as Excluded Principal Payments; and

(g) if interest on any Bonds or Parity Debt is reasonably anticipated to be reimbursed to the District on by the United States of America pursuant to Section 54AA of the Code, or any future similar program, then interest payments with respect to such Bonds and/or Parity Debt or, if not subordinate, shall be incurred (assuming such immediate tender) under the conditions and meeting the tests for the issuance of Parity Debt set forth herein reduced by the amount of such interest reasonably anticipated to be paid or reimbursed by the United States of America.

Event of Default

“Event of Default” means any of the events specified in Section 7.01.

Excluded Principal Payments

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

Fiscal Year

“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 District which designation shall be provided to the Trustee in a certificate of the District.

Indenture

“Indenture” means this indenture, dated as of April 1, 1990, by and between the Trustee and the District, as originally executed or as it may from time to time be supplemented or amended by any Supplemental Indenture delivered pursuant to the provisions hereof.

Information Services

~~The term “Information Services” means Financial Information, Inc.’s “Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services’ “Called Bond Service,” 55 Broad Street, 28th Floor, New York, New York 10004; Moody’s “Municipal and Government,” 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and S&P’s “Called Bond Record,” 25 Broadway, 3rd Floor, New York, New York 10004~~ the Electronic Municipal Market Access (EMMA) system operated by the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or no such services, as the District may designate in a Request of the District delivered to the Trustee.

Interest Fund

“Interest Fund” means the fund by that name established pursuant to Section 5.02.

Investment Securities

“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) 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) 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) 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) 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 shall be purchased directly from such a bank, trust company or national banking association and shall 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 shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall 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 shall 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 shall 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) 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) 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) 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) 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 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 shall have a market value (exclusive of accrued interest and valued at least monthly) at least equal to the principal amount of such investment and shall 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 shall 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 shall 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) 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) a guaranteed investment contract with a financial institution or insurance company which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated not lower than their respective ratings on the Bonds by Moody's (if Moody's is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds);

(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) and Standard & Poor's (if Standard & Poor's is then rating the Bonds) or have an investment advisor registered with the Securities and Exchange ~~District~~Commission with not less than 5 years experience investing in such securities and obligations and with assets under management in excess of \$500,000,000; and

(xiv) any investment approved by the Board for which confirmation is received from each rating agency then rating any of the Bonds that such investment will not adversely affect such agency's rating on such Bonds.

Mandatory Sinking Account Payment

"Mandatory Sinking Account Payment" means the amount required to be deposited by the District in sinking account for the payment of Term Bonds.

Maximum Annual Debt Service

"Maximum Annual Debt Service" ~~shall mean~~means the greatest amount of principal and interest becoming due and payable on all ~~Wastewater Bonds,~~ Bonds and Parity Debt in the Fiscal Year in which the calculation is made or any subsequent Fiscal Year; ~~provided, however, that for the purposes of computing Maximum Annual~~ calculated using the principles and assumptions set forth under the definition of Debt Service;

~~(a) Excluded Principal Payments shall be excluded from such calculation and Assumed Debt Service shall be included in such calculation;~~

~~(b) — if the Wastewater Bonds, Bonds or Parity Debt are Variable Rate Indebtedness, the interest rate thereon for periods when the actual interest rate cannot yet be determined shall be assumed to be twelve percent (12%) per annum;~~

~~(c) — principal and interest payments on Wastewater Bonds, Bonds and Parity Debt shall 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 Wastewater Bonds, Bonds or Parity Debt held by the Trustee or another fiduciary as capitalized interest;~~

~~(d) — in determining the principal amount due in each Fiscal Year, payment shall (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 Account Payments or any scheduled redemption or payment of Wastewater Bonds, Bonds or Parity Debt on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Indebtedness;~~

~~(e) — if any interest rate swap agreement is in effect with respect to, and is payable on a parity with, the Wastewater Bonds, Bonds or Parity Debt to which it relates, no amounts payable under such interest rate swap agreement shall be included in the calculation of Maximum Annual Debt Service unless the sum of (i) interest payable on such Wastewater Bonds, Bonds or Parity Debt, plus (ii) amounts payable by the District under such interest rate swap agreement, less (iii) amounts receivable by the District under such interest rate swap agreement are greater than the interest payable on the Wastewater Bonds, Bonds or Parity Debt to which it relates, then, in such instance, the amount of such payments to be made that exceed the interest to be paid on the Wastewater Bonds, Bonds or Parity Debt shall be included in such calculation. For such purposes, the variable amount under any such interest rate swap agreement shall be assumed to be equal to twelve percent (12%) per annum; and~~

~~(f) — if any Wastewater Bonds, Bonds or Parity Debt include an option or an obligation to tender all or a portion of such Wastewater Bonds, Bonds or Parity Debt to the District, the Trustee or another fiduciary or agent and require that such Wastewater Bonds, Bonds or Parity Debt or portion thereof be purchased if properly presented, then for purposes of determining the amounts of principal and interest due in any Fiscal Year, the options or obligations to tender shall 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 shall be ignored and not treated as a principal maturity, if (1) such Wastewater Bonds, Bonds or Parity Debt are rated in one of the two highest long term Rating Categories by Moody's and by Standard & Poor's or such Wastewater Bonds, Bonds or Parity Debt are rated in the highest short-term, note or commercial paper Rating Categories by Moody's and by 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 District with respect to the provider of such letter of credit or standby bond purchase agreement, other than its obligations on such Wastewater Bonds, Bonds or Parity Debt, shall be subordinated to the obligation of the District on the Bonds and Parity Debt or, if not~~

~~subordinate, shall be incurred (assuming such immediate tender) under the conditions and meeting the tests for the issuance of Parity Debt set forth herein.~~

Moody's

“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 shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District and not objected to by the Trustee.

Opinion of Bond Counsel

“Opinion of Bond Counsel” means a written opinion of a law firm of national standing in the field of public finance selected by the District and not objected to by the Trustee.

Outstanding

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this 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 District shall have been discharged in accordance with Section 10.02, including Bonds (or portions of Bonds) referred to in Section 11.10; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

Owner or Bondholder or Bondowner

“Owner” or “Bondholder” or “Bondowner”, whenever used herein with respect to a Bond, means the person in whose name such Bond is registered.

Parity Debt

“Parity Debt” means any indebtedness, installment sale obligation, lease obligation or other obligation of the District for borrowed money or interest rate swap agreement having an equal lien and charge upon the ~~Subordinated~~Adjusted Net Wastewater Revenues and therefore payable on a parity with the Bonds (whether or not any Bonds are Outstanding).

Person

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

Principal Fund

“Principal Fund” means the fund by that name established pursuant to Section 5.02.

Rate Stabilization Fund

“Rate Stabilization Fund” means the Rate Stabilization Fund initially created under Resolution No. 30051 of the District, adopted on January 26, 1982, as amended and supplemented from time to time; it being understood that all obligations of the District under such Resolution No. 30051 have ceased and been discharged, provided that, the Rate Stabilization Fund created thereunder has been continued for purposes of this Indenture.

Rating Category

“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

“Rebate Fund” means that fund established under Section 6.07 of this Indenture.

Rebate Instructions

“Rebate Instructions” means those calculations and directions required to be delivered to the Trustee by the District under the Tax Certificate.

Rebate Requirement

“Rebate Requirement” means the Rebate Requirement defined in the Tax Certificate.

Redemption Fund

“Redemption Fund” means the fund by that name established pursuant to Section 5.05.

Redemption Price

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

Revenue Fund

“Revenue Fund” means the Revenue Fund established pursuant to Section 5.01.

Securities Depositories

“Securities Depositories” means the following: The Depository Trust Company, ~~711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax (312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Dex (215)~~

~~496-5058~~[40 58th Street, Brooklyn, New York 11220](#); or, in accordance with then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other securities depositories, or no such depositories, as the District may designate in a Request of the District delivered to the Trustee.

Series

“Series,” whenever used herein 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 herein provided.

SIFMA Municipal Swap Index

“SIFMA Municipal 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 & Financial Markets Association (formerly the Bond Market Association) (“SIFMA”) or by any Person acting in cooperation with or under the sponsorship of SIFMA and effective from such date.

Sinking Accounts

“Sinking Accounts” means the accounts in the Principal Fund so designated and established pursuant to Section 5.02 for the payment of Term Bonds.

Standard & Poor’s

“Standard & Poor’s” means Standard & Poor’s Corporation, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District and not objected to by the Trustee.

State

“State” means the State of California.

Subordinated Wastewater Revenues

~~“Subordinated Wastewater Revenues” for any fiscal period means the sum of (a) the Wastewater Revenues for such fiscal period plus (b) the amounts, if any, withdrawn by the District from the Rate Stabilization Fund created in the Wastewater Bond Resolution for treatment as Wastewater Revenues for such fiscal period, less the sum of (c) all Wastewater Operation and Maintenance Costs for such fiscal period, (d) the amounts, if any, withdrawn by the District from Wastewater Revenues for such fiscal period for deposit in such Rate Stabilization Fund, and (e) all amounts required to be paid under the Wastewater Bond Resolution for principal, interest, reserve fund and any other debt service requirements on the Wastewater Bonds as the same become due and payable.~~

Supplemental Indenture

“Supplemental Indenture” means any indenture hereafter duly executed and delivered, supplementing, modifying or amending this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Tax Certificate

“Tax Certificate” means the Tax Certificate delivered by the District 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.

Trustee

“Trustee” means ~~First-Interstate~~ [U.S. Bank of California Trust Company, National Association](#), acting as trustee hereunder, or its successor, as Trustee as provided in Section 8.01.

Variable Rate Indebtedness

“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.

~~Wastewater Bond Resolution~~

~~“Wastewater Bond Resolution” means Resolution No. 30051 of the District, adopted on January 26, 1982, as amended and supplemented from time to time.~~

~~Wastewater Bonds~~

~~“Wastewater Bonds” means all bonds and other obligations of the District issued pursuant to the Wastewater Bond Resolution.~~

Wastewater Operation and Maintenance Costs

“Wastewater Operation and Maintenance Costs” means the reasonable and necessary costs of maintaining and operating the Wastewater System, calculated on sound accounting principles, including (among other things) the reasonable expenses of management, repair and other expenses necessary to maintain and preserve the Wastewater System in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes and other similar costs, but excluding in all cases depreciation and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, and excluding all costs paid from the proceeds of taxes received by the District.

Wastewater Revenues

“Wastewater Revenues” means all charges received for, and all other income and receipts derived by the District from, the operation of the Wastewater System, or arising from the Wastewater System, together with income from the investment of any moneys in any fund or account established under the ~~Wastewater Bond Resolution or this~~ Indenture; provided, however, there shall be excluded

therefrom any amounts reimbursed to the District by the United States of America pursuant to Section 54AA of the Code, or any future similar program.

Wastewater System

“Wastewater System” means the entire sewage disposal system of Special District No. 1 of the District and all of the facilities thereof, including all facilities for the disposal of sewage, sewage treatment works, wastewater disposal facilities, sludge treatment facilities, intercepting and outfall sewers, power generation facilities, and other facilities necessary or convenient for the collection, treatment or disposition of sewage and wastewater for Special District No. 1 of the District, together with all additions, betterments, extensions and improvements to said system or any part thereof.

Wastewater System Fund

“Wastewater System Fund” means the fund of that name established by a Supplemental Indenture to hold the proceeds of a Series of Bonds or a portion thereof prior to expenditure on the Wastewater System.

SECTION 1.03 Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof shall include (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and (4) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the District may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant, a financial advisor, an investment banker or an independent consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the District) upon a certificate or opinion of or representation by an officer of the District, unless such counsel, accountant or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person’s certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the District, or the same counsel or accountant or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel, accountants or independent consultants may certify to different matters, respectively.

ARTICLE II

THE BONDS

SECTION 2.01 Authorization of Bonds. Bonds may be issued hereunder, in book-entry form or otherwise, from time to time as the issuance thereof is approved by the District. The maximum principal amount of Bonds which may be issued hereunder is not limited; subject, however, to any limitations contained in the Act and to the right of the District, which is hereby reserved, to limit the aggregate principal amount of Bonds which may be issued or outstanding hereunder. The Bonds are designated generally as “East Bay Municipal Utility District Wastewater System ~~Subordinated~~ Revenue Bonds”; each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds. The Bonds may be issued in such Series as from time to time shall be established and authorized by the District, subject to the covenants, provisions and conditions herein contained.

SECTION 2.02 Terms of the Bonds. The Bonds of each Series shall bear interest, if any, at such rate or rates or determined in such manner and payable at such intervals as may be determined by the District at the time of issuance thereof pursuant to the Supplemental Indenture under which such Bonds are issued, not to exceed the maximum rate of interest permitted by law and shall mature and become payable on such date or dates and in such year or years as the District may determine by the Supplemental Indenture creating such Series. Principal of, premium, if any, and interest on such Bonds shall be payable in such manner as may be specified in the Supplemental Indenture creating such Series.

The Bonds of any Series may be issued in such denominations as may be authorized by the Supplemental Indenture creating such Series in fully registered form without coupons or in fully registered book-entry form or, for a Series maturing in one year or less, bearer form.

SECTION 2.03 Form of Bonds. The Bonds of any Series shall be in such form or forms as may be specified in the Supplemental Indenture creating such Series.

SECTION 2.04 Execution of Bonds. The Bonds shall be executed in the name and on behalf of the District with the facsimile or manual signature of the President of the Board, under seal attested by the facsimile or manual signature of the Secretary. Such seal may be in the form of a facsimile of the District’s seal and may be reproduced, imprinted or impressed on the Bonds. Unless otherwise provided in any Supplemental Indenture, the Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the District before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or issued by the District, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the District as though those who signed and attested the same had continued to be such officers of the District, and also any Bond may be signed and attested on behalf of the District by such persons as at the actual date of execution of such Bond shall be the proper officers of the District although at the nominal date of such Bond any such person shall not have been such officer of the District.

Except as may be provided in any Supplemental Indenture, only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form recited in the Supplemental Indenture creating such Series, manually executed by the Trustee, shall be valid or obligatory for any

purpose or entitled to the benefits of this Indenture, and such certificate of authentication when manually executed by the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.05 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the register required to be kept pursuant to the provisions of Section 2.07, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee.

Whenever any Bond or Bonds shall be surrendered for transfer, the District shall execute and the Trustee shall 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 shall require the Bondholder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

SECTION 2.06 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; 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 shall require the Bondholder requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

SECTION 2.07 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 shall at all times be open to inspection during normal business hours by the District upon reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, 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.

SECTION 2.08 Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds. Any temporary Bond may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the District, shall be in registered form and may contain such reference to any of the provisions of this 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 shall be executed by the District and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the District 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 shall 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 shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

SECTION 2.09 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the District, at the expense of the Owner of said Bond, shall execute, and the Trustee shall 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 shall be cancelled by it and delivered to, or upon the Order of, the District. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the District and the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the District, at the expense of the Owner, shall execute, and the Trustee shall 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 shall have matured or shall have been 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 District may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the District and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the District whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture. Neither the District nor the Trustee shall 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 may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same.

ARTICLE III

ISSUANCE OF BONDS

SECTION 3.01 Issuance of Bonds. The District may by Supplemental Indenture establish one or more Series of Bonds, payable from ~~Subordinated~~Adjusted Net Wastewater Revenues and secured by the pledge made under this Indenture equally and ratably with Bonds previously issued, and the District may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Bonds of any Series so established, in such principal amount as shall be determined by the District, but only, with respect to each Series of Bonds, including the first Series of Bonds issued hereunder, upon compliance by the District with the provisions of Section 3.02 and any additional requirements set forth in said Supplemental Indenture and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such additional Series of Bonds:

- (a) No Event of Default shall have occurred and then be continuing.
- (b) The aggregate principal amount of Bonds issued hereunder shall not exceed any limitation imposed by law or by any Supplemental Indenture.
- (c) The District shall have placed on file with the Trustee a Certificate of the District certifying that the sum of: (1) the ~~Subordinated~~Adjusted Net Wastewater Revenues ~~plus all amounts required to be paid under the Wastewater Bond Resolution for principal, interest, reserve fund and any other debt service requirements on the Wastewater Bonds~~ for any period of 12 consecutive months during the 18 months immediately preceding the date

on which such additional Bonds or Parity Debt will become Outstanding; plus (2) 90% percent of the amount by which the District projects ~~Subordinated~~Adjusted Net Wastewater Revenues for such period of 12 months 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% percent of the amount by which the District projects ~~Subordinated~~Adjusted Net Wastewater Revenues will increase during the period of 12 months commencing on the date of issuance of such additional Series of Bonds due to improvements to the Wastewater System under construction (financed from any source) or to be financed with the proceeds of such additional Series of Bonds, shall (4) have been at least equal to 1.1 times the amount of Maximum Annual Debt Service on all ~~Wastewater Bonds~~, Bonds and Parity Debt then Outstanding and the additional Bonds or Parity Debt then proposed to be issued.

In the event additional assets or revenues are included within the definition of “~~Subordinated~~Adjusted Net Wastewater Revenues” by a Supplemental Indenture, such additional assets or revenues shall be included in the calculations in subsection (c) above as if such additional assets or revenues had always been included in ~~Subordinated~~Adjusted Net Wastewater Revenues.

SECTION 3.02 Proceedings for Issuance of Additional Series of Bonds. Whenever the District shall determine to issue a Series of Bonds pursuant to Section 3.01, the District shall authorize the execution of a Supplemental Indenture specifying the principal amount, and prescribing the 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 this Indenture.

Before such additional Series of Bonds shall be issued and delivered, the District shall 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 District 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 District in accordance with this Indenture; that such Series, when duly executed by the District and authenticated and delivered by the Trustee, will be valid and binding limited obligations of the District; and that upon the delivery of such Series the aggregate principal amount of Bonds then Outstanding will not exceed the amount permitted by law or by this Indenture.
- (d) The Certificate of the District required by Section 3.01(c).
- (e) A Certificate of the District or of an independent certified public accountant that upon delivery of such Bonds, the aggregate principal amount of Bonds then Outstanding will not exceed the amount permitted hereunder.

SECTION 3.03 Issuance of Refunding Bonds.

(A) Refunding Bonds may be authorized and issued by the District without compliance with the provisions of Sections 3.01 or 3.02; provided that Maximum Annual Debt Service on all ~~Wastewater Bonds~~, Bonds and Parity Debt Outstanding following the issuance of such refunding Bonds is less than or equal to Maximum Annual Debt Service on all ~~Wastewater Bonds~~, Bonds and Parity Debt Outstanding prior to the issuance of such refunding Bonds. Such refunding Bonds may be issued in an aggregate principal amount sufficient (together with any additional funds available or to become available) to provide funds for the payment of all of the following:

(1) The principal or Redemption Price of the Outstanding Bonds or Parity Debt to be refunded.

(2) All expenses incident to the calling, retiring or paying of such Outstanding Bonds or Parity Debt and the Costs of Issuance of such refunding Bonds.

(3) Interest on all Outstanding Bonds or Parity Debt to be refunded to the date such Bonds or Parity Debt will be called for redemption or paid at maturity.

(4) Interest on the refunding Bonds from the date thereof to the date of payment or redemption of the Bonds or Parity Debt to be refunded.

(B) Before such additional Series of refunding Bonds shall be issued and delivered, the District shall 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):

(1) An executed copy of the Supplemental Indenture authorizing such Series.

(2) An Opinion of Bond Counsel to the effect that the execution of the Supplemental Indenture has been duly authorized by the District in accordance with this Indenture; that such Series, when duly executed by the District and authenticated and delivered by the Trustee, will be valid and binding limited obligations of the District; and that upon the delivery of such Series the aggregate principal amount of Bonds then Outstanding will not exceed the amount permitted by law or by this Indenture.

(3) If any of the Bonds to be refunded are to be redeemed prior to their stated maturity dates, irrevocable instructions to the Trustee to give the applicable notice of redemption or a waiver of the notice of redemption signed by the Owners of all or the portion of the Bonds or Parity Debt to be redeemed, or proof that such notice has been given by the District; provided, however, that in lieu of such instructions or waiver or proof of notice of redemption, the District may cause to be deposited with the Trustee all of the Bonds and Parity Debt proposed to be redeemed (whether cancelled or uncanceled) with irrevocable instructions to the Trustee to cancel said Bonds or Parity Debt so to be redeemed upon the exchange and delivery of said refunding Bonds; and provided further that no provision of this Indenture shall be construed to require the redemption of Bonds prior to their respective maturity dates in connection with the refunding thereof.

(4) A Certificate of the District that (on the basis of calculations as of the date of sale of such Series of refunding Bonds) Maximum Annual Debt Service on all ~~Wastewater~~

~~Bonds~~, Bonds and Parity Debt Outstanding following the issuance of such Series of refunding Bonds is less than or equal to the Maximum Annual Debt Service on all ~~Wastewater Bonds~~, Bonds and Parity Debt Outstanding prior to the issuance of the Series of refunding Bonds.

(C) The proceeds of the sale of the refunding Bonds shall be applied by the Trustee according to the written direction of the District to the retirement of the Outstanding Bonds or Parity Debt for the refunding of which said refunding Bonds are to be issued. All Bonds or Parity Debt purchased, redeemed or retired by use of funds received from the sale of refunding Bonds, and all Bonds surrendered to the Trustee against the issuance of refunding Bonds, shall be forthwith cancelled and shall not be reissued.

SECTION 3.04 Application of Proceeds. Proceeds of each Series of Bonds shall be applied as specified in the Supplemental Indenture pursuant to which such Series of Bonds is created.

SECTION 3.05 Limitations on the Issuance of Obligations Payable from Subordinated Adjusted Net Wastewater Revenues. The District 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 ~~Subordinated~~ Adjusted Net Wastewater Revenues except the following:

- (a) Bonds of any Series authorized pursuant to Sections 3.01 and 3.02.
- (b) Refunding Bonds authorized pursuant to Section 3.03.
- (c) Parity Debt payable on a parity with the Bonds and which will have, when issued, an equal lien and charge upon the ~~Subordinated~~ Adjusted Net Wastewater 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 shall have occurred and then be continuing, as evidenced in a Certificate of the District filed with the Trustee;
 - (3) Unless such Parity Debt is for the refunding purposes specified in Section 3.03, the District shall have obtained and placed on file with the Trustee a Certificate of the District that (on the basis of calculations as of the date of delivery of such Parity Obligations) that the requirements of Section 3.01(c) with respect to additional Bonds have been met with respect to such Parity Debt;
 - (4) The District shall have filed with the Trustee an Opinion of Bond Counsel to the effect that such Parity Debt has been duly authorized in accordance with law; and
 - (5) The Trustee shall be designated as paying agent or trustee for such Parity Debt and the District shall deliver to the Trustee a transcript of the proceedings providing for the issuance of such Parity Debt (but the Trustee shall not be responsible for the validity or sufficiency of such proceedings or such Parity Debt).

(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 ~~Subordinated~~Adjusted Net Wastewater Revenues after the prior payment of all amounts then required to be paid hereunder from ~~Subordinated~~Adjusted Net Wastewater 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 this Indenture.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01 Terms of Redemption. Each Series of Bonds may be made subject to redemption or mandatory or optional tender and purchase prior to their respective stated maturities, as a whole or in part, at such time or times, upon such terms and conditions and upon such notice and with such effect as may be provided in the Supplemental Indenture creating such Series of Bonds.

Unless otherwise specified in a Supplemental Indenture, each notice of redemption shall be mailed by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, to each Owner, the Securities Depositories and two or more Information Services. Notice of redemption to the Securities Depositories shall be given by certified, registered or overnight mail or by such other method as may be requested by the Securities Depositories. Each notice of redemption shall state the date of such notice, the date of issue of the Bonds to which such notice relates, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee and the name and telephone number of an appropriate person to contact at the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the District nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the District nor the Trustee shall be liable for any inaccuracy in such numbers.

Failure by the Trustee to give notice to any one or more of the Information Services or Securities Depositories or failure of any Owner to receive notice or any defect in any such notice shall not affect the sufficiency of the proceedings for redemption.

ARTICLE V

~~SUBORDINATED~~ADJUSTED NET WASTEWATER REVENUES

SECTION 5.01 Pledge of ~~Subordinated~~Adjusted Net Wastewater Revenues; Revenue Fund.

(A) The Bonds are revenue obligations of the District and are payable as to both principal and interest, and any premium upon redemption thereof, exclusively from the ~~Subordinated~~Adjusted Net Wastewater Revenues and other funds pledged hereunder. All ~~Subordinated~~Adjusted Net Wastewater Revenues are hereby pledged 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 this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein. There are hereby pledged 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 hereunder (except for amounts held in the Rebate Fund), subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein. Said pledge shall constitute a first lien on the ~~Subordinated~~Adjusted Net Wastewater Revenues and amounts in such funds and shall 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 ~~Subordinated~~Adjusted Net Wastewater Revenues are hereby pledged to the payment of Bonds and Parity Debt without priority or distinction of one over the other and the ~~Subordinated~~Adjusted Net Wastewater Revenues constitute a trust fund for the security and payment of the Bonds and Parity Debt; but nevertheless out of ~~Subordinated~~Adjusted Net Wastewater Revenues certain amounts may be applied for other purposes as provided herein.

Out of ~~Subordinated~~Adjusted Net Wastewater Revenues there shall be applied as hereinafter set forth all sums required for the payment of the principal of (including any premium thereon) and interest on the Bonds and all Parity Debt, together with any sinking fund payments of Bonds and Parity Debt and reserve fund requirements with respect thereto. All remaining ~~Subordinated~~Adjusted Net Wastewater Revenues, after making the foregoing allocation, shall be available to the District for all lawful District purposes, including the payment of all amounts required to be paid under any other resolution or other instrument of the District for principal, interest, reserve fund and any other debt service requirements on subordinated Commercial Paper Notes and Bank Notes issued pursuant to ~~Resolution No. 32048~~the authority of Chapter 7.5 of the District Act or otherwise, to all of which the Bonds and Parity Debt are superior in right of payment. The pledge of ~~Subordinated~~Adjusted Net Wastewater Revenues herein made shall be irrevocable until all of the Bonds and all Parity Debt are no longer Outstanding.

(B) As long as any Bonds are Outstanding or any Parity Debt remains unpaid, the District shall forthwith deposit in a trust fund, designated as the "Revenue Fund," which fund the District shall designate and maintain, all ~~Subordinated~~Adjusted Net Wastewater Revenues, when and as received by the District. Investment income on amounts held by the District hereunder (other than amounts held in the Rebate Fund or for which particular instructions ~~{such as with respect to the wastewater~~Wastewater System Fund} are provided in a Supplemental Indenture) shall also be deposited in the Revenue Fund. All moneys at any time held in the Revenue Fund shall be held in

trust for the benefit of the Owners of the Bonds and Parity Debt and shall be disbursed, allocated and applied solely for the uses and purposes set forth in Section 5.02.

SECTION 5.02 Allocation of ~~Subordinated~~Adjusted Net Wastewater Revenues.

(A) So long as any Bonds are Outstanding, the District shall transfer the moneys in the Revenue Fund into the following respective funds (each of which the Trustee shall establish, maintain and hold in trust for the benefit of the owners of the Bonds) in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of ~~Subordinated~~Adjusted Net Wastewater Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority; provided that on a parity with such deposits the Trustee may set aside or transfer amounts with respect to outstanding Parity Debt as provided in the proceedings for such Parity Debt delivered to the Trustee pursuant to Section 3.05 hereof (which shall 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):

(1) Interest Fund. Commencing in November 1990, the District shall transfer to the Trustee and the Trustee shall set aside in the Interest Fund on or before the Business Day prior to each interest payment date therefor an amount equal to the interest becoming due and payable on the Outstanding Bonds which are Current Interest Indebtedness (excluding any interest for which there are moneys on deposit in the Interest Fund from the proceeds of any Series of Bonds or other source to pay such interest).

(2) Principal Fund; Sinking Accounts. The District shall transfer to the Trustee and the Trustee shall set aside in the Principal Fund on or before the Business Day prior to each principal or Sinking Account payment date therefor an amount equal to (a) the amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds, plus (b) the Mandatory Sinking Account Payments to be paid into the respective Sinking Accounts for the Term Bonds; provided that if the District certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from excess amounts on deposit in a bond reserve fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid. All of the aforesaid Mandatory Sinking Account Payments shall be made without priority of any payment into any one such Sinking Account over any other such payment.

(B) Any ~~Subordinated~~Adjusted Net Wastewater Revenues remaining in the Revenue Fund after the foregoing transfers described in Subsection (A) above, except as otherwise provided in a Supplemental Indenture, shall be held free and clear of this Indenture by the District and it may use and apply such ~~Subordinated~~Adjusted Net Wastewater Revenues for any lawful purpose of the District, including the redemption of Bonds upon the terms and conditions set forth in the Supplemental Indenture relating to such Bonds and the purchase of Bonds as and when and at such prices as it may determine.

(C) If on any principal payment date, interest payment date or mandatory redemption date the amounts on deposit in the Interest Fund and Principal Fund, including the Sinking Accounts therein are insufficient to make such payments, the Trustee shall immediately notify the District, by telephone or facsimile machine, of such deficiency and direct that the District transfer the amount of such deficiency to the Trustee on such payment date. The District hereby

covenants and agrees to transfer to the Trustee from any ~~Subordinated~~Adjusted Net Wastewater Revenues in its possession the amount of such deficiency on the principal, interest or mandatory redemption date referenced in such notice.

SECTION 5.03 Application of Interest Fund. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture) and making payments on interest rate swap agreements, as provided in Section 5.06.

SECTION 5.04 Application of Principal Fund.

(A) All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of paying the Bond Obligation of the Bonds when due and payable, except that all amounts in the Sinking Accounts shall be used and withdrawn by the Trustee solely to purchase or redeem or pay at maturity Term Bonds, as provided herein.

(B) The Trustee shall establish and maintain within the Principal Fund a separate account for the Term Bonds of each Series and maturity. On or before the Business Day prior to any date upon which a Mandatory Sinking Account Payment is due, the Trustee shall transfer the amount of such Mandatory Sinking Account Payment (being the principal thereof, in the case of Current Interest Bonds, and the Accreted Value, in the case of Capital Appreciation Bonds) from the Principal Fund to the applicable Sinking Account. With respect to each Sinking Account, on each Mandatory Sinking Account Payment date established for such Sinking Account, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption of Term Bonds of such Series and maturity for which such Sinking Account was established, in the manner provided in the Supplemental Indenture pursuant to which such Series of Bonds was created; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon receipt of a Request of the District, apply moneys in such Sinking Account to the purchase of Term Bonds of such Series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as is directed by the District, except that the purchase price (excluding accrued interest, in the case of Current Interest Bonds) shall not exceed the principal amount or Accreted Value thereof. If the Trustee has purchased Term Bonds of such Series and maturity with moneys in such Sinking Account, or purchased or redeemed Term Bonds of such Series and maturity at any time from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, or if the District has purchased or otherwise acquired Term Bonds and deposited such Term Bonds with the Trustee, such Term Bonds so purchased or deposited or redeemed by the Trustee or the District shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Term Bonds purchased or deposited pursuant to this subsection shall be cancelled and destroyed by the Trustee. Any amounts remaining in a Sinking Account when all of the Term Bonds for which such account was established are no longer Outstanding shall be withdrawn by the Trustee and transferred to the District to be used for any lawful purpose. All Term Bonds so purchased shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series and maturity of Term Bonds, then as a credit against such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the District. All Term Bonds redeemed from the Redemption Fund shall be credited to such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the District.

SECTION 5.05 Application of Redemption Fund. The Trustee shall establish, maintain and hold in trust a special fund designated as the "Redemption Fund." All moneys deposited by the District with the Trustee for the purpose of optionally redeeming Bonds of any Series shall, unless otherwise directed by the District, be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds of such Series, in the manner, at the times and upon the terms and conditions specified in the Supplemental Indenture pursuant to which such Series of Bonds was created; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon receipt of a Request of the District, apply such amounts to the purchase of Bonds of such Series at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding, in the case of Current Interest Bonds, accrued interest, which is payable from the Interest ~~Account~~Fund) as is directed by the District, except that the purchase price (exclusive of such accrued interest) may not exceed the Redemption Price or Accreted Value then applicable to such Bonds. All Term Bonds purchased or redeemed from the Redemption Fund shall be allocated to Mandatory Sinking Account Payments applicable to such Series and maturity of Term Bonds as may be specified in a Request of the District.

SECTION 5.06 Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts held by the Trustee and established pursuant to this Indenture shall be invested, as directed by the District, solely in Investment Securities. All Investment Securities shall, as directed by the District in writing or by telephone, promptly confirmed in writing, be acquired subject to the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the District. If and to the extent the Trustee does not receive investment instructions from the District with respect to the moneys in the funds and accounts held by the Trustee pursuant to this Indenture, such moneys shall be invested in Investment Securities described in clause (xi) of the definition thereof and the Trustee shall thereupon request investment instructions from the District for such moneys.

Unless otherwise provided 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, shall be transferred to the Revenue Fund when received. All interest, profits and other income received from the investment of moneys in the Rebate Fund shall be deposited in the Rebate Fund, except as provided in Section 6.07. Notwithstanding anything to the contrary contained in this paragraph, 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 shall 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 this Indenture into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this 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 District may impose its customary charge therefor. The Trustee may sell at the best price obtainable, or present for redemption, any Investment Securities so purchased whenever it shall 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 shall not be liable or responsible for any loss resulting from such investment.

The District may and the Trustee shall, upon the Request of the District, enter into a financial futures or financial option contract with an entity the debt securities of which are rated in their respective highest short-term Rating Categories by Moody's and Standard & Poor's.

The District may and the Trustee shall, upon the Request of the District, 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 District or the Trustee, if any, pursuant to such a swap agreement may be applied to the deposits required hereunder; in which case, the entity with which the District 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 and Standard & Poor's. If the District so designates, amounts payable under the interest rate swap agreement shall be secured by ~~Subordinated~~Adjusted Net Wastewater Revenues and other assets pledged hereunder to the Bonds on a parity basis therewith and, in such event, the District shall pay to the Trustee for deposit in the Interest Fund, at the times and in the manner provided by Section 5.02, 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 shall pay to the other party to the interest rate swap agreement, to the extent required thereunder, amounts deposited in the Interest Fund for the payment of interest on the Bonds with respect to which such agreement was entered into.

The Trustee and the District shall each keep proper books of record and accounts containing complete and correct entries of all transactions made by it relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Bonds, including moneys derived from, pledged to, or to be used to make payments on the Bonds. Such records shall specify the account or fund to which each investment (or portion thereof) is to be allocated and shall set forth, in the case of each investment security, (a) its purchase price, (b) identifying information, including par amount, coupon rate, and payment dates, (c) the amount received at maturity or its sale price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition and disposition or maturity.

The Trustee shall also provide to the District in accordance with a Request of the District, with respect to each Investment Security such documentation as is reasonably available to the Trustee and is required by the Code or other applicable law to be obtained by the District as evidence to establish that each investment had been acquired and disposed of on an established market in an arm's-length transaction at a price equal to its fair market value and with no amounts having been paid to reduce the yield on the investments, or shall be United States Treasury Obligations-State and Local Government Series as set forth in the Tax Certificate.

ARTICLE VI

COVENANTS

SECTION 6.01 Punctual Payment. The District 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 this Indenture, according to the true intent and meaning thereof, and shall punctually pay or cause to be paid all Mandatory Sinking Account Payments, but in each case only out of ~~Subordinated~~Adjusted Net Wastewater Revenues as provided in this Indenture.

SECTION 6.02 Extension of Payment of Bonds. The District 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 by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this 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 shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the District to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

SECTION 6.03 Waiver of Laws. The District 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 this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the District to the extent permitted by law.

SECTION 6.04 Further Assurances. The District 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 this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

SECTION 6.05 Against Encumbrances~~and Certain Amendments to the Wastewater Bond Resolution.~~ The District will not create any pledge, lien or charge upon any of the Subordinated Adjusted Net Wastewater Revenues having priority over or having parity with the lien of the Bonds except only as permitted in Section 3.05. The District will not ~~amend or change the Wastewater Bond Resolution in any manner which would permit the issuance of~~issue any additional ~~Wastewater Bonds in a greater principal amount than would have been permitted thereunder under Section 3.05 thereof prior to such amendment or change or reduce the percentage or coverage requirements contained in Section 5.13 thereof~~bonds under Resolution No. 30051 of the District adopted on January 26, 1982.

SECTION 6.06 Accounting Records and Financial Statements.

(A) The District will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the Subordinated Adjusted Net Wastewater Revenues. Such books of record and account shall be available for inspection by the Trustee at reasonable hours and under reasonable circumstances.

(B) The District will furnish the Trustee, within one hundred and twenty (120) days after the end of each Fiscal Year, the financial statements of the District 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 and that such accountant's examination of the financial statements was performed in accordance with generally accepted auditing standards and a Certificate of the chief financial officer of the District 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 District to cure such default. Thereafter, a copy of such financial statements will be furnished to any owner of Bonds upon written request to the District.

SECTION 6.07 Rebate Fund.

(A) The Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary in order to comply with the terms and requirements of the Tax Certificate. Subject to the provisions of the Tax Certificate, all money at any time deposited in the Rebate Fund shall be held by the Trustee for the account of the District in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the federal government of the United States of America, and neither the Trustee nor the Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Indenture and by the Tax Certificate (which is incorporated herein by reference). The District hereby covenants to comply with the directions contained in the Tax Certificate and the Trustee hereby covenants to comply with all written instructions of the District delivered to the Trustee pursuant to the Tax Certificate (which instructions shall state the actual amounts to be deposited in or withdrawn from the Rebate Fund and shall not require the Trustee to make any calculations with respect thereto). The Trustee shall be deemed conclusively to have complied with the provisions of this Section 6.07(A) if it follows such instructions of the District, and the Trustee shall have no liability or responsibility to enforce compliance by the District with the terms of the Tax Certificate nor to make computations in connection therewith.

(B) Notwithstanding any other provision of the Indenture, including in particular Article X hereof, the obligation to remit the Rebate Requirement to the federal government of the United States of America and to comply with all other requirements of this Section and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

SECTION 6.08 Tax Covenants. The District 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 District may exclude the application of the covenants contained in this Section 6.08 and Section 6.07 to such Series of Bonds. The District will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the District, or take or omit to take any action that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code. To that end, the District will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds. In the event that at any time the District is of the opinion that for purposes of this Section 6.08 it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Indenture, the District shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Without limiting the generality of the foregoing, the District agrees that there shall be paid from time to time all amounts required to be rebated to the federal government of the United States of America pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Bonds from time to time. The District specifically covenants to pay or cause to be paid to the federal government of the United States of America the

Rebate Requirement at the times and in the amounts determined under and as described in the Tax Certificate.

Notwithstanding any provision of this Section 6.08 and Section 6.07 hereof, if the District shall receive an Opinion of Bond Counsel to the effect that any action required under this Section 6.08 and Section 6.07 hereof is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, the District and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 6.09 Rates and Charges. The District will, at all times while any of the Bonds remain outstanding, fix, prescribe and collect rates, fees and charges in connection with the services and facilities furnished by the Wastewater System so as to yield Wastewater Revenues in each ~~fiscal year~~Fiscal Year sufficient so that the ~~sum of the Subordinated~~Adjusted Net Wastewater Revenues for such year ~~plus all amounts required to be paid under the Wastewater Bond Resolution for such year for principal, interest, reserve fund and any other debt service requirements on the Wastewater Bonds~~ shall be at least equal to 1.1 times the amount of Debt Service on all ~~Wastewater Bonds,~~ Bonds and Parity Debt for such ~~fiscal year~~Fiscal Year.

SECTION 6.10 Rate Stabilization Fund. No deposit of Wastewater Revenues to the Rate Stabilization Fund ~~created in the Wastewater Bond Resolution~~ may be made to the extent such Wastewater Revenues were included in ~~Subordinated~~Adjusted Net Wastewater Revenues in a certificate pursuant to Section 3.01(c) of the Indenture and withdrawal of such Wastewater Revenues to be deposited in the Rate Stabilization Fund from the Wastewater Revenues (and thus ~~Subordinated~~Adjusted Net Wastewater Revenues) employed in rendering said certificate would have caused noncompliance with Section 3.01(c), or to the extent withdrawals of Wastewater Revenues for any ~~fiscal year~~Fiscal Year so to be deposited in the Rate Stabilization Fund would have reduced the debt service ratio computed pursuant to Section 6.09 for such ~~fiscal year~~Fiscal Year below 1.1.

SECTION 6.11 Maintenance and Operation of System; Insurance. The District will maintain and preserve the Wastewater System in good repair and working order at all times, and will operate the Wastewater System in an efficient and economical manner. Subject in each case to the condition that insurance is obtainable at rates deemed reasonable by the District and upon terms and conditions deemed reasonable for the District, the District will procure and maintain at all times: (a) insurance on the Wastewater System against such risks as and in such amounts as the District deems prudent taking into account insurance coverage for similar utilities, and (b) public liability insurance in such amounts as the District deems prudent taking into account insurance coverage for similar utilities.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

SECTION 7.01 Events of Default. The following events shall 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 shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise, or default in

the redemption from any Sinking Account of any Bonds 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 shall become due and payable;

(c) if the District shall fail to observe or perform any covenant, condition, agreement or provision in this Indenture on its part to be observed or performed, other than as referred to in subsection (a) or (b) of this Section, for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, has been given to the District by the Trustee; except that, if such failure can be remedied but not within such sixty (60) day period and if the District has taken all action reasonably possible to remedy such failure within such sixty (60) day period, such failure shall not become an Event of Default for so long as the District shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Trustee;

(d) if any default shall exist under any agreement governing any Parity Debt and such default shall continue beyond the therein stated grace period, if any, with respect to such default;

(e) ~~if any default shall exist under Section 8.01 of the Wastewater Bond Resolution and such default shall continue beyond the therein stated grace period, if any, with respect to such default~~[\[reserved\]](#);

(f) if the District files 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 makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself;

(g) if a court of competent jurisdiction shall enter an order, judgment or decree declaring the District insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the District, or approving a petition filed against the District seeking reorganization of the District under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days from the date of the entry thereof; and

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the ~~Subordinated~~[Adjusted Net](#) Wastewater Revenues, and such custody or control shall not be terminated within 60 days from the date of assumption of such custody or control.

SECTION 7.02 Application of ~~Subordinated~~[Adjusted Net](#) Wastewater Revenues and Other Funds After Default; Acceleration. If an Event of Default shall occur and be continuing, the District shall immediately transfer to the Trustee all ~~Subordinated~~[Adjusted Net](#) Wastewater Revenues held by it and received thereafter and the Trustee shall apply all ~~Subordinated~~[Adjusted Net](#) Wastewater Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture (except as otherwise provided in this 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 Bondholders 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 this Indenture;

(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 this 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 shall 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 shall 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 principal amount of the Bonds at the time outstanding shall be entitled, upon notice in writing to the District, 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 shall become and shall be immediately due and payable, anything in this 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 shall have been so declared due and payable, the District shall pay to or shall 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 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) shall have been made good or cured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate principal amount of the Bonds at the time outstanding, by written notice to the District 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 shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 7.03 Trustee to Represent Bondholders. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) 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, this Indenture, the Act 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 Bondholders, 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, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall 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 herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under this Indenture, the Act or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the ~~Subordinated~~Adjusted Net Wastewater Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this 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 shall 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 this Indenture (including Section 7.05).

SECTION 7.04 Bondholders' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding shall 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 hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this 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 shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders or holders of Parity Debt not parties to such direction.

SECTION 7.05 Limitation on Bondholders' Right to Sue. No Owner of any Bond shall 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 this Indenture, the Act or any other applicable law with respect to such Bond, unless (1) such Owner shall 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 shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (5) the Trustee shall 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 hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under this Indenture, the Act or other applicable law with respect to the Bonds, except in the manner herein

provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

SECTION 7.06 Absolute Obligation of the District. Nothing in Section 7.06 or in any other provision of this Indenture, or in the Bonds, contained shall affect or impair the obligation of the District, 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 dates of maturity, or upon call for redemption, as herein provided, but only out of the ~~Subordinated~~Adjusted Net Wastewater Revenues and other assets herein pledged 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.

SECTION 7.07 Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Bondholders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, then in every such case the District, the Trustee and the Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the District, the Trustee and the Bondholders shall continue as though no such proceedings had been taken.

SECTION 7.08 Remedies Not Exclusive. No remedy herein conferred 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, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

SECTION 7.09 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 shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this 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.

ARTICLE VIII

THE TRUSTEE

SECTION 8.01 Appointment; Duties, Immunities and Liabilities of Trustee.

(A) ~~First Interstate~~U.S. Bank of CaliforniaTrust Company, National Association is hereby appointed as Trustee under this Indenture and hereby accepts the trust imposed upon it as Trustee hereunder and to perform all the functions and duties of the Trustee hereunder, subject to the terms and conditions set forth in this Indenture. The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by this 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.

(B) The District may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall 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 shall cease to be eligible in accordance with subsection (E) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall 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 shall appoint a successor Trustee by an instrument in writing.

(C) The Trustee may at any time resign by giving written notice of such resignation to the District and by giving the Bondholders 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 District shall promptly appoint a successor Trustee by an instrument in writing.

(D) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall 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 Bondholder (on behalf of himself and all other Bondholders) 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 this Indenture, shall signify its acceptance of such appointment by executing and delivering to the District and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall 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 herein; but, nevertheless at the Request of the District or the request of the successor Trustee, such predecessor Trustee shall 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 this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the District shall 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 District shall give notice of the succession of such Trustee to the trusts hereunder by mail to the Bondholders at the addresses shown on the registration books maintained by the Trustee. If the District fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the District.

(E) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall 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 fifty million dollars (\$50,000,000), 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 for the purpose of

this subsection the combined capital and surplus of such bank or trust company shall 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 shall cease to be eligible in accordance with the provisions of this subsection (E), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

If, by reason of the judgment of any court, the Trustee or any successor Trustee is rendered unable to perform its duties hereunder, and if no successor Trustee be then appointed, all such duties and all of the rights and powers of the Trustee hereunder shall be assumed by and vest in the Treasurer of the District in trust for the benefit of the Bondowners.

SECTION 8.02 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 shall 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 shall be eligible under subsection (E) of Section 8.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 8.03 Liability of Trustee.

(A) The recitals of facts herein and in the Bonds contained shall be taken as statements of the District, 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 this Indenture or of the Bonds or of any Investment Security, as to the sufficiency of the ~~Subordinated~~Adjusted Net Wastewater Revenues or the priority of the lien of this Indenture thereon, or as to the financial or technical feasibility of any Wastewater System and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence, willful misconduct or breach of the express terms and conditions hereof. 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 this Indenture. The Trustee may in good faith hold any other form of indebtedness of the District, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the District and make disbursements for the District and enter into any commercial or business arrangement therewith, without limitation.

(B) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, but the Trustee shall be answerable for the negligence or misconduct of any such attorney, agent, or receiver selected by it; provided that the Trustee shall not be answerable for the negligence or misconduct of any attorney or certified public accountant selected by it with due care.

(C) The Trustee shall 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 principal amount 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 this Indenture.

(D) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Bondholders pursuant to the provisions of this Indenture, including, without limitation, the provisions of Article VII hereof, unless such Bondholders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

(E) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(F) The Trustee shall not be deemed to have knowledge of and shall not be required to take any action with respect to, any Event of Default (other than an Event of Default described in subsections (a) or (b) of Section 7.01) or event which would, with the giving of notice, the passage of time or both, constitute an Event of Default, unless the Trustee shall have actual knowledge of such event or shall have been notified of such event by the District or the Owners of 25% of the Bond Obligation Outstanding. Without limiting the generality of the foregoing, the Trustee shall not be required to ascertain, monitor or inquire as to the performance or observance by the District of the terms, conditions, covenants or agreements set forth in Article VI hereof (including, without limitation, the covenants of the District set forth in Sections 6.07 or 6.08 hereof), other than the covenants of the District to make payments with respect to the Bonds when due as set forth in Section 6.01 and to file with the Trustee when due, such reports and certifications as the District is required to file with the Trustee hereunder.

(G) No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(H) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the District, personally or by agent or attorney.

(I) The Trustee shall not be responsible for:

(1) the application or handling by the District of any ~~Subordinated~~ Adjusted Net Wastewater Revenues or other moneys transferred to or pursuant to any Requisition or Request of the District in accordance with the terms and conditions hereof;

(2) the application and handling by the District of any other fund or account designated to be held by the District hereunder;

(3) any error or omission by the District in making any computation or giving any instruction pursuant to Sections 6.07 and 6.08 hereof and may rely conclusively on the Rebate Instructions and any computations or instructions furnished to it by the District in connection with the requirements of Section 6.08 and the Tax Certificate;

(4) the construction, operation or maintenance Wastewater System by the District.

(J) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VIII.

SECTION 8.04 Right of Trustee to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including, without limitation, counsel of or to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the District, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable. The Trustee may also rely conclusively on any report or certification of any certified public accountant, investment banker, financial consultant, or other expert selected by the District or selected by the Trustee with due care in connection with matters required to be proven or ascertained in connection with its administration of the trusts created hereby.

SECTION 8.05 Compensation and Indemnification of Trustee. The District covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the District will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence, default or willful misconduct. The District, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damages, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with: (1) the acceptance or administration of the trusts created hereby, including costs and expenses (including attorneys' fees) of defending itself against

any claim or liability in connection with the exercise or performance of any of its powers hereunder; (2) the Wastewater System to be financed, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of such Wastewater System or any part thereof; (3) the sale of any Bonds and the carrying out of any of the transactions contemplated by the Bonds, the Indenture, any Supplemental Indenture or related documents; or (4) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other disclosure document utilized in connection with the sale of the Bonds. The rights of the Trustee and the obligations of the District under this Section 8.05 shall survive the discharge of the Bonds and this Indenture and the resignation or removal of the Trustee.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THIS INDENTURE

SECTION 9.01 Amendments Permitted.

(A) (1) This Indenture and the rights and obligations of the District, 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 District 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 shall 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 shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this Section.

(2) This Indenture and the rights and obligations of the District 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 District and the Trustee which shall become binding when the written consents of each provider of a letter of credit or a policy of bond insurance for the Bonds shall have been filed with the Trustee, provided that at such time the payment of all the principal of and interest on all Outstanding Bonds shall be insured by a policy or policies of municipal bond insurance or payable under a letter of credit the provider of which shall 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 or Standard & Poor's. A copy of each such Supplemental Indenture shall be sent by the District to Moody's and Standard & Poor's.

(3) No such modification or amendment shall (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 Account 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, 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 ~~Subordinated~~Adjusted Net Wastewater Revenues and other assets pledged under this

Indenture prior to or on a parity with the lien created by this Indenture, or deprive the Owners of the Bonds of the lien created by this Indenture on such ~~Subordinated~~Adjusted Net Wastewater Revenues and other assets (in each case, except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution and delivery by the Trustee and the District of any Supplemental Indenture pursuant to this subsection (A), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Owners of the Bonds at the addresses shown on the registration books of the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(B) This Indenture and the rights and obligations of the District, 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 District may adopt without the consent of any Bondholders 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 District in this 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 herein reserved to or conferred upon the District;

(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 this Indenture, or in regard to matters or questions arising under this Indenture, as the District may deem necessary or desirable, and which shall not materially and adversely affect the interests of the Owners of the Bonds;

(3) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof 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 shall 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 District may deem desirable; subject to the provisions of Section 3.01, 3.03 and 3.05;

(5) to provide for the issuance of Bonds in book-entry form or bearer form, provided that no such provision shall materially and adversely affect the interests of the Owners of the Bonds;

(6) if the District 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 Section 3.02 or Section 3.03; and

(8) for any other purpose that does not materially and adversely affect the interests of the Owners of the Bonds.

SECTION 9.02 Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the District, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.03 Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after any Supplemental Indenture becomes effective pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the District and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such execution and presentation of his Bond for such purpose at the Corporate Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the District and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the District and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the Principal Corporate Trust Office, without cost to any Bondholder, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts of the same Series, tenor and maturity.

SECTION 9.04 Amendment of Particular Bonds. The provisions of this Article shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE X

DEFEASANCE

SECTION 10.01 Discharge of Indenture. Bonds of Series or a portion thereof may be paid by the District in any of the following ways:

- (a) by paying or causing to be paid the Bond Obligations of and interest on such Outstanding Bonds, as and when the same become due and payable;
- (b) 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 Section 10.03) to pay or redeem such Outstanding Bonds; or
- (c) by delivering to the Trustee, for cancellation by it, such Outstanding Bonds.

If the District shall pay all Series for which any Bonds are Outstanding and also pay or cause to be paid all other sums payable hereunder by the District, then and in that case, at the election of the District (evidenced by a Certificate of the District, filed with the Trustee, signifying the intention

of the District to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of ~~Subordinated~~Adjusted Net Wastewater Revenues and other assets made under this Indenture and all covenants, agreements and other obligations of the District under this Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the District, the Trustee shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to this Indenture which, as evidenced by a verification report, upon which the Trustee may conclusively rely, from a firm of certified public accountants, or other firm acceptable to the Trustee, are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

SECTION 10.02 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 Section 10.03) 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 shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the District in respect of such Bond shall cease, terminate and be completely discharged, provided that the Owner thereof shall thereafter be entitled to the payment of the principal of and premium, if any, and interest on the Bonds, and the District shall 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 Section 10.04 and the continuing duties of the Trustee hereunder.

The District may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

SECTION 10.03 Deposit of Money or Securities with Trustee. Whenever in this 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 this Indenture and shall 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 shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) Investment Securities described in clauses (i), (ii) or (v) of the definition thereof the principal of and interest on which when due will, in the opinion of an independent certified public accountant 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 shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Request of the District) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

SECTION 10.04 Payment of Bonds After Discharge of Indenture. Any moneys held by the Trustee in trust for the payment of the principal or Redemption Price of, or interest on, any Bonds and remaining unclaimed for four years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption as provided in this Indenture), if such moneys were so held at such date, or four years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon Request of the District, be repaid to the District free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the District as aforesaid, the Trustee may (at the cost of the District) first mail to the Owners of any Bonds remaining unpaid at the addresses shown on the registration books maintained by the Trustee a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof. All moneys held by or on behalf of the Trustee for the payment of principal or Accreted Value of or interest or premium on Bonds, whether at redemption or maturity, shall be held in trust for the account of the Owners thereof and the Trustee shall not be required to pay Owners any interest on, or be liable to the Owners or any other person (other than the District) for any interest earned on moneys so held. Any interest earned thereon shall belong to the District and shall be deposited monthly by the Trustee into the Revenue Fund.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01 Liability of District Limited to ~~Subordinated~~Adjusted Net Wastewater Revenues. Notwithstanding anything in this Indenture or in the Bonds contained, the District shall not be required to advance any moneys derived from any source other than the ~~Subordinated~~Adjusted Net Wastewater Revenues and other assets pledged hereunder for any of the purposes in this Indenture mentioned, whether for the payment of the principal or Redemption Price of or interest on the Bonds or for any other purpose of this Indenture.

SECTION 11.02 Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the District or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the District or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 11.03 Limitation of Rights to District, Trustee and Bondholders. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the District, the Trustee, and the Owners of the Bonds and any Parity Debt, any

legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the District, the Trustee, and the Owners of the Bonds and any Parity Debt.

SECTION 11.04 Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 11.05 Destruction or Delivery of Cancelled Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the District of any Bonds, the Trustee may, in its sole discretion, in lieu of such cancellation and delivery, destroy such Bonds, and deliver a certificate of such destruction to the District.

SECTION 11.06 Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The District hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

SECTION 11.07 Notice to District and Trustee. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the Corporate Trust Office of the Trustee. Any notice to or demand upon the District, shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed, as the case may be, to the District at ~~2130 Adeline~~[375 Eleventh](#) Street, Oakland, California 94607, Attn: Treasurer (or such other address as may have been filed in writing by the District with the Trustee).

SECTION 11.08 Evidence of Rights of Bondholders. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondholders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the District if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the bond registration books held by the Trustee. The Trustee may establish a record date as of which to measure consent of the Bondowners in order to determine whether the requisite consents are received.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the District in accordance therewith or reliance thereon.

SECTION 11.09 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the District, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the District or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the District or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

SECTION 11.10 Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds (or portions of Bonds in the case of registered Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04.

SECTION 11.11 Funds and Accounts. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the industry, to the extent practicable, and with due regard for the protection of the security of the Bonds and the rights of every holder thereof.

SECTION 11.12 Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

SECTION 11.13 Waiver of Personal Liability. No Board member, officer, agent or employee of the District or the Trustee shall be individually or personally liable for the payment of

the principal or Redemption Price of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such Board member, officer, agent or employee of the District or the Trustee from the performance of any official duty provided by law or by this Indenture.

SECTION 11.14 Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

SECTION 11.15 Business Day. Except as specifically set forth in a Supplemental Indenture, any payments or transfers which would otherwise become due on any day which is not a Business Day shall become due or shall be made on the next succeeding Business Day.

SECTION 11.16 Effective Date of Indenture. This shall take effect upon its execution and delivery.

SECTION 11.17 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Indenture by their officers thereunto duly authorized as of the day and year first written above.

EAST BAY MUNICIPAL UTILITY DISTRICT

General Manager

(Seal)

ATTEST:

Secretary

| ~~FIRST INTERSTATE BANK OF CALIFORNIA~~

| U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as successor Trustee

By _____
Vice President

| By _____

Assistant Vice President

Document comparison by Workshare Compare on Thursday, December 21, 2023 12:22:44 AM

Input:	
Document 1 ID	netdocuments://4876-4486-7725/2
Description	EXHIBIT A TO 21st Supplemental Wastewater System Revenue Bond Indenture
Document 2 ID	netdocuments://4876-4486-7725/3
Description	EXHIBIT A TO 21st Supplemental Wastewater System Revenue Bond Indenture
Rendering set	Standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	171
Deletions	202
Moved from	9
Moved to	9
Style changes	0
Format changes	0
Total changes	391

TWENTY-SECOND SUPPLEMENTAL INDENTURE

between

EAST BAY MUNICIPAL UTILITY DISTRICT

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Trustee

Dated as of March 1, 2024

(Supplemental to the Wastewater System Revenue Bond
Indenture dated as of April 1, 1990)

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Twenty-Second Supplemental Indenture
(Supplemental to the Wastewater System
Revenue Bond Indenture dated
as of April 1, 1990)
Authorizing the Issuance of

\$_____ Aggregate Principal Amount of
East Bay Municipal Utility District
Wastewater System Revenue Bonds,
Series 2024A (Green Bonds)

This Twenty-Second Supplemental Indenture, dated as of March 1, 2024 (the “Twenty-Second Supplemental Indenture”), between the East Bay Municipal Utility District (the “District”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”);

W I T N E S S E T H :

WHEREAS, this Twenty-Second Supplemental Indenture is supplemental to the Wastewater System Revenue Bond Indenture, dated as of April 1, 1990, as amended and supplemented (the “Indenture”), between the District and the Trustee, providing for the issuance of bonds now designated as “Wastewater System Revenue Bonds” (the “Bonds”);

WHEREAS, the Indenture provides that the District may issue additional Bonds as well as refunding Bonds from time to time as authorized by a Supplemental Indenture;

WHEREAS, the District has previously authorized the issuance of up to \$200,000,000 of wastewater system revenue bonds, pursuant to Resolution No. 33871-10 adopted by the Board on September 14, 2010, and, as of the date hereof, \$32,115,000 of wastewater system revenue bonds have been issued under the authority of Resolution No. 33871-10;

WHEREAS, the District has determined to issue its Wastewater System Revenue Bonds, Series 2024A (Green Bonds) (the “Series 2024A Bonds”) in the aggregate principal amount of \$_____ pursuant to this Twenty-Second Supplemental Indenture for the purpose of providing moneys to finance and/or reimburse the District for certain costs of various capital improvements to the Wastewater System of the District and to pay the Costs of Issuance related to the Series 2024A Bonds, all \$_____ of which is being issued under and pursuant to the authority of Resolution No. 33871-10;

WHEREAS, the Indenture creates a valid and binding pledge and assignment of and security interest in the Adjusted Net Wastewater Revenues and all amounts held by the Trustee under the Indenture (except for amounts held in the Rebate Fund) for the payment of the Bonds as and to the extent provided therein in accordance with the terms thereof without the need for any physical delivery, recordation, filing or further act, in accordance with Section 5451 of the Government Code of the State of California;

WHEREAS, pursuant to Article IX of the Indenture, the Indenture and the rights and obligations of the District, of the Trustee and of the Owners of the Bonds may be modified or

amended from time to time and at any time by a Supplemental Indenture entered into by the District and the Trustee in accordance with the terms thereof, including with the written consent of the Owners of a majority in aggregate amount of the Bond Obligation of the Bonds then Outstanding;

WHEREAS, the District has determined to seek to amend the Indenture in certain respects as set forth in Section 38.16 hereof, such amendments to the provisions of the Indenture to become effective and binding in accordance with Article IX of the Indenture when the written consent of the Owners of a majority in aggregate amount of the Bond Obligation of the Bonds then Outstanding has been obtained; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this Twenty-Second Supplemental Indenture (subject to Section 38.16 with respect to the effectiveness of the amendments set forth in said Section), do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Twenty-Second Supplemental Indenture;

NOW, THEREFORE, the parties hereto agree, as follows:

ARTICLE XXXVIII

SERIES 2024A BONDS

SECTION 38.01 Definitions. The terms defined in this Section shall, for all purposes of this Twenty-Second Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Terms defined in the Indenture not otherwise defined herein shall have the meanings specified therein.

“Amendments Effective Date” means the date on which the written consent (or deemed written consent) to the amendments to the Indenture set forth in Section 38.16 of this Twenty-Second Supplemental Indenture of the Owners of a majority in aggregate amount of the Bond Obligation of the Bonds then Outstanding has been obtained and a written Certificate of the District to such effect shall have been delivered by the District and filed with the Trustee.

“Beneficial Owner” means any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2024A Bond (including any Person holding a Series 2024A Bond through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2024A Bond for federal income tax purposes.

“Book-Entry System” means the system maintained by the Securities Depository and described in Section 38.03 hereof.

“Closing Date” means the date of delivery of the Series 2024A Bonds to the Underwriter, against payment therefor, such date being ____, 2024.

“Continuing Disclosure Agreement” means any continuing disclosure agreement entered into by the District and Digital Assurance Certification, LLC, as dissemination agent, in

connection with the Series 2024A Bonds in order to comply with the continuing disclosure requirements promulgated under Securities Exchange Commission Rule 15c2-12.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Representation Letter” means the Letter of Representations from the District to DTC relating to the Book-Entry System for the Series 2024A Bonds.

“Securities Depository” means DTC or, if applicable, any successor securities depository appointed pursuant to Section 38.03 hereof.

“Securities Depository Participant” means any broker-dealer, bank or other financial institution for which a Securities Depository holds Series 2024A Bonds as Securities Depository from time to time.

“Series 2024A (Green Bonds) Wastewater System Fund” means the fund by that name established pursuant to Section 38.13 hereof.

“Series 2024A Bonds” means the East Bay Municipal Utility District Wastewater System Revenue Bonds, Series 2024A (Green Bonds).

“Series 2024A Costs of Issuance Fund” means the fund by that name established pursuant to Section 38.14 hereof.

“Underwriter” means Samuel A. Ramirez & Co., Inc., as the Underwriter of the Series 2024A Bonds.

SECTION 38.02 Authorization.

(A) Designation of Bonds. A twenty-sixth Series of Bonds to be issued under the Indenture is hereby created. These Series of Bonds shall be known as the “East Bay Municipal Utility District Wastewater System Revenue Bonds, Series 2024A (Green Bonds)” (herein referred to as the “Series 2024A Bonds”). The Series 2024A Bonds shall be issued in the aggregate principal amount of \$_____.

The Series 2024A Bonds shall be issued in accordance with the Act and pursuant to Resolution No. ____-24 adopted by the Board on [January __], 2024, and this Twenty-Second Supplemental Indenture. The Series 2024A Bonds shall be issued for the purpose of (i) financing certain costs (including by reimbursement of such costs to the District) of various capital improvements to the Wastewater System of the District, and (ii) paying Costs of Issuance related to the Series 2024A Bonds.

The Series 2024A Bonds shall be Current Interest Indebtedness.

(B) Registered Form. Each Series of the 2022 Bonds shall be issued in fully registered form and shall be initially registered in the name of “Cede & Co.,” as nominee of DTC in accordance with Section 38.03 hereof. The Series 2024A Bonds shall be evidenced by one bond maturing on each maturity date of the Series 2024A Bonds as set forth in Section 38.02(C) hereof.

The Series 2024A Bond may be assigned by the Trustee a distinctive number or letter and number, and a record of the same shall be maintained by the Trustee. Registered ownership of the Series 2024A Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 38.03 hereof.

(C) Maturities; Interest Rates; Denominations. The Series 2024A Bonds shall be dated the date of delivery thereof, shall be issued in denominations of \$5,000 principal amount or any integral multiple thereof, and shall bear interest from the date thereof at the following rates per annum, and shall mature on June 1 in the following years in the following amounts:

Series 2024A Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate
_____	_____	_____

(D) Payment of the Series 2024A Bonds. Interest on the Series 2024A Bonds shall be payable semiannually on June 1 and December 1 of each year, commencing on [June 1, 2024]. Interest on the Series 2024A Bonds is payable, except as otherwise provided in the next succeeding paragraph of this Section 38.02(D), by check mailed by first-class mail on each interest payment date to the Owners thereof as of the close of business on the fifteenth (15th) day of the calendar month immediately preceding such interest payment date (each, a “record date”), except that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of Series 2024A Bonds, upon written request of such Owner to the Trustee received at least ten (10) days prior to the record date for the payment of interest, specifying the account or accounts to which such payment shall be made (which request shall remain in effect until revoked by such Owner in a subsequent writing delivered to the Trustee), such interest shall be paid in immediately available funds by wire transfer to such account or accounts on the following interest payment date. Interest on the Series 2024A Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. The principal of and premium, if any, on the Series 2024A Bonds are payable when due, except as otherwise provided in the next succeeding paragraph of this Section 38.02(D), upon presentation thereof at the corporate trust office of the Trustee in San Francisco, California, or at such other place as designated by the Trustee. Principal of, premium, if any, and interest on the Series 2024A Bonds are payable in lawful money of the United States of America.

So long as the Series 2024A Bonds are maintained in book-entry form, payments of principal, premium, if any, and interest shall be made by the Trustee to the Securities Depository by wire transfer in accordance with mutually satisfactory arrangements between the Trustee and the Securities Depository.

The Trustee shall provide CUSIP number identification, with appropriate dollar amounts for each CUSIP number, on all redemption payments and interest payments, whether by check or by wire transfer.

SECTION 38.03 Book Entry System. The Series 2024A Bonds shall be initially issued registered in the name of “Cede & Co.,” as nominee for DTC and registered Owner thereof, and held in the custody of (or by a custodian of) the Securities Depository. A single certificate will be issued and delivered to the Securities Depository for the maturity of the Series 2024A Bonds, and the Beneficial Owners will not receive physical delivery of bond certificates for the Series 2024A Bonds except as provided herein. For so long as the Securities Depository shall continue to serve as securities depository for the Series 2024A Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Series 2024A Bonds will receive, hold or deliver any Series 2024A Bond certificate.

At the written direction of the District, with notice to the Trustee, but without the consent of the Owners of the Series 2024A Bonds or the Trustee, the District, may appoint a successor Securities Depository and enter into an agreement with the successor Securities Depository, to establish procedures with respect to a Book-Entry System for the Series 2024A Bonds not inconsistent with the provisions of the Indenture. Any successor Securities Depository shall be a “clearing agency” registered under Section 17A of the Securities Exchange Act of 1934, as amended.

The District and the Trustee may rely conclusively upon (i) a certificate of the Securities Depository as to the identity of the Securities Depository Participants in the Book-Entry System with respect to the Series 2024A Bonds and (ii) a certificate of any such Securities Depository Participant as to the identity of, and the respective principal amount of the Series 2024A Bonds beneficially owned by, the Beneficial Owners.

Whenever, during the term of the Series 2024A Bonds, the beneficial ownership thereof is determined by a book-entry at the Securities Depository, the requirements in the Indenture of holding, delivering or transferring the Series 2024A Bonds shall be deemed modified to require the appropriate person to meet the requirements of the Securities Depository as to registering or transferring the book-entry to produce the same effect. Any provision hereof permitting or requiring delivery of the Series 2024A Bonds shall, while the Series 2024A Bonds are in the Book-Entry System, be satisfied by the notation on the books of the Securities Depository in accordance with applicable state law.

Except as otherwise specifically provided in the Indenture and the Series 2024A Bonds with respect to the rights of Securities Depository Participants and Beneficial Owners, when a Book-Entry System is in effect, the District and the Trustee may treat the Securities Depository (or its nominee) as the sole and exclusive Owner of the Series 2024A Bonds registered in its name for the purposes of payment of the principal of and interest on the Series 2024A Bonds or portion thereof to be redeemed or purchased, and of giving any notice permitted or required to be given to the Owners of Series 2024A Bonds under the Indenture, and neither the District nor the Trustee shall be affected by any notice to the contrary. Neither the District nor the Trustee will have any responsibility or obligation to the Securities Depository, any Securities Depository Participant, any Beneficial Owner or any other Person which is not shown on the registration books required to be

maintained by the Trustee, with respect to: (i) the accuracy of any records maintained by the Securities Depository or any Securities Depository Participant; (ii) the payment by the Securities Depository or by any Securities Depository Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price (if applicable) of, or interest on, any Series 2024A Bonds; (iii) the delivery of any notice by the Securities Depository or any Securities Depository Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2024A Bonds; or (v) any other action taken by the Securities Depository or any Securities Depository Participant. The Trustee shall pay all principal of and interest on the Series 2024A Bonds registered in the name of Cede & Co. only to or “upon the order of” the Securities Depository, and all such payments shall be valid and effective to fully satisfy and discharge the District’s obligations with respect to the principal of and interest on such Series 2024A Bonds to the extent of the sum or sums so paid.

The Book-Entry System may be discontinued by the Trustee and the District, at the direction and expense of the District, and the District and the Trustee will cause the delivery of Series 2024A Bond certificates to such Beneficial Owners of the Series 2024A Bonds and registered in the names of such Beneficial Owners as shall be specified to the Trustee by the Securities Depository in writing, under the following circumstances:

(i) The Securities Depository determines to discontinue providing its service with respect to the Series 2024A Bonds and no successor Securities Depository is appointed as described above. Such a determination may be made at any time by giving thirty (30) days’ notice to the District and the Trustee and discharging its responsibilities with respect thereto under applicable law; or

(ii) The District determines not to continue the Book-Entry System through a Securities Depository, upon not less than forty-five (45) days’ prior written notice to the Trustee.

When the Book-Entry System is not in effect, all references herein to the Securities Depository shall be of no further force or effect.

So long as any Series 2024A Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Series 2024A Bond and all notices with respect to such Series 2024A Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

In the event of a redemption or any other transaction necessitating a reduction in aggregate principal amount of any Series 2024A Bond Outstanding, DTC in its discretion: (a) may request the District and the Trustee to issue and authenticate a new Series 2024A Bond certificate; or (b) shall make an appropriate notation on the Series 2024A Bond certificate or otherwise on its Book-Entry System with respect to such Series 2024A Bond in accordance with applicable DTC procedures indicating the date and amounts of such reduction in principal.

Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system), the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall

conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

SECTION 38.04 Redemption of Series 2024A Bonds.

(A) Optional Redemption. The Series 2024A Bonds maturing on or before June 1, 20__ are not subject to optional redemption prior to maturity. The Series 2024A Bonds maturing on and after June 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part (by such maturities as may be specified by the District and by lot within a maturity), on any date on or after June 1, 20__, at a redemption price equal to the principal amount of Series 2024A Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

(B) Mandatory Sinking Account Redemption. The Series 2024A Bonds maturing on June 1, 20__ are also subject to redemption prior to their stated maturity, in part, by lot, from Mandatory Sinking Account Payments required by and as specified in Section 38.09, commencing on June 1, 20__, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

The Series 2024A Bonds maturing on June 1, 20__ are also subject to redemption prior to their stated maturity, in part, by lot, from Mandatory Sinking Account Payments required by and as specified in Section 38.09, commencing on June 1, 20__, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

SECTION 38.05 Selection of Series 2024A Bonds for Redemption. Whenever provision is made in this Twenty-Second Supplemental Indenture for the redemption of less than all of the Series 2024A Bonds, the maturities of the Series 2024A Bonds to be redeemed shall be specified by the District. In the case of partial redemption of less than all of the Series 2024A Bonds of any maturity, the Trustee shall select the Series 2024A Bonds of such maturity to be redeemed, from all Series 2024A Bonds not previously called for redemption, in authorized denominations, by lot, in any manner which the Trustee in its sole discretion shall deem appropriate and fair. The Trustee shall promptly notify the District in writing of the Series 2024A Bonds so selected for redemption.

SECTION 38.06 Notice of Redemption of Series 2024A Bonds. The District shall notify the Trustee at least twenty-five (25) days prior to the redemption date for any Series 2024A Bonds pursuant to Section 38.04(A) (or such shorter time as may be agreed to by the Trustee). Notice of redemption shall be given 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 Series 2024A 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 electronic means of communication or 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 District may designate in a Request of the District delivered to the Trustee. Notice of redemption shall be given in the form and otherwise in accordance with the terms of the Indenture and this Twenty-Second Supplemental Indenture.

In the event of an optional redemption of Series 2024A Bonds, if the District shall not have deposited or otherwise made available to the Trustee the money required for the payment of the redemption price of the Series 2024A Bonds to be redeemed at the time of the mailing of notice of redemption, such notice of redemption shall state that the redemption is expressly conditioned upon the timely deposit of sufficient funds therefor with the Trustee.

SECTION 38.07 Partial Redemption of Series 2024A Bonds. Upon surrender of any Series 2024A Bond redeemed in part only, the District shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the District, a new Series 2024A Bond of authorized denominations, and of the same Series, maturity and interest rate, equal in aggregate principal amount to the unredeemed portion of the Series 2024A Bond surrendered.

SECTION 38.08 Effect of Redemption of Series 2024A Bonds. If notice of redemption has been duly given pursuant to Section 38.06, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Series 2024A Bonds (or portions thereof) so called for redemption is held by the Trustee, on the redemption date designated in such notice, the Series 2024A Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice together with interest accrued thereon to the date fixed for redemption, interest on the Series 2024A Bonds so called for redemption shall cease to accrue, the Series 2024A Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Owners of the Series 2024A Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price and accrued interest.

All Series 2024A Bonds redeemed pursuant to the provisions of this Article shall be cancelled upon surrender thereof and destroyed.

SECTION 38.09 Series 2024A Sinking Account. An Account is hereby established within the Principal Fund created by Section 5.02 of the Indenture to be designated the “Series 2024A Sinking Account.” On each Business Day prior to the following payment dates, from amounts transferred by the District to the Trustee for deposit in the Principal Fund, the Trustee shall set aside in the Series 2024A Sinking Account therein an amount equal to the Mandatory Sinking Account Payment due on such date as set forth below:

Series 2024A Term Bonds due June 1, 20__

Mandatory
Sinking Account
Payment Dates
(June 1)

Mandatory
Sinking Account
Payments

†

† Final Maturity.

Series 2024A Term Bonds due June 1, 20__

Mandatory
Sinking Account
Payment Dates
(June 1)

Mandatory
Sinking Account
Payments

†

† Final Maturity.

Upon an optional redemption of a portion of any Series 2024A Term Bonds pursuant to Section 38.04(A), the District shall provide the Trustee with a revised schedule of the foregoing Mandatory Sinking Account Payments which shall provide for a reduction in the amount of one or more of the Mandatory Sinking Account Payments coming due on such Series 2024A Term Bond after such redemption as specified by the District in such schedule to reflect such redeemed portion.

Moneys in the Series 2024A Sinking Account shall be applied as provided in Section 5.02(A) and Section 5.04(B) of the Indenture.

SECTION 38.10 Form of Series 2024A Bonds. The Series 2024A Bonds and the certificate of authentication and registration to be executed thereon shall be in substantially the form set forth as Exhibit A hereto. The Series 2024A Bond letters and numbers, maturity dates, principal amounts and interest rates shall be inserted therein in conformity with Section 38.02.

SECTION 38.11 Issuance of Series 2024A Bonds. Upon the execution and delivery of this Twenty-Second Supplemental Indenture, the District shall execute and the Trustee shall authenticate and deliver the Series 2024A Bonds in the aggregate principal amount of \$____, on the Closing Date therefor upon an Order of the District.

SECTION 38.12 Application of Proceeds of Series 2024A Bonds. The net proceeds of the Series 2024A Bonds in the aggregate amount of \$____ (representing \$____ aggregate principal amount of Series 2024A Bonds plus \$____ of original issue premium, less \$____ of Underwriter's discount) shall be received by the Trustee on behalf of the District and deposited in the Series 2024A Bond Proceeds Account (which the Trustee shall establish and hold in trust for such purpose). The Trustee shall deposit or transfer such net proceeds received with respect to the Series 2024A Bonds as set forth below in this Section 38.12.

(i) \$____ of net proceeds from the sale of the Series 2024A Bonds shall be transferred to the District for deposit in the Series 2024A (Green Bonds) Wastewater System Fund to be used in accordance with Section 38.13(A);

(ii) The remaining proceeds from the sale of the Series 2024A Bonds in the amount of \$____ shall be deposited in the Series 2024A Costs of Issuance Fund to be applied to pay Costs of Issuance of the Series 2024A Bonds in accordance with Section 38.14.

SECTION 38.13 Establishment and Application of Series 2024A (Green Bonds)
Wastewater System Fund.

(A) The District shall establish, maintain and hold in trust a separate fund designated as the “Series 2024A (Green Bonds) Wastewater System Fund.” The moneys on deposit in the Series 2024A (Green Bonds) Wastewater System Fund shall be used and withdrawn by the District to pay (or to reimburse the District for the payment of) costs of construction, reconstruction, replacement, acquisition or improvement of any facility or facilities necessary or convenient for the storage, transmission or distribution of wastewater; or incidental to, or in connection with, the operation of the Wastewater System which the District has determined to be a project appropriate for “green bond” funding, or to pay or reimburse the District for interest on the Series 2024A Bonds during the respective construction periods for the improvements to the Wastewater System funded by the Series 2024A Bonds.

(B) Moneys on deposit in the Series 2024A (Green Bonds) Wastewater System Fund may be invested in (i) Investment Securities, (ii) 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 of the guarantor of which, or, in the case of a monoline financial guaranty insurance company, the claims paying ability of which, is rated on the date of execution of such investment agreement not lower than “Aa2” by Moody’s (if Moody’s is then rating any of the District’s Outstanding Bonds) and “AA” by Standard & Poor’s (if Standard & Poor’s is then rating any of the District’s Outstanding Bonds), or (iii) the Local Agency Investment Fund (as that term is defined in Section 16429.1 of the California Government Code, as such section may be amended or recodified from time to time), and with a term so as to provide moneys when needed for payments to be made therefrom. Interest, profit or other income derived from the investment of moneys held in the Series 2024A (Green Bonds) Wastewater System Fund shall be credited to such Fund. Interest, profit or other income derived from the investment of moneys held in the Series 2024A (Green Bonds) Wastewater System Fund may also be transferred to the Trustee for deposit in the Rebate Fund in an amount determined by the District to be required.

SECTION 38.14 Establish and Application of the Series 2024A Costs of Issuance Fund. The Trustee shall establish and maintain in trust a separate fund designated as the “Series 2024A Costs of Issuance Fund.” Moneys deposited in said fund as provided in Section 38.12 (iii) hereof shall be used to pay Costs of Issuance of the Series 2024A Bonds and the expenses and obligations payable by the District in connection therewith, upon receipt by the Trustee of a Requisition of the District in substantially the form set forth as Exhibit B hereto stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On [____], 2024, or upon earlier Request of the District stating that amounts in said fund are no longer required for the payment of such costs, expenses and obligations, said fund shall be terminated and any amounts then remaining in said fund shall be transferred by the Trustee to the Interest Fund to be applied to pay interest on the Series 2024A Bonds.

SECTION 38.15 Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of its respective obligations under the Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure of the District to comply with the Continuing Disclosure Agreement shall not be considered an Event of

Default; however, any Series 2024A Bondholder or Beneficial Owner or the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Owners of at least 25% of the aggregate principal amount of Outstanding Series 2024A Bonds and upon provision of indemnification satisfactory to the Trustee, shall) take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District, as the case may be, to comply with its obligations under this Section 38.15.

SECTION 38.16 Amendments to the Indenture to Take Effect on the Amendments Effective Date. The Indenture is amended in the following respects effective on the Amendments Effective Date for all Bonds then Outstanding:

(1) Amendment to Section 3.01(c) of the Indenture. Section 3.01(c) of the Indenture shall be amended and restated in its entirety as follows:

(c) The District shall have placed on file with the Trustee a Certificate of the District certifying that either: (I) the Adjusted Net Wastewater Revenues for any period of 12 consecutive months during the 18 months immediately preceding the date on which such additional Bonds or Parity Debt will become Outstanding shall have been at least equal to 1.1 times the amount of Maximum Annual Debt Service on all Bonds and Parity Debt then Outstanding and the additional Bonds or Parity Debt then proposed to be issued, or (II) the projected Adjusted Net Wastewater Revenues for each of the three full Fiscal Years immediately succeeding the date of issuance of such additional Bonds or Parity Debt in which interest is not capitalized in whole or in part from the proceeds of Bonds or Parity Debt shall be at least equal to 1.1 times the Annual Debt Service on all Bonds and Parity Debt to be Outstanding in such Fiscal Year. For purposes of the calculations described in clause (I) and clause (II) of this paragraph (c), the following amounts may be included in Adjusted Net Wastewater Revenues as so stated in the Certificate of the District: (1) an allowance for the amount by which the District projects Adjusted Net Wastewater Revenues for such Fiscal Year or such period of 12 months (as applicable) would have been increased had increases in rates, fees and charges approved by the District prior to the issuance of such additional Bonds or Parity Debt but which was not in effect during all or part of such Fiscal Year or such period of 12 months (as applicable), been in effect throughout such Fiscal Year or such period of 12 months (as applicable); and (2) an allowance for 75 percent of the amount by which the District projects Adjusted Net Wastewater Revenues will increase (including as a result of an expected reduction in Wastewater Operation and Maintenance Costs) during the Fiscal Year or period of 12 months (as applicable) due to improvements to the Wastewater System under construction (financed from any source) or to be financed with the proceeds of such additional Series of Bonds or such Parity Debt, that are not reflected in Adjusted Net Wastewater Revenues for such Fiscal Years or such period of 12 months (as applicable).

(2) Amendment to Section 6.06(B) of the Indenture. Section 6.06(B) of the Indenture shall be amended and restated in its entirety as follows:

(B) The District will furnish the Trustee, within one hundred and eighty (180) days after the end of each Fiscal Year (or promptly following such later date upon which the audited financial statements of the District shall have become available), the financial statements of the District 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 and that such accountant's examination of the financial statements was performed in accordance with generally accepted auditing standards and a Certificate of the chief financial officer of the District 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 District to cure such default. Thereafter, a copy of such financial statements will be furnished to any owner of Bonds upon written request to the Trustee.

(3) Amendment to Section 6.09 of the Indenture. Section 6.09 of the Indenture shall be amended and restated in its entirety as follows:

SECTION 6.09 Rates and Charges. To the fullest extent permitted by law, the District will, at all times while any of the Bonds remain outstanding, fix and prescribe rates, fees and charges in connection with the services and facilities furnished by the Wastewater System so as to yield Wastewater Revenues which are reasonably expected in each Fiscal Year to be sufficient so that the Adjusted Net Wastewater Revenues for such Fiscal Year shall be at least equal to 1.1 times the amount of Debt Service on all Bonds and Parity Debt for such Fiscal Year.

For avoidance of doubt, so long as the District has complied with its obligations set forth in the immediately preceding paragraph, the failure to produce or collect Adjusted Net Wastewater Revenues to meet the threshold set forth in such paragraph at the end of a Fiscal Year shall not constitute a default or an Event of Default, so long as the District has complied with the requirements set forth in the first paragraph of this Section 6.09 at the commencement of the succeeding Fiscal Year.

SECTION 38.17 Terms of Series 2024A Bonds Subject to the Indenture. Except as in this Twenty-Second Supplemental Indenture expressly provided, every term and condition contained in the Indenture shall apply to this Twenty-Second Supplemental Indenture and to the Series 2024A Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Twenty-Second Supplemental Indenture.

This Twenty-Second Supplemental Indenture and all the terms and provisions herein contained shall form part of the Indenture as fully and with the same effect as if all such terms and

provisions had been set forth in the Indenture. The Indenture is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby; and provided that, in accordance with Article IX of the Indenture and the terms of this Thirty-Second Supplemental Indenture, the amendments set forth in Section 38.16 of this Thirty-Second Supplemental Indenture shall become effective on the Amendments Effective Date.

SECTION 38.18 Effective Date of Twenty-Second Supplemental Indenture. This Twenty-Second Supplemental Indenture shall take effect upon its execution and delivery.

SECTION 38.19 Execution in Counterparts. This Twenty-Second Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed the Twenty-Second Supplemental Indenture by their officers thereunto duly authorized as of the day and year first written above.

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____
Sophia D. Skoda
Director of Finance

ATTEST:

By: _____
Rischa S. Cole
Secretary of the District

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Serena Kohne
Vice President

EXHIBIT A
(FORM OF SERIES 2024A BOND)

No. _____

\$ _____

EAST BAY MUNICIPAL UTILITY DISTRICT
(ALAMEDA AND CONTRA COSTA COUNTIES, CALIFORNIA)
WASTEWATER SYSTEM REVENUE BOND,
SERIES 2024A (GREEN BONDS)

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the District or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

<u>Maturity Date</u>	<u>Dated Date</u>	<u>Interest Rate</u>	<u>CUSIP</u>
June 1, 20__	_____, 2024	____%	271012____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

EAST BAY MUNICIPAL UTILITY DISTRICT, a municipal utility district duly organized and existing under and pursuant to the laws of the State of California (the “District”), for value received, hereby promises to pay (but only out of the Adjusted Net Wastewater Revenues and funds hereinafter referred to) to the registered owner named above or registered assigns, on the maturity date specified above (subject to any right of prior redemption or payment as provided in the hereinafter mentioned Indenture), the principal amount specified above together with interest thereon from its Dated Date until the principal hereof shall have been paid, at the interest rate per annum specified above, payable on [June 1, 2024], and semiannually thereafter on December 1 and June 1 in each year. Interest hereon is payable in lawful money of the United States of America by (except as otherwise provided in the hereinafter mentioned Indenture) check mailed by first-class mail on each interest payment date to the registered owner as of the close of business on the 15th day of the calendar month immediately preceding such interest payment date (each, a “record date”), except that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of the hereinafter described Series 2024A Bonds, upon written request of such Owner to the Trustee received at least 10 days prior to the record date for the payment of interest, specifying the account or accounts to which such payment shall be made (which request shall remain in effect

until revoked by such Owner in a subsequent writing delivered to the Trustee), such interest shall be paid in immediately available funds by wire transfer to such account or accounts on the following interest payment date. The principal hereof and premium, if any, hereon are payable when due upon (except as otherwise provided in the hereinafter mentioned Indenture) presentation hereof at the corporate trust office of U.S. Bank Trust Company, National Association, as trustee (together with any successor as trustee under said Indenture, the “Trustee”), in San Francisco, California, or at such other place as designated by the Trustee, in lawful money of the United States of America.

This Bond is one of a duly authorized issue (of the series and designation indicated on the face hereof) of Wastewater System Revenue Bonds of the District issued pursuant to a Wastewater System Revenue Bond Indenture, dated as of April 1, 1990, as amended and supplemented, between the Trustee and the District, providing for the issuance of said bonds (the “Bonds”). Said authorized issue of Bonds is not limited in aggregate principal amount, except as otherwise provided in said Wastewater System Revenue Bond Indenture, and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in said Wastewater System Revenue Bond Indenture provided, all issued and to be issued pursuant to the provisions of the Act (as defined in the Wastewater System Revenue Bond Indenture). This Bond is issued pursuant to the Wastewater System Revenue Bond Indenture, as amended and supplemented, including as amended and supplemented by a Twenty-Second Supplemental Indenture, dated as of [March 1], 2024, between the Trustee and the District, authorizing the issuance of the series of bonds designated “Wastewater System Revenue Bonds, Series 2024A (Green Bonds)”, of which this Bond is one, such series being herein referred to as the “Series 2024A Bonds” (the Wastewater System Revenue Bond Indenture, as amended and supplemented, including as amended and supplemented by the Twenty-Second Supplemental Indenture, being herein collectively referred to as the “Indenture”). Reference is hereby made to the Indenture and to the Act for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Adjusted Net Wastewater Revenues (as that term is defined in the Indenture), and the rights of the registered owners of the Bonds; and all the terms of the Indenture and the Act are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by its acceptance hereof, consents and agrees. Additional Bonds may be issued, and indebtedness may be incurred, on a parity with the Bonds of this authorized issue, but only subject to the conditions and limitations contained in the Indenture.

The Bonds and the interest thereon (to the extent set forth in the Indenture), together with the Parity Debt (as defined in the Indenture) issued by the District, and the interest thereon, are payable from, and are secured by a charge and lien on, the “Adjusted Net Wastewater Revenues” (as more particularly defined in the Indenture). All of the Bonds and Parity Debt are equally secured by a pledge of, and charge and lien upon, all of the Adjusted Net Wastewater Revenues, and the Adjusted Net Wastewater Revenues constitute a trust fund for the security and payment of the interest on and principal of the Bonds; but nevertheless out of Adjusted Net Wastewater Revenues certain amounts may be applied for other purposes as provided in the Indenture.

The Bonds are special limited obligations of the District and are payable, both as to principal and interest, and as to any premiums upon the redemption thereof, out of the Adjusted Net Wastewater Revenues and certain funds held under the Indenture. The general fund of the

District is not liable, and the credit or taxing power of the District is not pledged, for the payment of the Bonds or the interest thereon. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the District or any of its income or receipts, except the Adjusted Net Wastewater Revenues and the funds held under the Indenture. No registered owner of this Bond shall ever have the right to compel any exercise of the taxing power of the District to pay this Bond or the interest hereon.

The Series 2024A Bonds are being issued by means of a Book-Entry System with no physical distribution of bond certificates to be made except as provided in the Indenture. One bond certificate with respect to each date on which the Series 2024A Bonds are stated to mature, registered in the name of the Cede & Co, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The Book-Entry System will evidence positions held in the Series 2024A Bonds by the Securities Depository Participants, beneficial ownership of the Series 2024A Bonds in authorized denominations being evidenced in the records of such Securities Depository Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Securities Depository Participants pursuant to rules and procedures established by the Securities Depository and its Securities Depository Participants. The District and the Trustee will recognize Cede & Co., while the registered owner of this Series 2024A Bond, as the owner of this Series 2024A Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on this Series 2024A Bond and (ii) notices. Transfer of principal, interest and any redemption premium payments to Securities Depository Participants, and transfer of principal, interest and any redemption premium payments to Beneficial Owners of the Series 2024A Bonds by Securities Depository Participants will be the responsibility of such Securities Depository Participants and other nominees of such Beneficial Owners. The District will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, Cede & Co., its Securities Depository Participants or persons acting through such Securities Depository Participants. While Cede & Co. is the registered owner of this Series 2024A Bond, notwithstanding any other provision hereof, payments of principal of, redemption premium, if any, and interest on this Series 2024A Bond shall be made in accordance with existing arrangements between the Trustee or its successors under the Indenture and the Securities Depository.

The Series 2024A Bonds maturing on and after June 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part on any date (by such maturities as may be specified by the District and by lot within a maturity), on or after June 1, 20__, at a redemption price equal to the principal amount of Series 2024A Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

The Series 2024A Bonds maturing on June 1, 20__ are also subject to redemption prior to maturity, in part, by lot, from Mandatory Sinking Account Payments required by and as specified in the Indenture, commencing on June 1, 20__, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

The Series 2024A Bonds maturing on June 1, 20__ are also subject to redemption prior to maturity, in part, by lot, from Mandatory Sinking Account Payments required by and as specified

in the Indenture, commencing on June 1, 20__, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

This Bond is transferable or exchangeable for other authorized denominations by the registered owner hereof, in person or by its attorney duly authorized in writing, at the corporate trust office of the Trustee in [San Francisco, California], but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer or exchange a new fully registered Bond or Bonds without coupons, of authorized denomination or denominations, of the same series, tenor, maturity and interest rate for the same aggregate principal amount will be issued to the registered owner in exchange hereof.

The District, the Trustee and any paying agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the District, the Trustee and any paying agent shall not be affected by any notice to the contrary.

The rights and obligations of the District and of the registered owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of the Bonds.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Bond, together with all other indebtedness of the District pertaining to the Adjusted Net Wastewater Revenues, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture or the Act.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

IN WITNESS WHEREOF, EAST BAY MUNICIPAL UTILITY DISTRICT has caused this Bond to be executed in its name and on its behalf by the President of the Board of Directors and attested by its Secretary, and this Bond to be dated as of the ____ day of March, 2024.

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____
President of the Board of Directors

Attested:

By: _____
Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION
AND REGISTRATION]

This is one of the Bonds described in the within mentioned Indenture and registered on the date set forth below.

Dated: [Closing Date], 2024

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

For value received _____ hereby sell, assign and transfer unto _____ the within Bond and hereby irrevocably constitute and appoint _____ attorney, to transfer the same on the books of the District at the office of the Trustee, with full power of substitution in the premises.

NOTE: The signature to this Assignment must correspond with the name on the face of the within registered bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: _____

Signature Guaranteed by:

NOTE: Signature must be guaranteed by an eligible guarantor institution.

EXHIBIT B
(FORM OF REQUISITION)

REQUISITION NO. ____

EAST BAY MUNICIPAL UTILITY DISTRICT
(Alameda and Contra Costa Counties, California)

\$ _____
**Wastewater System Revenue Bonds,
Series 2024A (Green Bonds)**

Series 2024A Costs of Issuance Fund

Dated: [Closing Date], 2024

TO: U.S. Bank Trust Company, National Association, as Trustee

The undersigned hereby certifies as follows:

1. I am the [Director of Finance][Treasury Manager] of the East Bay Municipal Utility District, a municipal utility district duly organized and existing under and by virtue of the laws of the State of California (the “District”).
2. I am a duly authorized representative of the District under the Wastewater System Revenue Bond Indenture, dated as of April 1, 1990, as amended and supplemented, including as amended and supplemented by the Twenty-Second Supplemental Indenture, dated as of March 1, 2024 (the “Twenty-Second Supplemental Indenture” and as so amended and supplemented, the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), and I am delivering this Requisition on behalf of the District.
3. The undersigned hereby authorizes payment of the amounts specified in Attachment 1 hereto (or such amounts as may be included in any invoice provided to you) to the persons identified in Attachment 1 in accordance with the payment instructions set forth in the respective invoices delivered to you herewith, such amounts to be paid from the Series 2024A Costs of Issuance Fund pursuant to Section 38.14 of the Twenty-Second Supplemental Indenture.
4. The undersigned hereby certifies that: (i) obligations in the amounts stated in Attachment 1 have been incurred by the District and are presently due and payable; (ii) each item is a proper charge against the Series 2024A Costs of Issuance Fund for the general classification indicated in Attachment 1 therefor; and (iii) each item has not been previously paid from the Series 2024A Costs of Issuance Fund.

Dated as of the date first written above.

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____
[Director of Finance][Treasury Manager]

[Signature Page to Requisition No. __, Series 2024A Costs of Issuance Fund]

ATTACHMENT 1

Series 2024A Costs of Issuance Fund

Payee

Amount

Purpose

§ _____
**EAST BAY MUNICIPAL UTILITY DISTRICT
 WASTEWATER SYSTEM REVENUE BONDS,
 SERIES 2024A (GREEN BONDS)**

PURCHASE CONTRACT

_____, 2024

Board of Directors
 East Bay Municipal Utility District
 375 Eleventh Street
 Oakland, California 94607

Ladies and Gentlemen:

The undersigned Samuel A. Ramirez & Co., Inc., (the “Underwriter”), hereby offers to enter into this Purchase Contract (the “Purchase Contract”) with you, the East Bay Municipal Utility District (the “District”), which, upon the District’s acceptance of this offer, will be binding upon the District and the Underwriter. This offer is made subject to acceptance by you prior to 5:00 p.m., California time, on the date hereof. If this offer is not so accepted, this offer will be subject to withdrawal by the Underwriter upon notice delivered to you at any time prior to acceptance. Upon acceptance, this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon the District and the Underwriter. All capitalized terms used herein not otherwise defined herein shall have the respective meanings ascribed thereto in the Official Statement (as hereinafter defined).

The District acknowledges and agrees that (i) the purchase and sale of the Series 2024A Bonds (defined below) pursuant to this Purchase Contract is an arm’s-length commercial transaction between the District and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as financial advisor or municipal advisor to or fiduciary of the District, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the District with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters), (iv) the Underwriter has financial and other interests that differ from those of the District, and (v) the District has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

1. Purchase, Sale and Delivery of the Series 2024A Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase and the District agrees to sell and deliver to the Underwriter all (but not less than all) of the East Bay

Municipal Utility District Wastewater System Revenue Bonds, Series 2024A (Green Bonds) (the "Series 2024A Bonds"), in the aggregate principal amount of \$_____.

(b) The Series 2024A Bonds shall be issued pursuant to the Municipal Utility District Act (constituting Division 6 of the Public Utilities Code of the State of California, as amended), the Revenue Bond Law of 1941 as made applicable by Article 6a of Chapter 6 of Division 6 of the Municipal Utility District Act, and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended (collectively, the "Act") and the Wastewater System Revenue Bond Indenture, dated as of April 1, 1990, between the District and U.S. Bank Trust Company, National Association, as successor trustee (the "Trustee"), as amended and supplemented, including as amended and restated pursuant to the Twenty-First Supplemental Indenture, dated as of March 1, 2024, and as supplemented by the Twenty-Second Supplemental Indenture, dated as of March 1, 2024, by and between the District and the Trustee (as amended, restated and supplemented, the "Indenture"). The Series 2024A Bonds shall be dated, shall mature, and shall be redeemable as provided in the Indenture and shall otherwise be as described in the Official Statement described below. The Series 2024A Bonds shall be substantially in the form described in, and shall be issued and secured under the provisions of, the Indenture. The Series 2024A Bonds shall be special obligations of the District payable from, and secured by a pledge of, the Adjusted Net Wastewater Revenues of the District. The Series 2024A Bonds shall be dated the Closing Date (defined below), shall bear interest payable June 1 and December 1 of each year, commencing on _____ 1, 2024, and shall mature on June 1 in each of the years, as set forth in Schedule I.

The Series 2024A Bonds are being issued for the purposes of providing moneys to (i) finance and/or reimburse the District for certain costs of improvements to the Wastewater System of the District and (ii) pay costs of issuance of the Series 2024A Bonds.

(c) The purchase price for the Series 2024A Bonds shall be \$_____ (consisting of the principal amount of the Series 2024A Bonds in the amount of \$_____, plus an original issue premium of \$_____, less \$_____ of Underwriter's discount).

(d) In the event that the Underwriter fails (other than for a reason permitted under this Purchase Contract) to purchase, accept delivery of and pay for the Series 2024A Bonds on the Closing Date as herein provided, the Underwriter shall pay to the District \$_____, which shall constitute full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriter, and shall constitute full release and discharge of all claims and rights hereunder of the District against the Underwriter with respect to such failure.

(e) At 8:00 a.m., California time, on _____, 2024, or at such other time or on such other date as the District and the Underwriter mutually agree upon (the "Closing Date"), the District will, subject to the terms and conditions hereof, cause to be delivered to the Underwriter, the Series 2024A Bonds, in fully registered book-entry eligible form, by Fast Automated Securities Transfer (FAST) through the facilities of The Depository Trust Company ("DTC") in New York, New York, duly executed, and at such other place or by electronic means as shall have been mutually agreed upon by the District and the Underwriter, the other documents mentioned herein. The Underwriter will accept such delivery and pay the purchase price of the Series 2024A Bonds as set forth in subparagraph (c) above in immediately available funds (such

delivery and payment being herein referred to as the "Closing") to the order of the Trustee in an amount equal to the purchase price.

2. Use and Preparation of Official Statement.

The District hereby ratifies, confirms and approves of the distribution and use by the Underwriter prior to the date hereof of the preliminary official statement dated _____, 2024 relating to the Series 2024A Bonds (the "Preliminary Official Statement") and the making available of the Preliminary Official Statement to investors prior to the date hereof electronically. The District has deemed final the Preliminary Official Statement as of the date thereof for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for information permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12. The District hereby agrees to deliver or cause to be delivered to the Underwriter, within seven (7) business days of the date hereof and, in any case, one business day prior to the Closing Date in order to permit the Underwriter to comply with Rule 15c2-12 and the applicable rules of the MSRB, with respect to the distribution of the Official Statement, copies of the final Official Statement relating to the Series 2024A Bonds, dated the date hereof, in the form of the Preliminary Official Statement, with such changes thereto, as may be approved by the District and the Underwriter (including the appendices thereto and any subsequent amendments or supplements as have been approved by the District and the Underwriter, the "Official Statement"), in such quantity as the Underwriter shall reasonably request. The District hereby approves of the distribution and use by the Underwriter of the Official Statement in connection with the offer and sale of the Series 2024A Bonds electronically or in printed paper form. The Underwriter hereby agrees to deliver a copy of the Official Statement to the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org> on or before the Closing Date.

3. Establishment of Issue Price.

(a) The Underwriter agrees to make a bona fide public offering of the Series 2024A Bonds at the prices set forth in Schedule I, which prices may be changed from time to time by the Underwriter after such initial public offering.

(b) The Underwriter, agree to assist the District in establishing the issue price of the Series 2024A Bonds and shall execute and deliver to the District at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Bond Counsel (as hereinafter defined), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2024A Bonds. If such certificate is insufficient to assist the District in establishing the issue price of the Series 2024A Bonds, the Underwriter shall, at the request of the District, execute and deliver to the District at Closing a certificate substantially in the form of Attachment C to Exhibit A to the extent necessary to assist the District in establishing the issue price of the Series 2024A Bonds.

(c) With respect to Series 2024A Bonds of those maturities as to which at least 10% of the Series 2024A Bonds of the maturity has been sold to the public (defined in subsection (g) below) at a single price (the “10% test”), based on reporting by the Underwriter to the District on the date hereof and prior to the execution of this Purchase Contract, which maturities are indicated in Schedule I attached hereto, the District will treat the first price at which 10% of each such maturity of the Series 2024A Bonds was sold to the public as the issue price of that maturity. With respect to Series 2024A Bonds of those maturities as to which the 10% test has not been satisfied, if any, based on reporting by the Underwriter to the District on the date hereof and prior to the execution of this Purchase Contract, which maturities are indicated in Schedule I attached hereto, the Underwriter and the District agree that the rules in subsection (d) below shall apply. For purposes of this Section, for Series 2024A Bonds maturing on the same date but having different interest rates, each separate CUSIP number for such Series 2024A Bonds is subject to the 10% test or subsection (d) below, as the case may be, as if such separate CUSIP number were a separate maturity.

(d) The Underwriter confirms that the Underwriter has offered the Series 2024A Bonds to the public on or before the date of this Purchase Contract at the respective offering price or prices (the “initial offering price”), or at the corresponding respective yield or yields, set forth in Schedule I attached hereto. Schedule I also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Series 2024A Bonds for which the 10% test has not been satisfied at the time this Purchase Contract is executed and for which the District and the Underwriter agrees that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2024A Bonds, the Underwriter will neither offer nor sell unsold Series 2024A Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Series 2024A Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the District promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Series 2024A Bonds to the public at a price that is no higher than the initial offering price to the public.

(e) The Underwriter confirms that:

- (1) any agreement among Underwriter, any selling group agreement and each third-party distribution agreement (to which the Underwriter is a party) relating to the initial sale of the Series 2024A Bonds to the public, together with the related pricing wires, contains or will contain language obligating the Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (i) to report the prices at which it sells to the public the unsold Series 2024A Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2024A Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Series 2024A Bonds of that maturity, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter and as set forth in the related pricing wires, and

(B) to promptly notify the Underwriter of any sales of Series 2024A Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2024A Bonds to the public (each such term being used as defined below),

(C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Underwriter shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(2) any agreement among Underwriter or selling group agreement relating to the initial sale of the Series 2024A Bonds to the public, together with the related pricing wires, contains or will contain language obligating the Underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2024A Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2024A Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2024A Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or such dealer that the 10% test has been satisfied as to the Series 2024A Bonds of that maturity, and (B) comply with the hold-the-offering-price rule, if applicable to a particular maturity of the Series 2024A Bonds, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(f) The District acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Series 2024A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2024A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2024A Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Series 2024A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2024A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2024A Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that the Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Series 2024A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2024A Bonds, and that no Underwriter shall be liable for the failure of

any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2024A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2024A Bonds.

(g) The Underwriter acknowledges that sales of any Series 2024A Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2024A Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(1) “public” means any person other than an underwriter or a related party,

(2) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2024A Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2024A Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2024A Bonds to the public),

(3) a purchaser of any of the Series 2024A Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) “sale date” means the date of execution of this Purchase Contract by all parties.

4. Representations, Warranties and Agreements of the District.

The District hereby represents, warrants and agrees with the Underwriter as follows:

(a) The District is, and will be on the Closing Date, a municipal utility district of the State of California duly organized and validly existing and operating pursuant to the laws of the State of California with full legal right, power and authority to issue the Series 2024A Bonds pursuant to the Act and the Indenture, to execute and deliver the Official Statement and to enter into this Purchase Contract and the Continuing Disclosure Agreement, dated _____, 2024, between the District and the Digital Assurance Certification, LLC (the “Disclosure Agreement” and together with the Indenture and this Purchase Contract, the “District Documents”);

(b) By all necessary official action of the District prior to or concurrently with the acceptance hereof, the District has duly authorized the issuance and sale of the Series 2024A Bonds and has duly approved the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in the District Documents and the consummation by it of all other transactions contemplated by the Official Statement and the District Documents and the District is on the date hereof and will be on the Closing Date in compliance in all material respects with the provisions of the District Documents; the District Documents are or as of the Closing Date will be in full force and effect in substantially the form heretofore submitted to the Underwriter with only such changes as shall have been agreed to in writing by the Underwriter; and the District Documents constitute valid and legally binding agreements of the District enforceable against the District in accordance with their terms; provided, however, that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights and to the limitations on legal remedies against public agencies in the State of California;

(c) Except as otherwise disclosed in writing by the District to the Underwriter on or prior to the date hereof, the District is not in Material Breach or Default (as hereinafter defined) under any applicable constitutional provision, law or administrative regulation to which it is subject or any applicable judgment, decree, court order or consent decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a Material Breach or Default under any of the foregoing; and the issuance of the Series 2024A Bonds, the execution and delivery of the District Documents, and compliance with the provisions on the District's part contained herein and therein, will not constitute a Material Breach or Default under any law, administrative regulation, judgment, decree, court order, consent decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any such law, administrative regulation, judgment, decree, court order, consent decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Indenture (for purposes of this Purchase Contract, the term "Material Breach or Default" means any breach or default which could have a material adverse effect on the business operations or financial condition of the District or its Wastewater System);

(d) Except as disclosed in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry or investigation (with service of process having been accomplished), at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best knowledge of the District after reasonable investigation, threatened against or affecting the District: (i) in any material respect affecting or contesting the existence of the District or the titles of its officers to their respective offices; or (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Series 2024A Bonds; or (iii) contesting or affecting, as to the District, the validity or enforceability of

the Series 2024A Bonds or the District Documents; or (iv) contesting the powers of the District or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting or affecting the power or authority of the District to impose rates and charges, or the collection thereof, or the pledge of revenues under the Indenture; or (v) which may result in any material adverse change in the ability of the District to pay the Series 2024A Bonds; or (vi) contesting the status of the interest on the Series 2024AA Bonds as excludable from federal gross income as described in the Preliminary Official Statement or in the Official Statement; or (vii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement; or (viii) wherein an unfavorable ruling or finding would result in any material adverse change in the business operations or financial condition of the District or the Wastewater System;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction over the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the approval or adoption, as applicable, of the District Documents, the issuance of the Series 2024A Bonds or the due performance by, the District of its obligations in connection with the District Documents have been duly obtained and remain in full force and effect, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2024A Bonds;

(f) Under the laws of the State of California, the authority of the District to determine, fix, prescribe and collect rates, fees and charges in connection with the services and facilities furnished by the Wastewater System is not presently subject to the regulatory jurisdiction of the California Public Utilities Commission, or other local, regional or state regulatory authority, and, except as disclosed in the Preliminary Official Statement and the Official Statement or otherwise disclosed in writing by the District to the Underwriter on or prior to the date hereof, the District is not aware of any legislation proposed or pending to limit or restrict such rates, fees and charges in a manner that would result in any material adverse change in the ability of the District to pay the Series 2024A Bonds;

(g) The Series 2024A Bonds, when issued, authenticated and delivered in accordance with the Indenture and sold to the Underwriter as provided herein, will be valid and legally enforceable obligations of the District in accordance with their terms and the terms of the Indenture and the Indenture will provide, for the benefit of the holders from time to time of the Series 2024A Bonds and any parity bonds issued under the Indenture, a legally valid and binding pledge of Adjusted Net Wastewater Revenues (as defined in the Indenture) and the funds and accounts pledged under the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein;

(h) The Series 2024A Bonds and the Indenture conform in all material respects to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement and the proceeds of the sale of the Series 2024A Bonds will be applied generally as described in the Preliminary Official Statement and the Official Statement;

(i) The financial statements of the District contained in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of operations of the District as of the dates and for the periods therein set forth in accordance with generally accepted accounting principles applied consistently, and, except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, since the dates thereof there has been no material adverse change in the financial position or results of operations of the District or the Wastewater System;

(j) The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Series 2024A Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Series 2024A Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Series 2024A Bonds; provided, however, that in no event shall the District be required to take any action which would subject it to the general service of process in any jurisdiction in which it is not now so subject, and will use its best efforts to advise the Underwriter promptly of receipt of the District of any written notification with respect to the suspension of the qualification of the Series 2024A Bonds for any jurisdiction or the initiation or threat of any proceeding for that purpose;

(k) The Preliminary Official Statement (except for information relating to offering prices, interest rate, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, other terms of the securities depending on such matters, and the identity of the Underwriter and such other information as may be omitted therefrom pursuant to Rule 15c2-12) did not as of the date thereof and, as supplemented or amended through the date hereof, does not as of the date hereof contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect (except for information relating to DTC and its book-entry only system, as to which no opinion or view is expressed);

(l) As of the date thereof and at all times subsequent thereto to and including the date which is 25 days following the End of the Underwriting Period (as defined below) for the Series 2024A Bonds, the Official Statement did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(m) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Series 2024A Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the District will notify the Underwriter, and, if in the opinion of the District, the Underwriter or their respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will forthwith prepare and furnish to the Underwriter (at the expense of the District) a reasonable

number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter and its counsel) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Series 2024A Bonds, the District will furnish such information with respect to itself as the Underwriter may from time to time reasonably request;

(n) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (m) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Series 2024A Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or make such information therein, in the light of the circumstances under which it was presented, not misleading;

(o) As used herein and for the purposes of this Purchase Contract, the term “End of the Underwriting Period” for the Series 2024A Bonds shall mean the earlier of (i) the Closing Date unless the District shall have been notified in writing to the contrary by the Underwriter on or prior to the Closing Date, or (ii) the date on which the End of the Underwriting Period for the Series 2024A Bonds has occurred under Rule 15c2-12; provided, however, that the District may treat as the End of the Underwriting Period for the Series 2024A Bonds the date specified as such in a notice from the Underwriter stating the date which is the End of the Underwriting Period;

(p) After the Closing, the District will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter shall reasonably object in writing;

(q) Between the date of this Purchase Contract and the Closing Date, except as referred to in or as contemplated by the Official Statement, the District will not, without the prior written consent of the Underwriter (which consent shall not be unreasonably withheld), publicly offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, payable from the revenues of the Wastewater System other than in the ordinary course of its business or as discussed in the Official Statement;

(r) The District is duly authorized to apply and will apply, or cause the application of, the proceeds of the Series 2024A Bonds in accordance with the Indenture;

(s) Any certificate signed by any authorized official of the District, and delivered to the Underwriter in connection with the execution and delivery of the Series 2024A Bonds, shall be deemed a representation and warranty by the District to the Underwriter as to the statements made therein; and

(t) Except as disclosed in the Preliminary Official Statement and the Official Statement, the District has not failed within the last five years to comply in all material respects with any previous undertakings with regard to Rule 15c2-12 to provide annual reports of financial and operating data or notices of enumerated events.

5. Conditions to the Obligations of the Underwriter.

The Underwriter hereby enters into this Purchase Contract in reliance upon the representations and warranties of the District contained herein and the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the District of its obligations both on and as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Series 2024A Bonds shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties of the District contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District made in any certificate or other document furnished pursuant to the provisions hereof, to the performance by the District of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and also shall be subject to the following additional conditions:

(a) The Underwriter shall receive, within seven (7) business days of the date hereof and, in any case, one business day prior to the Closing Date and in sufficient time to accompany customer confirms requesting payment, copies of the Official Statement (including all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriter), in such reasonable quantity as the Underwriter shall have requested;

(b) The representations and warranties of the District contained herein shall be true and correct in all material respects on the date hereof and on the Closing Date, as if made on and at the Closing Date;

(c) At the Closing, the District Documents shall have been duly authorized, executed and delivered by the respective parties thereto, and the Official Statement shall have been duly authorized, executed and delivered by the District, all in substantially the forms heretofore submitted to the Underwriter, with only such changes as shall have been agreed to in writing by the Underwriter (which consent shall not be unreasonably withheld), and shall be in full force and effect; and there shall be in full force and effect such resolution or resolutions of the Board of Directors of the District as, in the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California ("Bond Counsel"), and Kutak Rock LLP, Irvine, California, counsel to the Underwriter (hereinafter, "Underwriter's Counsel"), shall be necessary or appropriate in connection with the transactions contemplated hereby;

(d) Between the date hereof and the Closing Date, the market price or marketability, at the initial offering prices set forth in the Official Statement, of the Series 2024A Bonds shall not have been materially adversely affected, in the reasonable judgment of the Underwriter (evidenced by a written notice to the District terminating the obligation of the Underwriter to

accept delivery of and make any payment for the Series 2024A Bonds), by reason of any of the following:

(1) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of the State of California or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the District or upon interest received with respect to obligations of the general character of the Series 2024A Bonds which, in the reasonable judgment of the Underwriter, may have the purpose or effect, directly or indirectly, of affecting the tax status of the District, its property or income, its securities (including the Series 2024A Bonds) or the interest thereon, or any tax exemption granted or authorized by federal or State of California legislation;

(2) legislation shall have been enacted, introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, shall have been made or issued to the effect that obligations of the general character of the Series 2024A Bonds, or the Series 2024A Bonds, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(3) the declaration of war or the escalation of, or engagement in, military hostilities by the United States or the occurrence of any other national or international emergency or calamity relating to the effective operation of the government of, or the financial community in, the United States;

(4) the declaration of a general banking moratorium by federal, State of New York or State of California authorities, or the general suspension of trading on any national securities exchange;

(5) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force

with respect to the Series 2024A Bonds or obligations of the general character of the Series 2024A Bonds or securities generally, the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter, the establishment of minimum or maximum prices on any national securities exchange, or a material disruption in a securities settlement, payment or clearance services shall have occurred;

(6) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Series 2024A Bonds, or the issuance, offering or sale of the Series 2024A Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect;

(7) the withdrawal or downgrading of any rating of the Series 2024A Bonds or the underlying rating of any of the District's Wastewater System Revenue Bonds by a national rating agency then rating the Series 2024A Bonds; or

(8) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information then contained in the Official Statement, or has the effect that the Official Statement then contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the District refuses to permit the Official Statement to be supplemented to supply such statement or information or the effect of the Official Statement as so supplemented is, in the judgment of the Underwriter, to materially adversely affect the market for the Series 2024A Bonds or the sale of the Series 2024A Bonds, at the contemplated offering prices (or yields).

(e) At or prior to the Closing Date, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Underwriter and Underwriter's Counsel:

(1) Counterparts of the District Documents, duly executed and delivered by the respective parties thereto;

(2) The approving opinion of Bond Counsel, dated the Closing Date and addressed to the District, in substantially the form attached to the Official Statement in Appendix D thereto, and a letter of such counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it;

(3) The supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriter, in substantially the form attached hereto as Exhibit B;

(4) A letter of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California (“Disclosure Counsel”), dated the Closing Date and addressed to the Underwriter in substantially the form attached hereto as Exhibit C;

(5) The opinion of the Office of General Counsel of the District, dated the Closing Date and addressed to the Underwriter, in substantially the form attached hereto as Exhibit D;

(6) The opinion of counsel to the Trustee, dated the Closing Date and addressed to the District and the Underwriter, in substantially the form attached hereto as Exhibit E;

(7) The opinion of Underwriter’s Counsel, dated the Closing Date addressed to the Underwriter, in such form as may be acceptable to the Underwriter;

(8) A certificate or certificates, dated the Closing Date, signed by a duly authorized official of the District, in form and substance satisfactory to the Underwriter, to the effect that (a) the representations and warranties of the District contained in this Purchase Contract are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (b) to the best of such official’s knowledge, no event affecting the District has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Official Statement relating to the District or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein relating to the District not misleading in any material respect; (c) since June 30, 2023, except as referred to in or as contemplated by the Official Statement, the District has not incurred any financial liabilities, direct or contingent, or entered into any transactions and there has not been any adverse change in the condition, financial or physical, of the Wastewater System, in any such case that would materially and adversely affect the ability of the District to meet its obligations under the Indenture or the Series 2024A Bonds; and (d) the projected operating results and debt service coverage contained in Table [18] in Appendix A to the Official Statement are the District’s projections and are based on the stated assumptions, which the District believes to be reasonable;

(9) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Underwriter, to the effect that: (a) the Trustee is a national banking association duly organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture; (b) the execution and delivery of the Indenture and compliance with the provisions on the Trustee’s part contained therein, will not in any material respect conflict with or constitute a breach of or default under any material agreement or material instrument to which the Trustee is a party or by which it is bound or any law, administrative regulation, judgment or decree (except that no representation, warranty or agreement is made with respect to any federal or state securities or blue sky laws or regulations); and (c) to the officer’s knowledge, the Trustee has not been served with any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, nor is any such action threatened against the Trustee, as such but not in its individual

capacity, affecting the existence of the Trustee, or the titles of its officers to their respective offices, or contesting or affecting the validity or enforceability of the Indenture, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Indenture;

(10) A certified copy of the general resolution of the Trustee authorizing the execution and delivery of the Indenture;

(11) A copy of the Preliminary Official Statement;

(12) A copy of the Official Statement, executed on behalf of the District by authorized Underwriter of the District;

(13) A copy of each of the resolutions of the District authorizing the execution and delivery of the Official Statement, the District Documents and the issuance of the Series 2024A Bonds, certified by the Secretary or an Assistant Secretary of the District to be in full force and effect as of the Closing Date;

(14) Evidence that any ratings described in the Official Statement are in full force and effect as of the Closing Date;

(15) A copy of the Blue Sky Memorandum with respect to the Series 2024A Bonds, prepared by Underwriter's Counsel;

(16) A Tax Certificate signed by the District relating to the Series 2024A Bonds, in form and substance satisfactory to Bond Counsel;

(17) A copy of the Blanket Letter of Representations to DTC relating to the Series 2024A Bonds signed by the District; and

(18) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, Underwriter's Counsel or Bond Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations of the District herein and of the statements and information contained in the Official Statement, and the due performance or satisfaction by the District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the District in connection with the transactions contemplated hereby and by the District Documents and the Official Statement.

If the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted herein, all obligations of the Underwriter hereunder may be terminated by the Underwriter at, or at any time prior to, the Closing Date by written notice to the District and neither the Underwriter nor the District shall have any further obligations hereunder.

6. Expenses.

All expenses and costs incident to the authorization, execution, delivery and sale of the Series 2024A Bonds to the Underwriter, including the costs of printing of the Series 2024A Bonds, the Preliminary Official Statement and the Official Statement, the cost of preparing and duplicating the Indenture, the fees of accountants, consultants and rating agencies, the initial fee of the Trustee and its counsel in connection with the execution and delivery of the Series 2024A Bonds and the fees and expenses of Bond Counsel shall be paid either from the proceeds of the Series 2024A Bonds or from funds of the District. The District shall pay for expenses (included in the expense component of the Underwriter's discount) incurred on behalf of the District's employees which are incidental to implementing this Purchase Contract, including, but not limited to, meals, transportation and lodging, of those employees. In the event that the Series 2024A Bonds for any reason are not executed and delivered, or to the extent proceeds of the Series 2024A Bonds are insufficient or unavailable therefor, any such fees, costs and expenses owed by the District, which otherwise would have been paid from the proceeds of the Series 2024A Bonds, shall be paid by the District. The District shall pay the reasonable out-of-pocket expenses of the Underwriter in connection with the sale and delivery of the Series 2024A Bonds (which shall be included in the expense component of the Underwriter's discount), including the fees and expenses of Underwriter's Counsel, travel and other expenses and the California Debt and Investment Advisory Commission fee. In the event that the Underwriter incur or advance the cost of any expense for which the District is responsible hereunder, the District shall reimburse the Underwriter at or prior to Closing; if at Closing, reimbursement may be included in the expense component of the Underwriter's discount. To the extent that the Underwriter has incurred expenses on behalf of the District which are to be reimbursed to the Underwriter or included as a component of the Underwriter's discount, the Underwriter agree to provide the District, with a detailed itemization of any such expenses prior to the Closing Date.

7. Notices.

Any notice or other communication to be given under this Purchase Contract may be given by delivering the same in writing to the respective parties at the following address:

District: East Bay Municipal Utility District
375 Eleventh Street
Oakland, California 94607
Attention: Director of Finance

Underwriter: Samuel A. Ramirez & Co., Inc.
633 West Fifth Street, Suite 2693
Los Angeles, California 90071
Attention: Public Finance

8. Survival of Representations and Warranties.

The representations and warranties of the District set forth in or made pursuant to this Purchase Contract shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Contract and regardless of any

investigations or statements as to the results thereof made by or on behalf of the Underwriter and regardless of delivery of and payment for the Series 2024A Bonds. All of the District's representations, warranties and agreements contained in this Purchase Contract shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Series 2024A Bonds pursuant to this Purchase Contract; and (iii) any termination of this Purchase Contract.

9. Effectiveness and Counterpart Signatures.

This Purchase Contract shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by duly authorized officials of the District and shall be valid and enforceable as of the time of such acceptance. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

10. Parties in Interest.

This Purchase Contract is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

11. Entire Agreement.

This Purchase Contract when accepted by you in writing as heretofore specified shall constitute the entire agreement between the District and the Underwriter with respect to the purchase of the Series 2024A Bonds and supersedes all oral statements, prior writings and representations with respect thereto.

12. Headings.

The headings of the sections of this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

13. Governing Law.

This Purchase Contract shall be construed in accordance with the laws of the State of California.

Very truly yours,

SAMUEL A. RAMIREZ & CO., INC.,

By: _____
Authorized Officer

ACCEPTED:

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____
Robert Hannay, Treasury Manager

SCHEDULE 1

\$_____

EAST BAY MUNICIPAL UTILITY DISTRICT
WASTEWATER SYSTEM REVENUE BONDS,
SERIES 2024A (GREEN BONDS)

<u>Maturity Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Initial Offering Price</u>	<u>10% Test Used*</u>	<u>Hold the Offering Price Rule Used</u>
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^(T) Term Bond.

^(C) Yield to optional call at [par] on June 1, 20__.

* At the time of execution of this Purchase Contract and assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Contract.

Redemption

Optional Redemption. The Series 2024A Bonds maturing on or before June 1, 20__ are not subject to optional redemption prior to maturity. The Series 2024A Bonds maturing on and after June 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part (by such maturities as may be specified by the District and by lot within a maturity), on any date on or after June 1, 20__, at a redemption price equal to the principal amount of Series 2024A Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

Mandatory Redemption. The Series 2024A Bonds maturing on June 1, 20__ are subject to redemption prior to their stated maturity, in part, by lot, from Mandatory Sinking Account Payments as specified below, commencing on June 1, 20__, at the principal amount of each Series 2024A Bond so redeemed plus accrued interest thereon to but not including the date fixed for redemption, without premium.

Term Series 2024A Bonds due June 1, 20__

<i>Mandatory Sinking Account Payment Dates (June 1)</i>	<i>Mandatory Sinking Account Payments</i>
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[†] Final Maturity.

The Series 2024A Bonds maturing on June 1, 20__ are subject to redemption prior to their stated maturity, in part, by lot, from Mandatory Sinking Account Payments as specified below, commencing on June 1, 20__, at the principal amount of each Series 2024A Bond so redeemed plus accrued interest thereon to but not including the date fixed for redemption, without premium.

Term Series 2024A Bonds due June 1, 20__

<i>Mandatory Sinking Account Payment Dates (June 1)</i>	<i>Mandatory Sinking Account Payments</i>
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[†] Final Maturity.

EXHIBIT A

FORM OF ISSUE PRICE CERTIFICATE

\$ _____

EAST BAY MUNICIPAL UTILITY DISTRICT WASTEWATER SYSTEM REVENUE BONDS, SERIES 2024A (GREEN BONDS)

The undersigned, as the duly authorized representative of Samuel A. Ramirez & Co., Inc. (the “Underwriter”), contract with respect to the East Bay Municipal Utility District Wastewater System Revenue Bonds Series 2024A (Green Bonds) (the “Bonds”) issued by the East Bay Municipal Utility District (the “Issuer”) in the principal amount of \$_____, hereby certifies, based on its records and information, as follows:

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

(a) “General Rule Maturities” means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.” All of the Maturities of the Bonds are General Rule Maturities.

(b) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a related party to an underwriter. The term “related party” for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [BPA Date].

(e) For purposes of paragraph (c) above, “underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth LLP, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Underwriter is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this ____th day of _____, 2024.

SAMUEL A. RAMIREZ & CO., INC.

By: _____
[Name]
[Title]

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES

**EAST BAY MUNICIPAL UTILITY DISTRICT
WASTEWATER SYSTEM REVENUE BONDS,
SERIES 2024A (GREEN BONDS)**

<i>Maturity Date (June 1)</i>	<i>CUSIP</i>	<i>Amount</i>	<i>Rate</i>	<i>Yield</i>
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* Term Bonds

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF

BOND COUNSEL

[TO COME FROM BOND COUNSEL]

EXHIBIT C

FORM OF OPINION OF DISCLOSURE COUNSEL

[TO COME FROM DISCLOSURE COUNSEL]

EXHIBIT D

FORM OF OPINION OF OFFICE OF DISTRICT GENERAL COUNSEL

[CLOSING DATE]

Samuel A. Ramirez & Co., Inc.,
Los Angeles, California

EAST BAY MUNICIPAL UTILITY DISTRICT
(Alameda and Contra Costa Counties, California)
WASTEWATER SYSTEM REVENUE BONDS,
SERIES 2024A (GREEN BONDS)

Ladies and Gentlemen:

I am General Counsel to the East Bay Municipal Utility District (the “District”), a municipal utility district organized and existing pursuant to the Municipal Utility District Act, constituting Division 6 of the Public Utilities Code of the State of California, as amended. This opinion is rendered pursuant to Section 4(e)(4) of the Purchase Contract (the “Purchase Contract”) dated [BPA Date] between the District and Samuel A. Ramirez & Co., Inc., the (“Underwriter”) relating to the sale of \$_____ aggregate principal amount of the District’s Wastewater System Revenue Bonds, Series 2024A (the “Series 2024A Bonds”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Contract or if not defined therein, in the Official Statement dated [BPA Date], relating to the Series 2024A Bonds (the “Official Statement”).

In rendering this opinion, I have examined the following documents: (i) the Wastewater System Revenue Bond Indenture, dated as of April 1, 1990, between the District and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as amended and supplemented, including as amended and restated pursuant to the Twenty-First Supplemental Indenture, dated as of March 1, 2024, and as supplemented by the Twenty-Second Supplemental Indenture, dated as of March 1, 2024, by and between the District and the Trustee (as amended, restated and supplemented, the “Indenture”); (ii) the Continuing Disclosure Agreement, dated _____, 2024, by and between the District and the Digital Assurance Certification, LLC; (iii) the Preliminary Official Statement, dated [POS Date], relating to the Series 2024A Bonds (the “Preliminary Official Statement”) and the Official Statement; (iv) the Series 2024A Bonds; and (v) such other documents and instruments, including certificates of public officials, and have made such investigations of law and of fact as I have deemed necessary or appropriate for the purpose of rendering the opinions set forth herein. The Indenture, the Continuing Disclosure Agreement and the Purchase Contract are collectively referred to herein as the “District Documents.” In addition, I call attention to the fact that the rights and obligations under the District Documents, the Series 2024A Bonds and the other legal documents and the enforceability thereof are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights, to the application of equitable principles, to the

exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California.

Based on the foregoing, I am of the opinion that:

(1) The District is, and was at all relevant times, a municipal utility district duly organized and validly existing under the laws of the State of California.

(2) The resolution or resolutions of the District approving and authorizing the execution and delivery of the Series 2024A Bonds, the District Documents and the Official Statement (the “Resolutions”) were duly adopted and/or approved by the District at meetings of the Board of Directors of the District, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and each of the District Documents has been duly authorized, executed and delivered by the District and (assuming due authorization, execution and delivery by the other parties thereto) constitutes the legal, valid and binding obligation of the District.

(3) Except as disclosed in the Preliminary Official Statement and the Official Statement or otherwise disclosed in writing by the District to the Underwriter on or prior to the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending (with service of process having been accomplished) or, to my actual knowledge after reasonable investigation, threatened against or affecting the District: (i) in any material respect affecting or contesting the existence of the District or the titles of its officers to their respective offices; or (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Series 2024A Bonds; or (iii) contesting or affecting, as to the District, the validity or enforceability of the Series 2024A Bonds or the District Documents; or (iv) contesting the powers of the District or its authority to enter into, adopt or perform its obligations under the Series 2024A Bonds or the District Documents or contesting or affecting the power or authority of the District to impose rates and charges, or the collection thereof, or the pledge of revenues under the Indenture; or (v) which may result in any material adverse change in the ability of the District to pay the Series 2024A Bonds; or (vi) contesting the status of the interest on the Series 2024AA Bonds as excludable from federal gross income as described in the Preliminary Official Statement and in the Official Statement; or (vii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement; or (viii) wherein an unfavorable ruling or finding would result in any material adverse change in the business operations or financial condition of the District or the Wastewater System.

(4) The issuance of the Series 2024A Bonds, the execution and delivery of the District Documents and the Official Statement by the District, the adoption of the Resolutions, and compliance by the District with the provisions of the foregoing, as appropriate, to the best of my actual knowledge after reasonable investigation, do not and will not in any material respect conflict with or constitute on the part of the District a Material Breach or Default under any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject or any existing law, administrative regulation, judgment, decree, court order or consent decree to which

the District or any of its property or assets is subject. In rendering the foregoing opinion, I have relied, in part, upon the opinion of Stradling Yocca Carlson & Rauth LLP, expressed in paragraph (4) of its supplemental opinion delivered on this date.

(5) Except as described in the Preliminary Official Statement and the Official Statement, no authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California having jurisdiction over the District or its property is required for the valid authorization, execution, delivery and performance by the District of the District Documents or the Official Statement or for the adoption of the Resolutions which has not been obtained, provided that no opinion is expressed with respect to qualification under Blue Sky or other state securities laws.

(6) Without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement and based upon the information made available to me during the preparation of the Preliminary Official Statement and the Official Statement as General Counsel to the District, nothing has come to my attention which causes me to believe that (i) the information contained in the Preliminary Official Statement under the captions “THE DISTRICT,” “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS” and “LITIGATION” and in Appendix A—“THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM)” (excluding therefrom forecasts, projections, estimates, assumptions and the financial and statistical data included in the Preliminary Official Statement, as to which no opinion is expressed), as of the date of the Purchase Contract, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (ii) the information contained in the Official Statement under the captions “THE DISTRICT,” “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS” and “LITIGATION” and in Appendix A—“THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM)” (excluding therefrom forecasts, projections, estimates, assumptions and the financial and statistical data included in the Official Statement, as to which no opinion is expressed), as of the date thereof and as of the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(7) The Adjusted Net Wastewater Revenues are free and clear of and from any and all liens and encumbrances other than as set forth in the Official Statement.

(8) Under the laws of the State of California, the District has the authority to fix and collect rates, fees and charges in connection with the services and facilities furnished by the Wastewater System and is not presently subject to the regulatory jurisdiction of any state, regional or local government regulatory authority in connection with fixing and collecting such rates, fees and charges. No assurance can be given that any such legislation may not be proposed or introduced after the date of this opinion.

I express no opinion as to any matters other than as expressly set forth above and assume no obligation to revise or supplement this opinion should any law on which any opinions are based or any facts or matters upon which I have relied subsequently change. Without limiting the generality of the foregoing, I specifically express no opinion as to the status of the Series 2024A Bonds or the interest thereon under any federal securities laws or any state securities or “Blue Sky” law or any federal, state or local tax law. Further, I express no opinion on the laws of any jurisdiction other than the State of California and the United States of America.

This opinion is delivered to you as the Underwriter and is solely for the benefit of the Underwriter and is not to be used by any other person or for any other purpose.

Very truly yours,

Derek T. McDonald
General Counsel

EXHIBIT E

FORM OF TRUSTEE COUNSEL’S OPINION

[CLOSING DATE]

Samuel A. Ramirez & Co., Inc.,
Los Angeles, California

EAST BAY MUNICIPAL UTILITY DISTRICT
(Alameda and Contra Costa Counties, California)
WASTEWATER SYSTEM REVENUE BONDS,
SERIES 2024A (GREEN BONDS)

Ladies and Gentlemen:

I have acted as special counsel to U.S. Bank Trust Company, National Association, as successor trustee (“USB”), in connection with the Wastewater System Revenue Bond Indenture, dated as of April 1, 1990, between the District and USB, as amended and supplemented, including as amended and restated pursuant to the Twenty-First Supplemental Indenture, dated as of March 1, 2024, and as supplemented by the Twenty-Second Supplemental Indenture, dated as of March 1, 2024, by and between the District and USB (as amended, restated and supplemented, the “Indenture”), in connection with the issuance of \$_____ aggregate principal amount of East Bay Municipal Utility District Wastewater System Revenue Bonds, Series 2024A (Green Bonds). This opinion is rendered pursuant to Section 5(e)(5) of the Purchase Contract, dated [BPA Date] (the “Purchase Contract”), between the District and Samuel A. Ramirez & Co., Inc. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Purchase Contract.

In my capacity as counsel to USB, I have examined originals or copies identified to my satisfaction of: (i) the Articles of Association and By-Laws of USB, (ii) the Indenture, and (iii) such other records, certificates and documents as I have considered necessary or appropriate for the purpose of the opinion hereinafter rendered.

In rendering this opinion, I have relied upon the facts and information obtained from the records of USB, officers of USB, and other sources believed by me to be reliable, and have not undertaken to independently verify the accuracy of the factual matters represented, warranted, or certified in such documents. I have assumed the genuineness of all signatures other than USB’s, the authenticity of documents, certificates and records submitted to me as originals, the conformity to the originals of all documents, certificates and records submitted to me as copies, the legal capacity of all natural persons executing documents other than USB’s, and the completeness and accuracy as of the date of this opinion letter of the information contained in such documents, certificates and records, which assumptions I have not independently verified. The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions.

Based upon and subject to the foregoing and subject to the qualifications set forth below, I am of the opinion that:

1. USB is a national banking association duly organized and validly existing under and by virtue of the laws of the United States of America, having full power and being qualified to enter into and perform its duties under the Indenture.

2. USB has taken all corporate action necessary to assume the duties and obligations of trustee under the Indenture and to authorize in such capacity the execution and delivery of the Twentieth Supplemental Indenture and the acceptance of the duties of USB under the foregoing does not and will not contravene any law or governmental regulation or order presently binding on USB or its Articles of Association or By-Laws or, to my knowledge, contravene any provision or constitute a default under any indenture, contract or other instrument to which USB is a party or by which USB is or may be bound.

3. USB has duly executed and delivered the Twentieth Supplemental Indenture and the Indenture, assuming due authorization, execution and delivery by the District, constitutes the legal, valid and binding obligation of USB, enforceable in accordance with its terms, except to the extent the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, and other similar laws affecting the rights and remedies of creditors generally, and by the effect of general principles of equity, including without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, whether considered in a proceeding at law or in equity.

4. All approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by USB of any of its duties and obligations under the Indenture (insofar as it has the obligation to obtain any such approval, consent or order) have been obtained and are in full force and effect.

I express no opinion as to any matter other than as expressly set forth above, and, in conjunction therewith, I specifically express no opinion as to the status of the Bonds or the interest thereon under any federal securities laws, including but not limited to the Securities Act of 1933, as amended, and the Trust Indenture Act of 1939, as amended, or any state securities or "Blue Sky" law, or any federal, state or local tax law.

This opinion is as of the date hereof, and I have undertaken no, and hereby disclaim any, obligation to advise you of any change in any matter set forth herein even though the changes may affect a legal analysis or conclusion in this opinion letter. Further, this opinion neither implies, nor should it be viewed to imply, an approval or recommendation of any investment in any Bond.

I express no opinion as to the effect of any law other than the law of California and the federal laws of the United States of America on the matters referred to herein, in each case as they exist on the date hereof. I express no opinion with respect to the laws, regulations, or ordinances of any county, municipal or other local governmental agency.

This opinion is furnished by me solely for your benefit. This opinion letter may be relied upon by you only in connection with the transaction described in the initial paragraph of this opinion letter and may not be used or relied upon by you for any other purpose or by any other person for any purpose whatsoever without, in each instance, my prior written consent.

Respectfully submitted,

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”), dated [CLOSING DATE], is executed and delivered by the East Bay Municipal Utility District (the “District”) and Digital Assurance Certification, LLC (the “Dissemination Agent”) in connection with the issuance of \$_____ aggregate principal amount of Wastewater System Revenue Bonds, Series 2024A (Green Bonds) (the “Bonds”). The Bonds are being issued pursuant to a Wastewater System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and U.S. Bank Trust Company, National Association as successor trustee (the “Trustee”), as amended and supplemented, including by the Twenty-Second Supplemental Indenture, dated as of March 1, 2024, providing for the issuance of the Bonds (collectively, the “Indenture”). In connection therewith, the District and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter (as defined herein) in complying with Securities and Exchange Commission 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” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Disclosure Representative” shall mean the Director of Finance or the Treasury Manager of the District or a designee of the Director of Finance, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Digital Assurance Certification, LLC, or any successor dissemination agent designated in writing by the District and which has filed a written acceptance of such designation.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean either the registered owners of the Bonds or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Listed Event” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the

Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the final Official Statement of the District relating to the Bonds.

“Participating Underwriter” shall mean the underwriter of the Bonds listed on the cover page of the Official Statement required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than December 31 of each year in which the Bonds are outstanding, commencing with the Annual Report for the Fiscal Year 2023-24 (which is due not later than December 31, 2024), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report must be submitted in electronic format, accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; *provided* that if the audited financial statements of the District are not available by the date required above for the filing of the Annual Report, the District shall submit the audited financial statements as soon thereafter as available. If the District’s Fiscal Year changes, the District shall give notice of such change in the same manner as for a Listed Event under Section 5(c) and the Annual Reports shall be provided to the MSRB no later than six months after the end of such Fiscal Year.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall send to the MSRB, in a timely manner, on or before such date a notice in substantially the form attached hereto as Exhibit A.

(c) The Dissemination Agent shall:

- (i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB each year prior to the date for providing the Annual Report; and
- (ii) file a report with the District and (if the Dissemination Agent is not the Trustee, the Trustee) certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement, and stating the date it was provided.

Section 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following categories or similar categories of information updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement relating to the Bonds):

(a) The audited financial statements of the District for the prior 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 District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

- (b) A table showing Wastewater System sources of funds;
- (c) A table showing Wastewater System rates and charges for the preceding Fiscal Year;
- (d) A table showing average daily Wastewater flows of the Wastewater System for the preceding Fiscal Year;
- (e) A table showing Outstanding Wastewater System debt as of the preceding Fiscal Year; and
- (f) A table showing Wastewater System revenues, operating and maintenance expenses, debt service on Wastewater System revenue bonds and debt service coverage for the Wastewater System revenue bonds for the most recent Fiscal Year.

Financial and operating information relating to the District referenced in items 3(b)-(f) above may be updated from time to time, and such updates may involve displaying data in a different format or table or eliminating data that is no longer material.

Any or all of the items listed above may also be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or the SEC. If any document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this section, upon the occurrence of any of the following events (in each case to the extent applicable) with respect to the Bonds, the District shall give, or cause to be given by so notifying the Dissemination Agent in writing and instructing the Dissemination Agent to give, notice of the occurrence of such event, in each case, pursuant to Section 5(c) hereof:

1. principal or interest payment delinquencies;
2. non-payment related defaults, if material;
3. modifications to the rights of the Bondholders, if material;
4. optional, contingent or unscheduled calls, if material, and tender offers;
5. defeasances;
6. rating changes;
7. adverse tax opinions or 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 Bonds or other material events affecting the tax status of the Bonds;

8. unscheduled draws on the debt service reserves reflecting financial difficulties;
9. unscheduled draws on the credit enhancements reflecting financial difficulties;
10. substitution of the credit or liquidity providers or their failure to perform;
11. release, substitution or sale of property securing repayment of the Bonds, if material;
12. bankruptcy, insolvency, receivership or similar proceedings of the District, which shall occur as described below;
13. appointment of a successor or additional trustee or the change of name of a trustee, if material;
14. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the Wastewater System of the District 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;
15. incurrence of a Financial Obligation of the District with respect to the Wastewater System, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District with respect to the Wastewater System, any of which affects Holders of the Bonds, if material; or
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District with respect to the Wastewater System, any of which reflect financial difficulties.

For these purposes, (i) any event described in item 12 of this Section 5(a) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District 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 District, 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 District; and (ii) the District intends to comply with the provisions hereof for the Listed Events described in subparagraphs (15) and (16) of this Section 5(a), and the definition of the “Financial Obligation” in Section 2, with reference to the Rule, any other applicable federal securities laws and guidance provided by the SEC in its Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), any further amendments or written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

(b) Upon receipt of notice from the District and instruction by the District to report the occurrence of any Listed Event, the Dissemination Agent shall provide notice thereof to the MSRB in accordance with Section 5(c) hereof. In the event the Dissemination Agent shall obtain actual knowledge

of the occurrence of any of the Listed Events, the Dissemination Agent shall, immediately after obtaining such knowledge, contact the Disclosure Representative, inform such person of the event, and request that the District promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Section 5(c). For purposes of this Disclosure Agreement, “actual knowledge” of the occurrence of such Listed Event shall mean actual knowledge by the Dissemination Agent. The Dissemination Agent shall have no responsibility to determine the materiality, if applicable, of any of the Listed Events.

(c) The District, or the Dissemination Agent, if the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, shall file a notice of such occurrence with the MSRB in a timely manner not more than ten (10) business days after the occurrence of the event.

Section 6. Termination of Reporting Obligation. The District’s obligations under this Disclosure Agreement shall terminate with respect to all Bonds upon the maturity, defeasance, prior redemption, acceleration or payment in full of all of the Bonds and with respect to any Bonds upon the maturity, defeasance, prior redemption or payment in full of such Bonds.

Section 7. Dissemination Agent. The District 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee, upon notice from the District, shall be the Dissemination Agent. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the District pursuant to this Disclosure Agreement and shall not be deemed to be acting in any fiduciary capacity for the District, the Holders of the Bonds or any other party. The Dissemination Agent shall receive compensation for the services provided pursuant to this Disclosure Agreement.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District and the Dissemination Agent may amend this Disclosure Agreement (and, to the extent that any such amendment does not materially change or increase its obligations hereunder, the Dissemination Agent shall agree to any amendment so requested by the District), 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 Section 3(a), Section 4 or Section 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 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District 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 District 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 District 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 District or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% of the aggregate principal amount of Outstanding Bonds and upon provision of indemnification satisfactory to the Trustee, shall), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District or the Dissemination Agent, as the case may be, 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 District or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance hereunder.

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 District 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 any loss, expense and liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the District:

East Bay Municipal Utility District
375 Eleventh Street, MS 801
Oakland, California 94607-4240
Attention: Treasury Manager
Phone: 510-287-0248

To the Dissemination Agent:

Digital Assurance Certification, LLC
[315 E. Robinson Street, Suite 300
Orlando, Florida 32801]
Attention: Shelley Rodgers,
Client Service Manager
Phone: 407-515-1082

Section 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, this Disclosure Agreement has been executed on behalf of the District and the Dissemination Agent by their duly authorized representatives.

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____
Sophia D. Skoda
Director of Finance

DIGITAL ASSURANCE CERTIFICATION, LLC,
as Dissemination Agent

By: _____
Diana O'Brien
Senior Vice President

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: EAST BAY MUNICIPAL UTILITY DISTRICT

Name of Bond Issue: \$ _____
Wastewater System Revenue Bonds, Series 2024A (Green Bonds)

Date of Issuance: _____, 2024

NOTICE IS HEREBY GIVEN that the East Bay Municipal Utility District (the “District”) has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Agreement, dated [CLOSING DATE], 2024, by and between the District and Digital Assurance Certification, LLC, and in accordance with Section 38.15 of the Twenty-Second Supplemental Indenture, dated as of [March 1], 2024, by and between the District and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), supplementing the Wastewater System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, as supplemented and amended, by and between the District and the Trustee, providing for the issuance of the Bonds. The District anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

DIGITAL ASSURANCE CERTIFICATION, LLC, as
Dissemination Agent on behalf of the District

By: _____
Authorized Officer

cc: East Bay Municipal Utility District

PRELIMINARY OFFICIAL STATEMENT DATED ____, 2024

NEW ISSUE – BOOK ENTRY ONLY

Ratings: S&P: “__”
Moody’s: “__”
See “RATINGS” herein.

In the opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the Series 2024A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2024A Bonds is exempt from State of California personal income tax. See “TAX MATTERS” with respect to certain tax consequences relating to the Series 2024A Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.

[DISTRICT LOGO]

\$ _____ *

EAST BAY MUNICIPAL UTILITY DISTRICT
(Alameda and Contra Costa Counties, California)

WASTEWATER SYSTEM REVENUE BONDS, SERIES 2024A (GREEN BONDS)

Dated: Date of Delivery

Due: June 1, as shown on inside cover pages

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page and not otherwise defined shall have the meanings set forth herein.

The East Bay Municipal Utility District (the “District”) is issuing its Wastewater System Revenue Bonds, Series 2024A (Green Bonds) (the “Series 2024A Bonds”) pursuant to a Wastewater System Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as amended and supplemented, including as amended and restated pursuant to the Twenty-First Supplemental Indenture, dated as of March 1, 2024, and as supplemented by the Twenty-Second Supplemental Indenture, dated as of March 1, 2024, by and between the District and the Trustee (as amended, restated and supplemented, the “Indenture”).

The Series 2024A Bonds will be issued in fully-registered form, without coupons, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2024A Bonds. Beneficial ownership interests in the Series 2024A Bonds may be purchased in book-entry form only in denominations of \$5,000 principal amount or any integral multiple thereof. Interest on the Series 2024A Bonds is payable semiannually on June 1 and December 1 of each year, commencing ____, 2024. Principal is payable on June 1 of the years set forth on the inside front cover. The principal or redemption price of, and interest on, the Series 2024A Bonds are payable by the Trustee to DTC, which is obligated in turn to remit such principal or redemption price and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Series 2024A Bonds. See APPENDIX E – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

The Series 2024A Bonds are subject to redemption prior to maturity as more fully described herein. See “THE SERIES 2024A BONDS – Redemption.”

The Series 2024A Bonds are being issued for the purpose of providing moneys to (i) finance and/or reimburse the District for certain costs of improvements to the Wastewater System of the District and (ii) pay costs of issuance of the Series 2024A Bonds, as described herein. See “PLAN OF FINANCE.”

The Series 2024A Bonds are special limited obligations of the District, payable solely from and secured by a pledge of Adjusted Net Wastewater Revenues as more fully described herein. Adjusted Net Wastewater Revenues generally consist of the District’s Wastewater Revenues (adjusted for deposits to and withdrawals from the Rate Stabilization Fund) remaining after the payment of all Wastewater Operation and Maintenance Costs. The Series 2024A Bonds have been issued on parity with the District’s Wastewater System Revenue Bonds and Parity Debt heretofore or hereafter issued, as more fully described herein. The District also operates a Water System. The Series 2024A Bonds are not payable from or secured by the revenues of the Water System of the District. **Neither the full faith and credit nor the taxing power of the District is pledged to the payment of the Series 2024A Bonds or the interest thereon.**

Purchasers of the Series 2024A Bonds will be deemed to have consented to certain additional amendments to the Indenture. See “AMENDMENT AND RESTATEMENT OF THE INDENTURE; ADDITIONAL AMENDMENTS TO TAKE EFFECT IN THE FUTURE – Future Amendments of the Indenture.”

The Series 2024A Bonds are offered when, as and if issued, subject to the approval of validity by Stradling Yocca Carlson & Rauth LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the District by its General Counsel and by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel, and for the Underwriter by Kutak Rock LLP. Montague DeRose and Associates, LLC is serving as municipal advisor to the District in connection with the Series 2024A Bonds. It is anticipated that the Series 2024A Bonds will be available for delivery through the facilities of DTC in New York, New York by Fast Automated Securities Transfer (FAST) on or about _____, 2024.

Ramirez & Co., Inc.

Dated: _____, 2024

* Preliminary, subject to change.

**EAST BAY MUNICIPAL UTILITY DISTRICT
(Alameda and Contra Costa Counties, California)**

MATURITY SCHEDULE

\$ _____*
**Wastewater System Revenue Bonds,
Series 2024A (Green Bonds)**

\$ _____ Serial Series 2024A Bonds

<i><u>Maturity Date</u></i> <i><u>(June 1)</u></i>	<i><u>Principal</u></i> <i><u>Amount</u></i>	<i><u>Interest</u></i> <i><u>Rate</u></i>	<i><u>Yield</u></i>	<i><u>CUSIP[†]</u></i> <i><u>(Base No. 271012)</u></i>
---	---	--	---------------------	--

\$ _____ % Term Series 2024A Bonds due June 1, 20____, Yield _____%; CUSIP[†]: 271012____

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriter and are included solely for the convenience of the holders of the Series 2024A Bonds. Neither the District nor the Underwriter is responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on the Series 2024A Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2024A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2024A Bonds.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2024A Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Series 2024A Bonds.

The information set forth in this Official Statement has been furnished by the District and obtained from official sources and other sources which are believed to be reliable. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the District since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its 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.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (EMMA) website. The District also maintains a website and certain social media accounts. However, the information presented therein is not part of this Official Statement and must not be relied upon in making an investment decision with respect to the Series 2024A Bonds.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2024A BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

FORWARD-LOOKING STATEMENTS

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND “FORWARD-LOOKING STATEMENTS.” NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “EXPECT,” “INTEND,” “BELIEVE” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

EAST BAY MUNICIPAL UTILITY DISTRICT

Alameda and Contra Costa Counties, California
375 Eleventh Street
Oakland, California 94607
(866) 403-2683

Board of Directors

Lesa R. McIntosh, *President*
William B. Patterson, *Vice President*
April Chan
John A. Coleman
Andy Katz
Doug A. Linney
Marguerite Young

Management

Clifford C. Chan, *General Manager*
Derek T. McDonald, *General Counsel*
Sophia D. Skoda, *Director of Finance*
Amit Mutsuddy, *Director of Wastewater*
Olujimi O. Yoloye, *Director of Engineering and Construction*
Michael T. Tognolini, *Director of Water and Natural Resources*
David A. Briggs, *Director of Operations and Maintenance*
Rischa S. Cole, *Secretary of the District*
David Glasser, *Controller*
Robert L. Hannay, *Treasury Manager*
Jacqueline Lee, *Debt Administrator*

Bond and Disclosure Counsel

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

Municipal Advisor

Montague DeRose and Associates, LLC
Walnut Creek, California

Trustee

U.S. Bank Trust Company, National Association
San Francisco, California

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OFFICIAL STATEMENT

\$ _____*

EAST BAY MUNICIPAL UTILITY DISTRICT
(Alameda and Contra Costa Counties, California)
WASTEWATER SYSTEM REVENUE BONDS, SERIES 2024A (GREEN BONDS)

INTRODUCTION

This Introduction is not a summary of this Official Statement, and is qualified by more complete and detailed information contained elsewhere in the Official Statement. A full review should be made of the entire Official Statement, including the cover page and attached appendices. The offering of Series 2024A Bonds to potential investors is made only by means of the entire Official Statement. Certain definitions of capitalized terms used and not defined herein are set forth in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Purpose

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to set forth certain information concerning the East Bay Municipal Utility District (the “District”), the wastewater interception, treatment and disposal system owned by the District (the “Wastewater System” or the “System”), and System finances, in connection with the sale of the District’s \$ _____* Wastewater System Revenue Bonds, Series 2024A (Green Bonds) (the “Series 2024A Bonds”). The Series 2024A Bonds are being issued pursuant to the Wastewater System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as amended and supplemented, including as amended and restated pursuant to the Twenty-First Supplemental Indenture, dated as of March 1, 2024, and as supplemented by the Twenty-Second Supplemental Indenture, dated as of March 1, 2024, by and between the District and the Trustee, relating to the Series 2024 Bonds (as so amended, restated and supplemented, the “Indenture”). See also “AMENDMENT AND RESTATEMENT OF THE INDENTURE; ADDITIONAL AMENDMENTS TO TAKE EFFECT IN THE FUTURE.”

The Series 2024A Bonds are being issued for the purpose of providing moneys to (i) finance and/or reimburse the District for certain costs of improvements to the Wastewater System of the District and (iii) pay costs of issuance in connection with the Series 2024A Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF FINANCE.” See also APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM) – THE WASTEWATER SYSTEM – Capital Improvement Program.”

The District

The District is a municipal utility district, created in 1923 by vote of the electorate in portions of Alameda and Contra Costa Counties in the State of California (the “State”). The District is formed under the authority of the Municipal Utility District Act, constituting Division 6 of the Public Utilities Code of the State, commencing with Section 11501 (the “Municipal Utility District Act”). Pursuant to the Municipal Utility District Act, the District is empowered to own and operate the Wastewater System. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM).” The District also operates a water system (the “Water System”).

* Preliminary, subject to change.

The Series 2024A Bonds are not payable from or secured by the revenues of the Water System of the District.

Security for the Series 2024A Bonds

The Series 2024A Bonds are special limited obligations of the District, payable solely from and secured by a pledge of the Adjusted Net Wastewater Revenues of the District, as defined in the Indenture. Adjusted Net Wastewater Revenues generally consist of the District's Wastewater Revenues (adjusted for deposits to and withdrawals from the Rate Stabilization Fund) remaining after the payment of all Wastewater Operation and Maintenance Costs. All Outstanding Wastewater System revenue bonds issued under the Indenture, together with any additional Wastewater System revenue bonds hereafter issued under the Indenture, are secured on parity by Adjusted Net Wastewater Revenues and are collectively referred to herein as the "Wastewater System Revenue Bonds." See "SECURITY FOR THE SERIES 2024A BONDS – Pledge of Adjusted Net Wastewater Revenues."

The Series 2024A Bonds are secured on parity with the District's other Wastewater System Revenue Bonds to be Outstanding upon the delivery thereof, together with any additional Wastewater System Revenue Bonds hereafter issued and with any other Parity Debt (which may include payment obligations under interest rate swap agreements) heretofore or hereafter incurred in accordance with the Indenture. See "SECURITY FOR THE SERIES 2024A BONDS – Outstanding Wastewater System Revenue Obligations," and "– Issuance of Additional Wastewater System Revenue Bonds and Parity Debt; Junior and Subordinate Obligations." As of January 1, 2024, the District had Outstanding \$338,300,000 aggregate principal amount of Wastewater System Revenue Bonds. See APPENDIX A – "THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM) – WASTEWATER SYSTEM FINANCES – Outstanding Debt." See also "PLAN OF FINANCE – Refunding of the Refunded Bonds."

NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS PLEDGED TO THE PAYMENT OF THE SERIES 2024A BONDS OR THE INTEREST THEREON.

Rate Covenant

The District covenants under the Indenture that it will at all times, while any of the Wastewater System Revenue Bonds (including the Series 2024A Bonds) remain Outstanding, fix, prescribe and collect rates, fees and charges in connection with the services and facilities furnished by the Wastewater System so as to yield Wastewater Revenues in each Fiscal Year sufficient so that the Adjusted Net Wastewater Revenues for such year shall be at least equal to 1.1 times the amount of Debt Service on all Wastewater System Revenue Bonds and Parity Debt for such Fiscal Year. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants." See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND FEES AND CHARGES."

Continuing Disclosure

Pursuant to a Continuing Disclosure Agreement, dated the date of delivery of the Series 2024A Bonds, by and between the District and Digital Assurance Certification, LLC, as dissemination agent (the "Dissemination Agent"), the District will covenant and agree for the benefit of the holders and beneficial owners of the Series 2024A Bonds to provide certain financial information and operating data relating to the District and the Wastewater System by not later than December 31 of each year in which the Series 2024A Bonds are outstanding (or if the District's fiscal year changes, by no later than six months after the end of such Fiscal Year) (the "Annual Report"), commencing with the Annual Report for Fiscal Year

2023-24, and to provide notices of the occurrence of certain specified events. The Annual Report and the notices of specified events will be filed by the Dissemination Agent on behalf of the District with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access system (“EMMA”). See “CONTINUING DISCLOSURE.” These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). See also APPENDIX F – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

As of the date hereof, the District is in compliance in all material respects with its continuing disclosure undertakings for the last five years. Filings through EMMA are linked to a particular issue of obligations by CUSIP number (which is subject to change after the issuance of obligations as a result of various subsequent actions). The District uses its best efforts to confirm that each report filed through EMMA is linked to all the correct 9-digit CUSIP numbers. However, as a technical matter, it has come to the District’s attention that certain filings during the past five years, when made, were not appropriately linked to all applicable CUSIP numbers. The District has since caused the applicable filings to be linked to the additional CUSIPs.

Professionals Involved in the Issue

U.S. Bank Trust Company, National Association serves as Trustee under the Indenture. Certain legal matters incident to the authorization, issuance and sale of the Series 2024A Bonds are subject to the approval of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Certain legal matters will be passed upon for the District by its General Counsel and by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel, and for the Underwriter by Kutak Rock LLP, Irvine, California, Underwriter’s Counsel. Montague DeRose and Associates, LLC, Walnut Creek, California, is serving as municipal advisor to the District in connection with the issuance of the Series 2024A Bonds.

Summaries Not Definitive

The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary or reference is qualified in its entirety by reference to each such document, statute, report or instrument. The capitalization of any word not conventionally capitalized or otherwise defined herein, indicates that such word is defined in the Indenture and, as used herein, has the meaning given to it in the Indenture. Unless otherwise indicated, all financial and statistical information herein has been provided by the District.

All references to and summaries of the Indenture and all documents, statutes, reports and other instruments referred to herein are qualified in their entirety by reference to the full Indenture and each such document, statute, report or instrument, respectively, copies of which are available for inspection at the offices of the District in Oakland, California, and will be available from the Trustee upon request and payment of duplication costs. Forward-looking statements in this Official Statement are subject to risks and uncertainties. Actual results may vary from forecasts or projections contained herein if events and circumstances do not occur as projected, and such variances may be material.

Additional Information

The District regularly prepares a variety of publicly available reports, including audits, budgets and related documents. Any Series 2024A Bondholder may obtain a copy of any such report, as available, from the Trustee or the District. Additional information regarding this Official Statement may be obtained by contacting the Trustee or Sophia D. Skoda, Director of Finance, East Bay Municipal Utility District, 375 Eleventh Street, Oakland, California 94607-4240, (866) 403-2683.

THE DISTRICT

The District is a municipal utility district, created in 1923 by vote of the electorate in portions of Alameda and Contra Costa Counties in the State of California. The District is formed under the authority of the Municipal Utility District Act. Under the Municipal Utility District Act, municipal utility districts are empowered to acquire, construct, own, operate or control works for supplying the district and public agencies in the district with light, water, power, heat, transportation, telephone service or other means of communications, means for the collection, treatment or disposition of garbage, sewage or refuse matter, and public recreation facilities appurtenant to its reservoirs and may do all things necessary and convenient to the full exercise of powers granted in the Municipal Utility District Act. The District presently exercises only those functions relating to water supply, power generation and recreational facilities through its Water System, and, within an area known as Special District No. 1, sewerage and wastewater interception, treatment and disposal, and power generation through its Wastewater System. Special District No. 1 covers only a portion of the service area of the District. The District presently does not intend to exercise other functions. Such other functions and the related facilities, if exercised, would not constitute part of the Water System or the Wastewater System.

For information on the District, the Wastewater System and its finances and operations, see APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM)” and APPENDIX B – “EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022.”

PLAN OF FINANCE

Purposes of the Series 2024A Bonds

The proceeds of the Series 2024A Bonds will be applied to (i) finance and/or reimburse the District for certain costs of improvements to the Wastewater System of the District and (iii) pay costs incidental to the issuance of the Series 2024A Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS.”

Series 2024A Bonds Designation as Green Bonds

The Series 2024A Bonds are being issued for the primary purpose of providing additional moneys to finance (by reimbursement to the District of) a portion of the costs of various improvements to the District’s Wastewater System. The District has designated the Series 2024A Bonds as “Green Bonds” to allow investors to invest directly in bonds that finance environmentally beneficial projects. Such designation has been made by the District in accordance with the District’s Board-approved Guidance for Issuing Green Bonds (the “District’s Green Bond Guidance”), which was most recently approved by the District Board on March 22, 2022. The District’s Green Bond Guidance identifies the criteria (described below) that the District expects to take into consideration in identifying the types of “green” projects the costs of which may be funded (or reimbursed to the District) from the proceeds of Green Bonds. The District’s Green Bonds Guidance further provides that in identifying potential projects for Green Bond financing, the District’s aim should be towards including projects that best meet one or more of the identified criteria and excluding those projects that appear marginal or that have unresolved sustainability issues.

The District has promoted principles of sustainability for a number of years. The District initially adopted a Sustainability Policy, District Policy 7.05, in 1994. The District’s current Sustainability Policy provides that it is the policy of the District to provide reliable, high-quality drinking water and wastewater service through sustainable and resilient planning, design, construction, operations, maintenance, rehabilitation, and disposal activities that manage long-term economic, environmental, and human

resource benefits. The District's current Sustainability Policy further provides for District staff to annually report to the Board summarizing the status of the District's sustainability efforts.

In identifying projects eligible for Green Bond financing, the District considers projects that are designed to meet one or more of the following criteria to be "green" projects: (i) maintain water quality; (ii) improve water use efficiency, including conservation through reduced water loss; (iii) improve biodiversity and ecosystem quality; (iv) protect against flooding; (v) reduce pollution; (vi) improve resilience (adaptation) to climate change; (vii) reduce the combustion of fossil fuels; (viii) reduce greenhouse gas emissions; (ix) implement "reduce, reuse, recycle" practices in preference to raw materials; or (x) adhere to sustainable purchasing guidelines. Where relevant, the District's Green Bond Guidance maps these criteria for alignment with the categories, principles, or goals under the standards or frameworks established by the International Capital Market Association's Green Bond Principles, the United Nations' Sustainable Development Goals and the Climate Bonds Initiative's Climate Bonds Taxonomy. It should be noted that such mapping is provided for comparison purposes only and no representation is made by the District that the projects satisfying the District's criteria will necessarily fit the mapped criteria from the other frameworks.

The District's Green Bond Guidance as approved by the Board on March 22, 2022 is set forth in APPENDIX G – "THE DISTRICT'S GREEN BOND GUIDANCE AND EXPECTED SERIES 2024A BONDS GREEN BOND PROJECTS." Also set forth in Appendix G is a list of the particular projects that are considered by the District to be "green" projects, the costs of which the District expects to be funded (through reimbursement to the District) from proceeds of the Series 2024A Bonds. Proceeds of the Series 2024A Bonds will primarily be used to reimburse the District for some or all of the costs of the projects identified in Exhibit G. The proceeds of the Series 2024A Bonds will be deposited into a separately labeled account by the District and allocated to prior expenditures for capital improvement projects identified by the District as satisfying its criteria for green projects. Because proceeds of the Series 2024A Bonds will be applied to reimburse the District for prior expenditures made in connection with the projects identified in Exhibit G, the District does not intend to undertake any further tracking of and reporting on the use of the proceeds of the Series 2024A Bonds.

There can be no assurance that the green projects funded with the proceeds of the Series 2024A Bonds will meet an investor's expectations regarding sustainability performance. It is possible that adverse environmental or social impacts may occur during the design, construction and operation of the green projects. For additional information regarding the District's capital improvement program for the Wastewater System, and a description of the major programs and projects included therein, see APPENDIX A – "THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM) – THE WASTEWATER SYSTEM – Capital Improvement Program."

The terms "Green Bonds" and "green project" are neither defined in nor related to provisions in the Indenture or otherwise defined under State or federal laws. No independent certification is being obtained with respect to the treatment of the Series 2024A Bonds as Green Bonds. The use of such terms herein is for identification purposes only and is not intended to provide or imply that an owner of the Series 2024A Bonds is entitled to any additional security other than as provided in the Indenture. The repayment obligations of the District with respect to the Series 2024A Bonds are not conditioned on the completion of any particular project or the satisfaction of any certification relating to the status of the Series 2024A Bonds as Green Bonds. The District assumes no obligation to ensure that these projects comply with any legal or other principles of green projects as such principles may evolve over time. The District's Green Bond Guidance as applied in connection with the Series 2024A Bonds may be updated or changed in the future at the Board's discretion.

The Series 2024A Bonds will not constitute “exempt facility bonds” issued to finance “qualified green building and sustainable design projects” within the meaning of Section 142(1) of the Internal Revenue Code of 1986, as amended (the “Code”).

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Series 2024A Bonds, rounded to the nearest dollar, are as follows:

Sources

Principal Amount	\$
Original Issue Premium/Discount	
Total	<u>\$</u>

Uses

Series 2024A (Green Bonds)	
Wastewater System Fund ⁽¹⁾	\$
Underwriter’s Discount	
Costs of Issuance ⁽²⁾	
Total	<u>\$</u>

⁽¹⁾ Includes amounts to be reimbursed to the District for prior expenditures.

⁽²⁾ Includes legal, financing and consulting fees, rating agency fees, printing costs and other miscellaneous expenses.

THE SERIES 2024A BONDS

General Description

The Series 2024A Bonds will be issued in the respective aggregate principal amounts, will bear interest at the respective rates and will mature in the respective years and amounts, all as set forth on the inside cover page of this Official Statement. The Series 2024A Bonds will be issued in denominations of \$5,000 principal amount or any integral multiple thereof. The Series 2024A Bonds will be dated, and shall bear interest from, their date of delivery. Interest on the Series 2024A Bonds is payable on each June 1 and December 1, commencing on ____, 2024, and will be computed on the basis of a 360-day year of twelve 30-day months. The Series 2024A Bonds will be issued as fully registered bonds in book-entry form only and when delivered will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2024A Bonds. So long as DTC, or its nominee, Cede & Co., is the registered owner of the Series 2024A Bonds, all payments of principal or redemption price of, and interest on, the Series 2024A Bonds will be made directly to DTC, which is obligated in turn to remit such principal or redemption price and interest to its DTC participants for subsequent disbursement to the beneficial owners of the Series 2024A Bonds. See APPENDIX E – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Redemption

Optional Redemption. The Series 2024A Bonds maturing on or before June 1, 20__ are not subject to optional redemption prior to maturity. The Series 2024A Bonds maturing on and after June 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part (by such maturities as may be specified by the District and by lot within a maturity), on any date on or after June 1, 20__, at a redemption price equal to

the principal amount of Series 2024A Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

Mandatory Redemption. The Series 2024A Bonds maturing on June 1, 20___ are subject to redemption prior to their stated maturity, in part, by lot, from Mandatory Sinking Account Payments as specified below, commencing on June 1, 20___, at the principal amount of each Series 2024A Bond so redeemed plus accrued interest thereon to but not including the date fixed for redemption, without premium.

Term Series 2024A Bonds due June 1, 20___

<i>Mandatory Sinking Account Payment Dates (June 1)</i>	<i>Mandatory Sinking Account Payments</i>
	\$

†

† Final Maturity.

Upon an optional redemption of a portion of any term Series 2024A Bond, the District shall provide the Trustee with a revised schedule of the foregoing Mandatory Sinking Account Payments which shall provide for a reduction in the amount of one or more of the Mandatory Sinking Account Payments coming due on such term Series 2024A Bond after such redemption as specified by the District in such schedule to reflect such redeemed portion.

Notice of Redemption. Notice of redemption of the Series 2024A Bonds shall be given by the Trustee, not less than 20 nor more than 60 days prior to the redemption date, to DTC by electronic means of communication or by first-class mail or, if the book-entry system as described in Appendix E has been discontinued, to the respective Owners of any Series 2024A Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee by first-class mail, and to EMMA by electronic means of communication, or to such other securities depositories or information services as the District may designate in a Request of the District delivered to the Trustee. Such notice of redemption will state, among other things, the date of issue of the Series 2024A Bonds to which such notice relates, the redemption date, the redemption price and in the case of Series 2024A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall be given in the form and otherwise in accordance with the terms of the Indenture. Failure by any Owner to receive notice or any defect in any such notice shall not affect the sufficiency of the proceedings for redemption.

In the event of an optional redemption of Series 2024A Bonds, if the District shall not have deposited or otherwise made available to the Trustee the money required for the payment of the redemption price of the Series 2024A Bonds to be redeemed at the time of the mailing of notice of redemption, such notice of redemption shall state that the redemption is expressly conditioned upon the timely deposit of sufficient funds therefor with the Trustee.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Series 2024A Bonds, the maturities of the Series 2024A Bonds to be redeemed shall be specified by the District. In the case of partial redemption of less than all of the Series 2024A Bonds of any maturity, the Trustee will select the Series 2024A Bonds of such maturity to be

redeemed from all Series 2024A Bonds and maturity not previously called for redemption, in authorized denominations, by lot, in any manner which the Trustee in its sole discretion deems appropriate and fair.

Effect of Redemption. If notice of redemption is 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 Series 2024A Bonds (or portions thereof) so called for redemption is held by the Trustee, then on the redemption date designated in such notice, the Series 2024A Bonds (or portions thereof) so called for redemption will become due and payable at the redemption price specified in the notice of redemption, together with interest accrued thereon to the date fixed for redemption, interest on such Series 2024A Bonds so called for redemption will cease to accrue, the Series 2024A Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture and the owners of the Series 2024A Bonds (or portions thereof) will have no rights in respect thereof except to receive payment of the redemption price plus accrued interest.

AMENDMENT AND RESTATEMENT OF THE INDENTURE; ADDITIONAL AMENDMENTS TO TAKE EFFECT IN THE FUTURE

Amendment and Restatement of the Indenture

The District's \$338,300,000 outstanding principal amount of Wastewater System revenue bonds were issued pursuant to the Wastewater System Subordinated Revenue Bond Indenture, dated as of April 1, 1990 (the "Original Subordinated Wastewater Revenue Bond Indenture"), by and between the District and First Interstate Bank of California, which has been succeeded by U.S. Bank Trust Company, National Association, as Trustee, as amended and supplemented by various supplemental indentures.

At the time of the initial execution and delivery of the Original Subordinated Wastewater Revenue Bond Indenture in 1990, the District had authorized and had outstanding certain revenue bonds of the District issued pursuant to Resolution No. 30051 adopted by the Board of Directors of the District on January 26, 1982 (as amended and supplemented, the "Senior Wastewater Bond Resolution") and designated as "East Bay Municipal Utility District Wastewater System Revenue Bonds" (the "Senior Wastewater Bonds"). Such Senior Wastewater Bonds were secured by a pledge of, and first lien on, the Net Revenues (as defined in the Senior Wastewater Bond Resolution) of the District's Wastewater System, generally consisting of all of the Wastewater Revenues (adjusted for deposits to and withdrawals from the Rate Stabilization Fund) after payment of Wastewater Operation and Maintenance Costs, all on the terms and conditions set forth in the Senior Wastewater Bond Resolution. At the time of the initial execution and delivery of the Original Subordinated Wastewater Revenue Bond Indenture, the Original Subordinated Wastewater Revenue Bond Indenture did not preclude the District from issuing additional Senior Wastewater Bonds pursuant to the Senior Wastewater Bond Resolution. There are no Senior Wastewater Bonds currently outstanding and the District covenanted pursuant to the Twelfth Supplemental Indenture, dated as of September 15, 2010 (the "Twelfth Supplemental Indenture"), that it would not issue any Senior Wastewater Bonds in the future. Pursuant to the Twelfth Supplemental Indenture, any Wastewater System revenue bonds of the District issued (or remarketed or otherwise reoffered) under the Original Subordinated Wastewater Revenue Bond Indenture following the execution and delivery of the Twelfth Supplemental Indenture have been designated "Wastewater System Revenue Bonds."

The Thirteenth Supplemental Indenture, dated as of October 1, 2010 (the "Thirteenth Supplemental Indenture"), contained a number of amendments to the Original Subordinated Wastewater Revenue Bond Indenture which were to become effective upon the earliest to occur of certain specified events. Upon the issuance of the District's Wastewater System Revenue/Refunding Bonds, Series 2017A, such conditions were satisfied and the amendments to the Original Subordinated Wastewater Revenue Bond Indenture contained in the Thirteenth Supplemental Indenture became effective as of June 14, 2017.

In connection with the issuance of the Series 2024A Bonds, the District is executing and delivering the Twenty-First Supplemental Indenture in order to amend and restate the Original Subordinated Thirteenth Revenue Bond Indenture to: (i) (a) reflect that with all Senior Wastewater Bonds having paid in full and discharged and the lien of the Senior Wastewater Bonds having been closed, Wastewater System revenue bonds issued pursuant to the Original Subordinated Wastewater Bond Indenture (including any supplements thereto) are no longer junior and subordinate to any such Senior Wastewater Bonds, and (b) eliminate references in the Indenture to “subordinate” and to the Senior Wastewater Bond Resolution; and (ii) reflect the incorporation of the amendments made to the Original Subordinated Wastewater Revenue Bond Indenture by the Thirteenth Supplemental Indenture (referenced above) that have become effective.

These changes to the Original Subordinated Wastewater Revenue Bond Indenture as amended and restated pursuant to the Twenty-First Supplemental Indenture are reflected in this Official Statement and in the “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” contained in Appendix C.

Future Amendments of the Indenture

The Twenty-Second Supplemental Indenture, pursuant to which the Series 2024A Bonds are being issued, includes certain material amendments to the Original Subordinated Wastewater Revenue Bond Indenture which purchasers of the Series 2024A Bonds are deemed to consent to by their purchase of the Series 2024A Bonds. Set forth in APPENDIX H – “PROPOSED CHANGES TO INDENTURE” is a description of the amendments and a marked copy of certain provisions of the Indenture which show the amendments and modifications set forth in the Twenty-Second Supplemental Indenture that the District intends to make to the Indenture. Such amendments will become effective on the date that consent of the Owners of a majority in principal amount of the Bonds then Outstanding has been obtained and a certificate of the District to such effect has been filed with the Trustee (the “Amendments Effective Date”).

Upon the Amendments Effective Date, the Twenty-Second Supplemental Indenture will effectuate certain significant amendments to the Indenture, including:

- modifications to the District’s rate covenant;
- modifications to the provisions allowing for the District to issue additional Bonds or incur other Parity Debt that are payable from Adjusted Net Wastewater Revenues on a parity with the payment by the District of the Wastewater System Revenue Bonds; and
- modifications to the timing requirement for the District to furnish its audited financial statements to the Trustee for each Fiscal Year.

Under the Indenture, the amendments set forth in the Twenty-Second Supplemental Indenture and described in Appendix H to this Official Statement will not become effective until the consent of Owners of a majority in principal amount of the Bonds then Outstanding has been obtained. The District is planning to effectuate the consent of Owners through a “springing consent” process, which means that the District will require the holders of each new Series of Bonds that it issues, including the Series 2024 Bonds, to be deemed to have consented to the proposed amendments in the Twenty-Second Supplemental Indenture until the requisite consents have been obtained. After giving effect to the issuance of the Series 2024A Bonds as contemplated under “PLAN OF FINANCE” herein, the District expects that it has

consent to the proposed amendments in the Twenty-Second Supplemental Indenture of approximately ____%* of the outstanding Bonds.

By the purchase and acceptance of the Series 2024A Bonds, the Owners and Beneficial Owners of the Series 2024A Bonds will be deemed to have consented to the proposed amendments to the Indenture by their purchase of the Series 2024A Bonds. The District will not be requesting separate written consent from the purchasers of the Series 2024A Bonds for the proposed amendments included in the Twenty-Second Supplemental Indenture before the Amendments Effective Date.

Since the proposed amendments to the Indenture set forth in the Twenty-Second Supplemental Indenture will be effectuated on a “springing consent” basis, the timing of when such amendments will become effective will largely depend on the amortization of principal of the existing Wastewater System Revenue Bonds, the timing and sizes of future new money issuances of Wastewater System Revenue Bonds, and the timing and sizes of refundings of Wastewater System Revenue Bonds pursuant to the Indenture. While the timing of when the amendments to the Indenture set forth in the Twenty-Second Supplemental Indenture will become effective will depend on a number of factors, the District believes that the amendments may become effective as early as calendar year 20__, based upon its current five-year financial forecast.

See also APPENDIX H – “PROPOSED CHANGES TO INDENTURE.”

SECURITY FOR THE SERIES 2024A BONDS

General

Authority for Issuance. The Series 2024A Bonds are authorized for issuance pursuant to the Municipal Utility District Act and laws of the State amendatory thereof or supplemental thereto, including the Revenue Bond Law of 1941, as made applicable by Article 6a of Chapter 6 of Division 6 of the Municipal Utility District Act (collectively, the “Act”), resolutions adopted by the District and the Indenture.

Pledge of Adjusted Net Wastewater Revenues

Pursuant to the Indenture, the District has irrevocably pledged to the payment of the principal or redemption price of and interest on the Wastewater System Revenue Bonds, including the Series 2024A Bonds and any Parity Debt, all Adjusted Net Wastewater Revenues (as hereinafter defined) and 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.

“Adjusted Net Wastewater Revenues” is generally defined in the Indenture to mean, for any fiscal period, the sum of (a) all charges received for, and all other income and receipts derived by the District from, the operation of the Wastewater System, or arising from the Wastewater System, together with income from the investment of any moneys in any fund or account established under the Indenture; provided, however, there shall be excluded therefrom any amounts reimbursed to the District by the United States of America pursuant to Section 54AA of the Code or any future similar program (“Wastewater Revenues”) for such fiscal period, plus (b) the amounts, if any, withdrawn by the District from the Rate Stabilization Fund for treatment as Wastewater Revenues for such fiscal period, less the sum of (c) all Wastewater Operation and Maintenance Costs (as hereinafter defined) for such fiscal

* Preliminary; subject to change.

period, and (d) the amounts, if any, withdrawn by the District from Wastewater Revenues for such fiscal period for deposit in the Rate Stabilization Fund.

The District may deposit into, or withdraw amounts from time to time held in, the Rate Stabilization Fund within 120 days after the end of the applicable Fiscal Year. Amounts deposited into the Rate Stabilization Fund shall be deducted from Wastewater Revenues for such Fiscal Year. Amounts withdrawn from the Rate Stabilization Fund shall be included in Wastewater Revenues for such Fiscal Year and may be applied for any purposes for which Wastewater Revenues generally are available. All interest and earnings upon deposits in the Rate Stabilization Fund will not be held therein, but will be treated and accounted for as Wastewater Revenues. The amount on deposit in the Rate Stabilization Fund as of January 1, 2024 was \$32,000,000.

“Wastewater Operation and Maintenance Costs” is generally defined in the Indenture to mean the reasonable and necessary costs of maintaining and operating the Wastewater System, calculated on sound accounting principles, including (among other things) the reasonable expenses of management, repair and other expenses necessary to maintain and preserve the Wastewater System in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes and other similar costs, but excluding in all cases depreciation and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, and excluding all costs paid from the proceeds of taxes received by the District.

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

The Series 2024A Bonds are not payable from or secured by the revenues of the Water System of the District.

The Series 2024A Bonds are special limited obligations of the District, payable solely from and secured by a pledge of Adjusted Net Wastewater Revenues. Neither the full faith and credit nor the taxing power of the District is pledged to the payment of the Series 2024A Bonds or the interest thereon.

Allocation of Adjusted Net Wastewater Revenues Under the Indenture

In accordance with the Indenture, all Adjusted Net Wastewater Revenues, when and as received by the District, shall be deposited into a fund to be established and maintained by the District designated as the “Revenue Fund.” So long as any Wastewater System Revenue Bonds are Outstanding, the District will transfer the moneys in the Revenue Fund into the following respective funds (established, maintained and held by the Trustee in trust for the benefit of the Owners of the Wastewater System Revenue Bonds) in the following order of priority; provided, that on a parity with such deposits the Trustee may set aside or transfer amounts with respect to outstanding Parity Debt as provided in the proceedings for such Parity Debt (which deposits shall 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 Wastewater System Revenue Bonds and such Parity Debt):

Interest Fund. The District will transfer to the Trustee to be set aside in the Interest Fund on or before the Business Day prior to each interest payment date an amount equal to the interest becoming due and payable on the Outstanding Wastewater System Revenue Bonds (excluding any interest for which

there are moneys on deposit in the Interest Fund from the proceeds of any Series of Wastewater System Revenue Bonds or other source to pay such interest).

Principal Fund; Sinking Accounts. The District shall transfer to the Trustee to be set aside in the Principal Fund on or before the Business Day prior to each principal or sinking account payment date an amount equal to the amount of Bond Obligation (as defined in the Indenture) plus the Mandatory Sinking Account Payments becoming due and payable on such date. All Mandatory Sinking Account Payments shall be made without priority of any payment into any one such sinking account over any other such payment.

Bond Reserve Funds. Upon the occurrence of any deficiency in any bond reserve fund established pursuant to the Indenture for any Series of Wastewater System Revenue Bonds, the District shall transfer to the Trustee and the Trustee shall set aside in such bond reserve fund an amount equal to the aggregate amount of each unreplenished prior withdrawal from such bond reserve fund until there is on deposit in such bond reserve fund an amount equal to the respective reserve requirement for such bond reserve fund. There is no bond reserve fund being established in connection with the Series 2024A Bonds. See “– No Bond Reserve Fund for Series 2024A Bonds” below.

The requirements of each such fund (including the making up of any deficiencies in any such fund resulting from a lack of Adjusted Net Wastewater Revenues sufficient to make any earlier required deposit) at the time of deposit is to be satisfied before any deposit is made to any other fund subsequent in priority. The Indenture provides that any Adjusted Net Wastewater Revenues remaining in the Revenue Fund after the foregoing transfers, except as otherwise provided in a Supplemental Indenture, shall be held free and clear of the Indenture by the District. The District may use and apply such Adjusted Net Wastewater Revenues for any lawful purpose of the District, including the redemption of Wastewater System Revenue Bonds upon the terms and conditions set forth in a Supplemental Indenture relating to such Wastewater System Revenue Bonds and the purchase of Wastewater System Revenue Bonds as and when and at such prices as it may determine.

Under the Indenture the District may enter into an interest rate swap agreement corresponding to the interest rate or rates payable on a Series of Wastewater System Revenue Bonds or any portion thereof and the amounts received by the District or the Trustee, if any, pursuant to such an interest rate swap agreement may be applied to the deposits required under the Indenture. If the District so designates, amounts payable under the interest rate swap agreement shall be secured by Adjusted Net Wastewater Revenues and other assets pledged under the Indenture to the Wastewater System Revenue Bonds on a parity basis therewith.

For further information regarding the allocation of Adjusted Net Wastewater Revenues with respect to the Wastewater System Revenue Bonds, see APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Adjusted Net Wastewater Revenues.”

No Bond Reserve Fund for Series 2024A Bonds

There is no bond reserve fund being established in connection with the Series 2024A Bonds and amounts on deposit in any bond reserve fund for any other Series of Wastewater System Revenue Bonds are not available for the payment of, and do not in any manner secure, the Series 2024A Bonds.

Rate Covenant

The District has covenanted under the Indenture that it will, at all times while any of the Wastewater System Revenue Bonds remain Outstanding, fix, prescribe and collect rates, fees and charges in connection with the services and facilities furnished by the Wastewater System so as to yield

Wastewater Revenues in each Fiscal Year sufficient so that the Adjusted Net Wastewater Revenues for such year shall be at least equal to 1.1 times the amount of Debt Service on all Wastewater System Revenue Bonds and Parity Debt for such Fiscal Year. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Certain Definitions” for the definition of Debt Service under the Indenture. See also “AMENDMENT AND RESTATEMENT OF THE INDENTURE; ADDITIONAL AMENDMENTS TO TAKE EFFECT IN THE FUTURE – Future Amendments of the Indenture.”

Outstanding Wastewater System Revenue Obligations

Outstanding Wastewater System Revenue Bonds and Parity Debt. As of January 1, 2024, the District had Outstanding \$338,300,000 aggregate principal amount of Wastewater System Revenue Bonds (collectively, the “Outstanding Wastewater System Revenue Bonds”) issued under and pursuant to the Indenture. All of the District’s Outstanding Wastewater System Revenue Bonds are fixed rate bonds. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM) – WASTEWATER SYSTEM FINANCES – Outstanding Debt.”

The District’s \$150,000,000 Outstanding Wastewater System Revenue Bonds, Series 2010B were issued as “Build America Bonds” that are “qualified bonds” under the provisions of the American Recovery and Reinvestment Act of 2009. For the purpose of calculating Debt Service, Annual Debt Service and Maximum Annual Debt Service under the Indenture, to the extent interest on such Build America Bonds is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code, or any future similar program (such interest subsidy payments being referred to herein as “BABs Interest Subsidy Payments”), then in making such calculations, interest payments with respect to the Build America Bonds shall be reduced by the amount of such interest reasonably anticipated to be paid or reimbursed by the United States of America. Pursuant to Federal sequestration legislation passed by Congress in 2011 and 2013, Federal subsidy payments for direct-pay bonds, including Build America Bonds, have been reduced (by formula) from the original funding subsidy level of 35% of interest costs on direct-pay bonds, including Build America Bonds. The sequestration reduction rate of the Federal subsidy payment for Build America Bonds is 5.7% for the Federal government’s fiscal year 2024 (which began on October 1, 2023 and ends on September 30, 2024), and this means that BABs Interest Subsidy Payments sought by the District for its Build America Bonds will be reduced by this percentage. This reduction will increase the District’s net interest cost. The sequestration reduction rate will be applied unless and until a law is enacted that cancels or otherwise affects the sequester, at which time the sequestration reduction rate is subject to change. At present, pursuant to Federal legislation, sequestration will continue through fiscal year 2031. The District can give no assurance regarding the level of subsidy payments or changes in the sequestration rate, if any, in the future, or whether Congress will adopt legislation in the future that will further reduce subsidy payments for direct-pay bonds, including Build America Bonds. Under the Indenture, the District is obligated to make all interest payments on the Wastewater System Revenue Bonds without regard to the receipt of any federal BABs Interest Subsidy Payments by the District.

The Outstanding Wastewater System Revenue Bonds, together with any additional Wastewater System Revenue Bonds issued under the Indenture (including the Series 2024A Bonds), and any Parity Debt (which may include payment obligations under interest rate swap agreements) heretofore or hereafter issued or incurred in accordance with the Indenture, are on a parity as to the pledge of and lien on Adjusted Net Wastewater Revenues.

Parity State Loans. The District participates from time-to-time in the Clean Water State Revolving Fund loan program administered by the State Water Resources Control Board (the “SWRCB”), which was established to provide below-market rate financing for qualified water quality infrastructure projects in the State. Under this program, the District has from time-to-time entered into

loan contracts with the SWRCB (the “State Loans”) payable from the Wastewater Revenues. The District currently has no outstanding State Loans payable from Wastewater Revenues.

State Loans entered into under the SWRCB low interest rate loan program generally provide that such State Loans shall be either senior to or on a parity with all future debt of the recipient thereof. Any future State Loans received by the District would likely constitute Parity Debt under the Indenture.

Subordinate Commercial Paper. The District maintains a commercial paper note program. Under the District’s commercial paper program, commercial paper notes may be issued at prevailing interest rates for periods of not more than 270 days from the date of issuance. In connection with its commercial paper program, the District has covenanted to procure and maintain in effect for any series or subseries of commercial paper notes issued thereunder one or more liquidity facilities enabling it to borrow an aggregate amount at least equal to the principal amount of such series or subseries of commercial paper notes. As of January 1, 2024, the District had no Commercial Paper Notes (Wastewater Series) issued for the benefit of the Wastewater System under the District’s commercial paper program. Commercial paper notes issued for the benefit of the Wastewater System under such program (and the District’s repayment obligation for amounts borrowed, if any, under any applicable liquidity facility therefor), are payable from and secured by a pledge of Wastewater Revenues on a basis subordinate to the Wastewater System Revenue Bonds and Parity Debt. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM) – WASTEWATER SYSTEM FINANCES – Outstanding Debt” for additional information regarding the District’s authorized commercial paper note programs.

Issuance of Additional Wastewater System Revenue Bonds and Parity Debt; Junior and Subordinate Obligations

The District covenants under the Indenture that it will not create any pledge, lien or charge upon any of the Adjusted Net Wastewater Revenues having priority over or having parity with the lien of the Bonds except only as permitted by the Indenture. The Indenture provides conditions under which additional Series of Wastewater System Revenue Bonds or other Parity Debt payable from Adjusted Net Wastewater Revenues may be issued on a parity with the Outstanding Wastewater System Revenue Bonds. Among other conditions, the Indenture requires that the District shall have placed on file with the Trustee a certificate of the District certifying that the sum of: (1) the Adjusted Net Wastewater Revenues for any period of 12 consecutive months during the 18 months immediately preceding the date on which such additional Wastewater System Revenue Bonds or Parity Debt will become Outstanding; plus (2) 90% of the amount by which the District projects Adjusted Net Wastewater Revenues for such period of 12 months 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 District projects Adjusted Net Wastewater Revenues will increase during the period of 12 months commencing on the date of issuance of such additional Series of Wastewater System Revenue Bonds due to improvements to the Wastewater System under construction (financed from any source) or to be financed with the proceeds of such additional Series of Wastewater System Revenue Bonds, shall have been at least equal to 1.1 times the amount of Maximum Annual Debt Service on all Wastewater System Revenue Bonds and Parity Debt then Outstanding and the additional Wastewater System Revenue Bonds or Parity Debt then proposed to be issued. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Certain Definitions” for the definition of Maximum Annual Debt Service and Debt Service under the Indenture. See also “AMENDMENT AND RESTATEMENT OF THE INDENTURE; ADDITIONAL AMENDMENTS TO TAKE EFFECT IN THE FUTURE – Future Amendments of the Indenture.”

Refunding Wastewater System Revenue Bonds may be authorized and issued by the District without compliance with the provisions described above, subject to the terms and conditions of the Indenture, including the condition that Maximum Annual Debt Service on all Wastewater System

Revenue Bonds and Parity Debt outstanding following the issuance of such refunding Wastewater System Revenue Bonds is less than or equal to Maximum Annual Debt Service on all Wastewater System Revenue Bonds and Parity Debt outstanding prior to the issuance of such refunding Wastewater System Revenue Bonds. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Refunding Bonds.”

The District has in the past, and may from time-to-time in the future, enter into interest rate swap agreements corresponding to the interest rate or rates payable on a Series of Bonds or any portion thereof. Any such interest rate swap agreements may contain such security and payment provisions, including collateral posting obligations and early termination provisions, as determined by the District and subject to any conditions contained in the Indenture. Pursuant to the Indenture, if the District so designates, amounts payable under an interest rate swap agreement may be secured by Adjusted Net Wastewater Revenues and other assets pledged under the Indenture on a parity basis with the Wastewater System Revenue Bonds and other Parity Debt.

Pursuant to the Indenture, the District may incur obligations which are junior and subordinate to the payment of the principal, redemption price, interest and reserve fund requirements for the Wastewater System Revenue Bonds and all Parity Debt and which subordinated obligations are payable as to principal, redemption price, interest and reserve fund requirements, if any, only out of Adjusted Net Wastewater Revenues after the prior payment of all amounts then required to be paid under the Indenture from Adjusted Net Wastewater Revenues for principal, redemption price, interest and reserve fund requirements for the Wastewater System Revenue 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 or the instrument authorizing such Parity Debt, as applicable.

Investment of Moneys in Funds and Accounts Under the Indenture

All moneys held in any of the funds and accounts held by the Trustee and established pursuant to the Indenture shall be invested, as directed by the District, solely in Investment Securities (see APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Certain Definitions” for the definition of Investment Securities under the Indenture). If and to the extent the Trustee does not receive investment instructions from the District with respect to the moneys in such funds and accounts, such moneys shall be invested in a cash sweep or similar account arrangement of or available to the Trustee described in clause (xi) of the definition of Investment Securities.

Unless otherwise provided 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 shall be transferred to the Revenue Fund when received; provided, however, that 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 shall be credited to the fund or account from which such accrued interest was paid.

Limitations on Remedies

The ability of the District to comply with its covenants under the Indenture and to generate Wastewater Revenues sufficient to pay the principal of and interest on the Series 2024A Bonds may be adversely affected by actions and events outside of the control of the District. Furthermore, any remedies available to the owners of the Series 2024A Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain. In addition, enforceability of the rights and remedies of the owners of the Series 2024A Bonds, and the obligations incurred by the District under the Series 2024A Bonds and the Indenture, may become subject to the following: the federal

Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; 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 Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State 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 Series 2024A 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.

See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default; Remedies” for additional information regarding events of default under the Indenture and the remedies available to owners of the Bonds pursuant to the terms thereof.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND FEES AND CHARGES

Tax Limitations – Proposition 13

Article XIII A of the State Constitution, known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIII A limits the maximum *ad valorem* tax on real property to 1% of “full cash value,” and provides that such tax shall be collected by the counties and apportioned according to State statutes. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to *ad valorem* taxes levied to pay interest or redemption charges on (1) indebtedness approved by the voters prior to July 1, 1978, and (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.

Section 2 of Article XIII A defines “full cash value” to mean the county assessor’s valuation of real property as shown on the 1975-76 Fiscal Year tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above. Such legislation further provides that each county will levy the maximum tax permitted by Article XIII A, which is \$1.00 per \$100 of assessed market value. The legislation further establishes the method for allocating the taxes collected by each county among the taxing agencies in the county. Special districts, such as the District, receive an allocation that is based primarily upon their tax levies in certain years prior to the amendment’s effective date relative to the tax levies of other congruent agencies. The District receives approximately 1.25% of the non-debt service related property taxes collected within its jurisdiction from Alameda and Contra Costa counties. See also APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM) – WASTEWATER SYSTEM FINANCES – Property Tax Revenues.”

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain

improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the District.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

The effect of Article XIII A on the District’s finances has been to restrict *ad valorem* tax revenues for general purposes to the statutory allocation of the 1% levy while leaving intact the power to levy *ad valorem* taxes in whatever rate or amount may be required to pay debt service on its outstanding general obligation bonds and unissued bonds authorized prior to July 1, 1978. The District has had no outstanding general obligation bonds for the Wastewater System since such bonds were fully retired on April 1, 2018.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

For a description of the property tax collection procedure and certain statistical information concerning tax collections and delinquencies, see APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM) – WASTEWATER SYSTEM FINANCES – Property Tax Revenues.”

Spending Limitations

At the statewide special election of November 6, 1979, the voters approved an initiative entitled “Limitation of Government Appropriations” which added Article XIII B to the California Constitution. Under Article XIII B, State and local governmental entities have an annual “appropriations limit” which limits the ability to spend certain moneys which are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations.” Article XIII B does not affect the appropriation of moneys which are excluded from the definition of “appropriations subject to limitation.” Among the exclusions is an “appropriation of any special district which existed on January 1, 1978, and which did not as of the 1977-78 Fiscal Year levy an *ad valorem* tax on property in excess of 12.5 cents per \$100 of assessed value.” In the opinion of the District’s General Counsel, the appropriations of the District are excluded from the limitations of Article XIII B under this clause.

Proposition 62

A statutory initiative (“Proposition 62”) was adopted by the voters voting in the State at the November 4, 1986 General Election which (1) requires that any tax for general governmental purposes imposed by local governmental entities be approved by resolution or ordinance adopted by two-thirds vote of the governmental agency’s legislative body and by a majority of the electorate of the governmental entity, (2) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within that jurisdiction, (3) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (4) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A, (5) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities and (6) requires that any tax imposed by a local governmental entity on or after March 1, 1985 be ratified by a majority vote of the electorate within two years of the adoption of the initiative or be terminated by November 15, 1988.

Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, the so-called “Right to Vote on Taxes Act.” Proposition 218 added Articles XIIC and XIID to the State Constitution, which contain a number of provisions affecting the ability of local governments to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIID. Article XIID established procedural requirements for the imposition of assessments, which are defined as any charge on real property for a special benefit conferred upon the real property. Standby charges are classified as assessments. Procedural requirements include the conducting of a public hearing and an election by mailed ballot, with notice to the record owner of each parcel subject to the assessment. The assessment may not be imposed if a majority of the ballots returned oppose the assessment, with each ballot weighted according to the proportional financial obligation of the affected parcel. The District does not currently impose standby charges or assessments for its Wastewater System.

Article XIID conditions the imposition or increase of any “fee” or “charge” subject to its provisions upon there being no written majority protest after a required public hearing and, for fees and charges other than for sewer, water or refuse collection services, voter approval. Article XIID defines “fee” or “charge” to mean levies (other than *ad valorem* or special taxes or assessments) imposed by a local government upon a parcel or upon a person as an incident of the ownership or tenancy of real property, including a user fee or charge for a “property-related service.” One of the requirements of Article XIID is that before a property-related fee or charge may be imposed or increased, a public hearing upon the proposed fee or charge must be held and notice must be mailed to the record owner of each identified parcel of land upon which the fee or charge is proposed for imposition. In the public hearing if written protests of the proposed fee or charge are presented by a majority of the owners of affected identified parcel(s), an agency may not impose the fee or charge.

Article XIID provides that nothing in Proposition 218 shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The California Supreme Court decisions in *Richmond v. Shasta Community Services District*, 32 Cal. 4th 409 (2004) (“Richmond”), and *Bighorn Desert View Water Agency v. Verjil*, 39 Cal. 4th 206 (2006) (“Bighorn”) have clarified uncertainty surrounding the applicability of Section 6 of Article XIID to service fees and charges. In *Richmond*, the California Supreme Court upheld a Court of Appeal decision that water connection fees (which included a capacity charge for capital improvements to the water system and a fire suppression charge) imposed by the Shasta Community Services District were not property related fees or charges subject to Article XIID because a water connection fee results from the property owner’s voluntary decision to apply for the connection. In both *Richmond* and *Bighorn*, however, the Court stated that a fee for ongoing water service through an existing connection is imposed “as an incident of property ownership” within the meaning of Article XIID, rejecting, in *Bighorn*, the water agency’s argument that consumption based water charges are not imposed “as an incident of property ownership” but as a result of the voluntary decisions of customers as to how much water to use.

The District has followed the notice, hearing and protest procedures in Article XIID in connection with wastewater rate increases since its Fiscal Year 2008 rate increases, and plans to follow such notice, hearing and protest procedures in connection with future rate increases.

In addition to the procedural requirements of Article XIID, under Article XIID all property-related fees and charges, including those which were in existence prior to the passage of Proposition 218 in November 1996, must meet the following substantive standards:

- (1) Revenues derived from the fee or charge cannot exceed the funds required to provide the property-related service.
- (2) Revenues derived from the fee or charge must not be used for any purpose other than that for which the fee or charge was imposed.
- (3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership must not exceed the proportional cost of the service attributable to the parcel.
- (4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted. Standby charges, whether characterized as charges or assessments, must be classified as assessments and cannot be imposed without compliance with Section 4 of Article XIID (relating to assessments).
- (5) No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services where the service is available to the public at large in substantially the same manner as it is to property owners.

The California Fourth District Court of Appeal decision in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*, 235 Cal.App.4th 1493 (2015), clarified that tiered rate structures, or inclining block rates, that go up progressively are compatible with the cost of service limitations of Article XIID when each tier reflects the actual costs of service for property owners falling in such tier. The court held that the City of San Juan Capistrano's water rates violated Article XIID because the city failed to meet its burden of proof in demonstrating that its tiered water rates corresponded to the actual costs of providing service to each tier at a given level of usage. On May 19, 2015, the City of San Juan Capistrano announced that the city and the San Juan Capistrano Taxpayers Association, Inc. had reached a settlement, under the terms of which the city agreed that it would not seek review by the California Supreme Court of the Appellate Court decision. Similar rate challenges under Proposition 218 have been reported to have been filed from time-to-time against other public agencies in California. The District is unable to predict the outcome of any such ongoing litigation or any future litigation under Proposition 218 that may follow.

It is District policy to conduct periodic cost of service studies for its rates and charges. The District believes that its established rates for wastewater service comply with the substantive standards of Article XIID. However, due to the uncertainties of evolving case law and potential future judicial interpretations of Proposition 218, the District is unable to predict at this time whether Proposition 218 could be interpreted, for example, to further limit fees and charges for wastewater services and/or to require stricter standards for the allocation of costs among customers and customer classes. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM) – WASTEWATER SYSTEM FINANCES – Rates and Charges.”

Article XIIC. Article XIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge.” On July 24, 2006, the California Supreme Court held in *Bighorn-Desert View Water Agency v. Verjil* that the provisions of Article XIIC applied to rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations. The District and its General Counsel do not believe that

Article XIIC grants to the voters within the District the power to repeal or reduce rates and charges in a manner that would be inconsistent with the contractual obligations of the District.

The interpretation and application of Proposition 218 will likely be subject to further judicial determinations, and the District is unable to predict the outcome of such determinations, or what, if any, further implementing legislation will be enacted. No assurance can be given that the courts will not further interpret Article XIIC and Article XIID to limit the ability of the District to impose, levy, charge and collect increased fees and charges for wastewater services, or the voters of the District will not, in the future, approve initiatives which seek to repeal, reduce or prohibit the future imposition or increase of assessments, fees or charges, including the District's wastewater service fees and charges, which are the source of Adjusted Net Wastewater Revenues pledged to the payment of debt service on the Series 2024A Bonds.

Proposition 26

Proposition 26, which amended Articles XIIA and XIIC of the California Constitution, was approved by the electorate at the November 2, 2010 election. Proposition 26 imposes a majority voter approval requirement on local governments with respect to certain fees and charges for general purposes, and a two-thirds voter approval requirement with respect to certain fees and charges for special purposes, unless the fees and charges are expressly excluded. Proposition 26, according to its supporters, was intended to prevent the circumvention of tax limitations imposed by the voters in California Constitution Articles XIIA, XIIC and XIID pursuant to Proposition 13, approved in 1978, Proposition 218, approved in 1996, and other measures. Proposition 26 expressly excludes from its scope "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 cost to the local government of providing the service or product" and "assessments and property-related fees imposed in accordance with the provisions of Article XIID." The District believes that its wastewater fees and charges meet the criteria for exclusion under Proposition 26 and that the initiative is not intended to, and would not, apply to fees for wastewater services charged by the District. The District is unable to predict, however, how Proposition 26 will be interpreted by the courts or what its ultimate impact will be.

Other Initiatives

Articles XIIA, XIIB, XIIC and XIID and Propositions 62 and 26 were adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiatives have been and could be proposed and adopted affecting the District's revenues or ability to increase revenues. Neither the nature and impact of these measures nor the likelihood of qualification for ballot or passage can be anticipated by the District.

Initiative 1935. A voter initiative, designated as Initiative 1935 and entitled "Limits Ability of Voters and State and Local Governments to Raise Revenues for Government Services. Initiative Constitutional Amendment," and otherwise known as "The Taxpayer Protection and Government Accountability Act," ("Initiative 1935") has been determined to be eligible for the State's November 5, 2024 statewide general election, and, unless withdrawn by its proponent prior to June 27, 2024, will be certified as qualified for the ballot in such election. If it were to be approved by the voters in the election, Initiative 1935 would amend Article XIIC of the State Constitution to, among other things, provide that charges (or increases in charges) imposed by a local government after January 1, 2022 for services or products provided directly to the payor (including, potentially, fees and charges for wastewater utility services) are "taxes" subject to voter approval unless the local government can prove by clear and convincing evidence that the charge is an "exempt charge" and not a tax and that the charge is reasonable and does not exceed the "actual cost" of providing the service or product to the payor. "Actual cost" is defined in Initiative 1935 to mean "(i) the minimum amount necessary to reimburse the government for

the cost of providing the service or product to the payor and (ii) where the amount charged is not used by the government for any purpose other than reimbursing that cost.” Initiative 1935 further states that “[i]n computing “actual cost” the maximum amount that may be imposed is the actual cost less all other sources of revenue including, but not limited to taxes, other exempt charges, grants, and state or federal funds received to provide such service or product.” Initiative 1935 would also amend Article XIII C to state that any tax or exempt charge adopted after January 1, 2022, but prior to the effective date of Initiative 1935, which was not adopted in compliance with the requirements of Initiative 1935 is void 12 months after the effective date of Initiative 1935, if adopted, unless the tax or exempt charge is reenacted in compliance with the provisions of Initiative 1935.

In September 2023, California Governor Gavin Newsom filed an Emergency Petition For Writ Of Mandate (the “Writ”) with the California Supreme Court seeking pre-election review of Initiative 1935 by the court. The Governor’s petition argues that Initiative 1935 is an unlawful attempt to revise the California Constitution and would impede the government’s ability to provide the essential functions of government. The Writ seeks the removal of Initiative 1935 from the November 2024 Statewide general election ballot. On November 29, 2023, the California Supreme Court granted pre-election review of Initiative 1935. There can be no assurance as to the timing of any California Supreme Court decision with respect to Initiative 1935.

If submitted to, and approved by the voters, Initiative 1935 would be subject to judicial interpretation. The District is unable to predict whether and how Initiative 1935, if approved, would be interpreted or applied but it is possible that any such interpretation or application could further limit future fees and charges or future increases in fees and charges for wastewater utility services, require stricter standards for the allocation of costs among customer classes and/or otherwise adversely impact the District’s Wastewater System revenues.

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CERTAIN RISK FACTORS

This section provides a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Series 2024A Bonds. The ability of the District to pay principal of and interest on the Series 2024A Bonds depends primarily upon the District's receipt of Adjusted Net Wastewater Revenues. Any one or more of the risk factors discussed below, among others, could adversely affect the ability of the District to realize Adjusted Net Wastewater Revenues in amounts sufficient to satisfy the requirements of the Indenture and make timely payments of principal of or interest on the Series 2024A Bonds and/or lead to a decrease in the market price and/or in the marketability of the Series 2024A Bonds. The order in which this information is presented does not necessarily reflect the relative importance of various risks or the probability of their occurrence. Further, there can be no assurance that other risk factors not discussed herein will not become material and the District has not undertaken to update investors about the emergence of the risk factors in the future. This section is provided for convenience and is not meant to be a comprehensive or definitive discussion of all of the risks associated with an investment in the Series 2024A Bonds. Many of the risk factors identified below are more fully discussed elsewhere in this Official Statement. Potential investors are advised to read the entire Official Statement, including the appendices hereto, to obtain information essential to making an informed investment decision.

Limited Obligations; General

The Series 2024A Bonds are special limited obligations of the District payable solely from and secured solely by a pledge of Adjusted Net Wastewater Revenues of the District. Neither the full faith and credit nor the taxing power of the District is pledged for the payment of the Series 2024A Bonds or the interest thereon. The Series 2024A Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the District's property or its income, receipts or revenues, except the Adjusted Net Wastewater Revenues. See "SECURITY FOR THE SERIES 2024A BONDS."

The ability of the District to generate Adjusted Net Wastewater Revenues in amounts sufficient to pay principal of and interest on the Series 2024A Bonds and all other Outstanding Wastewater System Revenue Bonds and Parity Debt may be adversely affected by actions and events outside the control of the District. Among other matters, general and local economic conditions and changes in law and government regulations (including initiatives and moratoriums on growth) could adversely affect the amount of Wastewater Revenues that the District receives or significantly increase Wastewater Operation and Maintenance Costs. Wastewater System rates and charges are calculated in part based upon metered water volumes. As a result, water deliveries at less than expected levels could result in lower than expected Adjusted Net Wastewater Revenues. Further, the realization of future Adjusted Net Wastewater Revenues by the District is subject to, among other things, the capabilities of management of the District, the ability of the District to provide wastewater services to its customers, and the ability of the District to establish, maintain and collect rates and charges sufficient to pay for Wastewater Operation and Maintenance Costs, debt service on Wastewater System Revenue Bonds, and other obligations payable from such Wastewater Revenues. See APPENDIX A – "THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM) – WASTEWATER SYSTEM FINANCES."

No Bond Reserve Fund

No bond reserve fund has been established for the Series 2024A Bonds. Amounts on deposit in any bond reserve fund established with respect to any other Series of the District's Wastewater System Revenue Bonds do not secure and are not available for the payment of the Series 2024A Bonds. See "SECURITY FOR THE SERIES 2024A BONDS."

Climate Change

One of the factors that may pose a risk to the operations of the District's Wastewater System is climate change. Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, and extreme temperatures and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. The effects of global climate change are expected to increase the risk of inundation at low-lying wastewater facilities as sea levels rise. In addition, higher intensity storms are expected in California as a result of climate change, which are projected to result in potentially higher peak wet weather flow events. The District has incorporated climate change into its planning activities. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM) – THE WASTEWATER SYSTEM – Wastewater Facilities” and “– Climate Change.”

Limitations on Rate-Setting

The generation of Adjusted Net Wastewater Revenues sufficient to satisfy the requirements of the Indenture and to pay the principal of and interest on the Series 2024A Bonds and all other Wastewater System Revenue Bonds and Parity Debt will require the District to periodically raise the wastewater rates and charges payable by its customers. The increase or imposition of retail wastewater rates is subject to various substantive and procedural requirements and limitations, including Proposition 218, which added Article XIII C and XIII D to the State Constitution. Proposition 218 further authorizes the exercise of the initiative power by voters to repeal or reduce wastewater rate and charges. The District's adopted wastewater rates for Fiscal Years 2024 and 2025 have been imposed in accordance with the notice, hearing and protest procedures provided for under Proposition 218. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND FEES AND CHARGES” and APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM) – WASTEWATER SYSTEM FINANCES – Rates and Charges.”

Statutory and Regulatory Compliance

The construction and operation of wastewater facilities and the discharge of wastewater are highly regulated activities. Federal, state and local standards and regulations are subject to change. In the event the District were to fail to comply with applicable laws and regulations, significant fines and penalties could be imposed by such agencies. In addition to claims by private parties, changes in the scope and standards for public agency wastewater systems such as the Wastewater System may also lead to administrative orders issued by federal or State regulators. Future compliance with new statutory and regulatory requirements or orders concerning matters such as water quality, discharge requirements and biosolids management could require significant capital investments and/or increases in Wastewater Operation and Maintenance Costs. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM) – THE WASTEWATER SYSTEM –Regulatory Matters.”

Costs of Capital Improvement Program; Construction Risks

As described herein, during the Fiscal Years 2024 through 2028, the District's capital improvement program for the Wastewater System is projected to require cash expenditures of approximately \$334.8 million. The actual cost of acquiring and constructing the various components of the planned capital improvements to the Wastewater System will depend on a variety of factors, including but not limited to potential rising costs or shortages of labor or materials, the discovery of unforeseen subsurface conditions, natural hazards or seismic events encountered during construction, severe weather conditions, access to financial markets or other events outside the control of the District. There can be no assurances that costs for acquisition and construction of capital improvements to the Wastewater System will not significantly exceed the amounts projected by the District. It is expected that a portion of the

costs of the District's capital improvement program will be funded from proceeds of the Series 2024A Bonds and future revenue bond financings of the District. See APPENDIX A – "THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM) – THE WASTEWATER SYSTEM – Capital Improvement Program."

Casualty Risks

California is subject to geotechnical and extreme weather conditions which represent potential safety hazards, including floods, expansive soils, wildfires, high winds and areas of potential liquefaction and landslide. Natural disasters, including earthquakes, floods, wildfires, high winds, or man-made disasters or accidents, could cause failure of Wastewater System infrastructure or otherwise interrupt operation of the Wastewater System and thereby impair the ability of the District to generate Wastewater Revenues. The severity and/or frequency of natural disaster occurrences may be exacerbated by the impacts of climate change. The occurrence of such events could also result in liability claims against the District. Under the doctrine of inverse condemnation (a legal concept that entitles property owners to just compensation if their property is damaged by a public use), California courts have imposed liability on utilities in legal actions brought by property holders for damages caused by the utility's infrastructure. Thus, if certain facilities of the District, such as its wastewater conveyance facilities, are determined to be the substantial cause of damage to property from sewer system overflows and flooding or otherwise, and the doctrine of inverse condemnation applies, the District could be liable for property damages in certain cases without having been found negligent.

The Indenture requires the District to maintain public liability insurance and insurance on the Wastewater System against such risks as and in such amounts as the District deems prudent taking into account insurance coverage for similar utilities but only if it is obtainable at rates deemed reasonable by the District and upon terms and conditions deemed reasonable by the District. The District uses a combination of self-funding/self-insuring and insurance coverage in the District's risk management program; however, the program does not provide coverage for every conceivable risk of loss. The District's insurance program does not currently include earthquake coverage. Further, in the event of material damage to Wastewater System facilities, there can be no assurance that any insurance proceeds will be sufficient to rebuild or replace such facilities.

See APPENDIX A – "THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM) – THE WASTEWATER SYSTEM – Seismic Matters" and "– Insurance."

Cybersecurity; Other Safety and Security Risks

Cybersecurity breaches could damage the District's information and security systems and cause material disruption to its operations. The occurrence of military conflicts and terrorist activities, including cyber terrorism, could also adversely impact the operations of the Wastewater System or the finances of the District. Foreign state-sponsored and other cyber-activities may increase during periods of geopolitical conflict such as the ongoing conflict in Ukraine. United States government agencies have in the past issued warnings indicating that critical infrastructure sectors such as water and wastewater systems may be specific targets of cybersecurity threats. Attacks directed at critical sector operations could damage assets, cause operational malfunctions and outages, and result in costly recovery and remediation efforts. The District maintains active security (including information security) and emergency preparedness programs and has a number of security measures and safeguards in place. However, there can be no assurance that any existing or additional safety and security measures will prove adequate in the event that military conflicts or terrorist activities, including cyber terrorism, or acts of malfeasance are directed against the assets of the Wastewater System or the information technology systems of the District. The costs of security measures or of remedying damage from security breaches could be greater than presently anticipated. See APPENDIX A – "THE EAST BAY MUNICIPAL UTILITY DISTRICT

(THE WASTEWATER SYSTEM) – THE WASTEWATER SYSTEM – Security and Emergency Preparedness; Cybersecurity.”

Global Health Emergencies; COVID 19 Pandemic

A pandemic, epidemic or outbreak of an infectious disease can have significant adverse health and financial impacts on global and local economies. For example, beginning in 2020, the COVID-19 pandemic negatively affected economic activity throughout the world, including the United States and the State of California. The initial impacts of stay-at home orders globally was unprecedented, with commerce, travel, asset values and financial markets experiencing disruptions worldwide. Due to the essential nature of the services provided by the District’s Wastewater System, the District’s ability to provide wastewater service was not impaired and the District did not experience a significant, materially adverse impact on its annual revenues or operations as a result of COVID-19. However, in light of measures implemented by the District to mitigate the economic impact of COVID-19 on its customers, the District experienced increased delinquencies and more non-payment of utility bills than normal, which may continue. Moreover, while the declarations of COVID-19 as a public health emergency have been lifted, future pandemics and other widespread public health emergencies can and do arise from time to time. The District cannot predict whether another national or localized outbreak of highly contagious or epidemic disease in the future could negatively impact the District’s operations and finances and/or the economy of its service area. For additional information regarding the impacts of COVID-19 on the District, see APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM) – WASTEWATER SYSTEM FINANCES – Billing and Collection Procedures – *COVID-19 Effects*.”

Uncertainties of Projections, Forecasts and Assumptions

Certain information contained in this Official Statement is based upon assumptions and projections. Projections and assumptions are inherently subject to significant uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur and actual results are likely to differ, perhaps materially, from those projected. Accordingly, such projections are not necessarily indicative of future performance. See “FORWARD-LOOKING STATEMENTS” on page (b) of the inside cover pages of this Official Statement. See also APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM) – WASTEWATER SYSTEM FINANCES – Projected Operating Results.”

Limitations on Remedies

Upon the occurrence and continuance of an Event of Default under the Indenture, the registered owners of not less than a majority in aggregate principal amount of the Wastewater System Revenue Bonds at the time outstanding are entitled to declare the principal of all of such Wastewater System Revenue Bonds and the interest accrued thereon to be immediately due and payable. However, in the event of a default and such acceleration, there can be no assurance that the District will have sufficient Adjusted Net Wastewater Revenues available for payment of all of the Wastewater System Revenue Bonds. In addition, enforceability of the rights and remedies of the owners of the Series 2024A Bonds, and the obligations incurred by the District under the Series 2024A Bonds and the Indenture, may become subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect; 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 Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose.

If the District fails to comply with its covenants under the Indenture or to pay the principal of and interest on the Series 2024A Bonds, there can be no assurance that the available legal remedies will be adequate to protect the interests of the owners of the Series 2024A Bonds. See “SECURITY FOR THE SERIES 2024A BONDS – Limitations on Remedies” and APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default; Remedies.”

Green Bonds

The designation of the Series 2024A Bonds as Green Bonds is not based upon the receipt by the District of any third-party certification relating to the status of the Series 2024A Bonds as Green Bonds. The terms “Green Bonds” and “green project” are neither defined in nor related to provisions in the Indenture or otherwise defined under State or federal laws. The use of such terms herein is for identification purposes only and is not intended to provide or imply that an owner of the Series 2024A Bonds is entitled to any additional security other than as provided in the Indenture. The Series 2024A Bonds are being designated by the District as “Green Bonds” consistent with the District’s Green Bond Guidance approved by the District Board. However, there can be no assurance that the green projects funded with the proceeds of the Series 2024A Bonds will meet an investor’s expectations regarding sustainability performance. The purpose of labeling the Series 2024A Bonds as “Green Bonds” is, as noted, to allow owners of the Series 2024A Bonds to invest directly in bonds that are expected to finance environmentally beneficial projects. The District assumes no obligation to ensure that these projects comply with any legal or other principles of green projects as such principles may evolve over time. See “PLAN OF FINANCE – Series 2024A Bonds Designation as Green Bonds.”

Tax Law Proposals; Risk of Audit

Existing law may change so as to reduce or eliminate the benefit to beneficial owners of the Series 2024A Bonds of the exclusion of interest thereon from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Series 2024A Bonds.

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt securities issues, including both random and target audits. It is possible that the Series 2024A Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2024A Bonds might be affected as a result of such an audit of the Series 2024A Bonds (or by an audit of similar securities). See “TAX MATTERS.”

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement, dated the date of delivery of the Series 2024A Bonds, by and between the District and the Dissemination Agent, the District will covenant and agree for the benefit of the holders and beneficial owners of the Series 2024A Bonds to provide in an Annual Report certain financial information and operating data relating to the District and the Wastewater System by not later than December 31 of each year in which the Series 2024A Bonds are outstanding (or if the District’s fiscal year changes, by no later than six months after the end of such Fiscal Year), commencing with the Annual Report for Fiscal Year 2023-24, and to provide notices of the occurrence of certain specified events. The Annual Report and the notices of specified events will be filed by the Dissemination Agent on behalf of the District with the Municipal Securities Rulemaking Board through EMMA. The Municipal Securities Rulemaking Board has made such information available to the public without charge through such internet portal. The specific nature of the information to be contained in the Annual Report and the notices of specified events is set forth in APPENDIX F – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

As of the date hereof, the District is in compliance in all material respects with its continuing disclosure undertakings for the last five years. Filings through EMMA are linked to a particular issue of obligations by CUSIP number (which is subject to change after the issuance of obligations as a result of various subsequent actions). The District uses its best efforts to confirm that each report filed through EMMA is linked to all the correct 9-digit CUSIP numbers. However, as a technical matter, it has come to the District's attention that certain filings during the past five years, when made, were not appropriately linked to all applicable CUSIP numbers. The District has since linked the applicable filings to the additional CUSIPs.

LITIGATION

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the District in the issuance and delivery of, or in any way contesting or affecting the validity of, the Series 2024A Bonds or the Indenture, or the pledge of Adjusted Net Wastewater Revenues under the Indenture, or contesting or affecting the power or authority of the District to impose rates and charges for services of the Wastewater System. There is no litigation known to be pending, or to the knowledge of the District, threatened, questioning the existence of the District or the title of the officers of the District to their respective offices.

At any given time, including the present, there are certain other claims and lawsuits against the District that arise in the course of operations of the Wastewater System. Certain of such matters could, if determined adversely to the District, affect expenditures by the District, and in some cases, Wastewater Revenues. The District is also a party to various other legal proceedings affecting the Wastewater System. See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM) – THE WASTEWATER SYSTEM” for a discussion of certain of such matters. In the view of the District's management and General Counsel, there is no litigation pending against the District, or other ongoing legal proceedings to which the District is a party, which if determined adversely to the District, would individually or in the aggregate materially impair the District's ability to pay debt service on its indebtedness, including the Series 2024A Bonds.

RATINGS

S&P Global Ratings (“S&P”) and Moody's Investors Service, Inc. (“Moody's”) have assigned the Series 2024A Bonds the ratings of “__” and “__,” respectively. Each of S&P's and Moody's rating outlook with respect to the Series 2024A Bonds is “___.” No application has been made to any other rating agency for the purpose of obtaining any additional rating on the Series 2024A Bonds. Any desired explanation of such ratings should be obtained from the rating agency furnishing the same. Generally, rating agencies base their ratings on information and materials furnished to them and on investigations, studies and assumptions by the rating agencies. There is no assurance that any rating or rating outlook ascribed thereto will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such change in or withdrawal of such ratings may have an adverse effect on the market price of the Series 2024A Bonds.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series 2024A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that for tax years beginning after December 31, 2022, with

respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest on the Series 2024A Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2024A Bonds is exempt from State of California personal income tax.

Bond Counsel’s opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Series 2024A Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2024A Bonds to assure that interest (and original issue discount) on the Series 2024A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Series 2024A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024A Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Series 2024A Bond Owner’s original basis for determining loss on sale or exchange in the applicable Series 2024A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Series 2024A Bond Owner’s basis in the applicable Series 2024A Bond (and the amount of tax-exempt interest received with respect to the Series 2024A Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Series 2024A Bond Owner realizing a taxable gain when a Series 2024A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2024A Bond to the Owner. Purchasers of the Series 2024A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The difference between the issue price of a Series 2024A Bond (the first price at which a substantial amount of the Series 2024A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Series 2024A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Series 2024A Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Series 2024A Bond Owner will increase the Series 2024A Bond Owner’s basis in the applicable Series 2024A Bond. The amount of original issue discount that accrues to the Owner of a Series 2024A Bond is excluded from the gross income of such Series 2024A Bond Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

The IRS has initiated an expanded program for the auditing of tax exempt bond issues, including both random and targeted audits. It is possible that the Series 2024A Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2024A Bonds might be affected as a result of such an audit of the Series 2024A Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series 2024A Bonds to the extent that it materially adversely affects the exclusion from gross income of interest (and original issue discount) on the Series 2024A Bonds or their market value.

It is possible that subsequent to the issuance of the Series 2024A Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that

affect the federal, state, or local tax treatment of the Series 2024A Bonds or the market value of the Series 2024A Bonds. The introduction or enactment of any of such changes could adversely affect the market value or liquidity of the Series 2024A Bonds. No assurance can be given that subsequent to the issuance of the Series 2024A Bonds such changes (or other changes) will not be introduced or enacted or interpretations will not occur. Before purchasing any of the Series 2024A Bonds, all potential purchasers should consult their tax advisors regarding possible statutory changes or judicial or regulatory changes or interpretations, and their collateral tax consequences relating to the Series 2024A Bonds.

Bond Counsel's opinion with respect to the Series 2024A Bonds may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Series 2024A Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Series 2024A Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel has rendered their opinions that interest (and original issue discount) on the Series 2024A Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Series 2024A Bonds and the accrual or receipt of interest (and original issue discount) on the Series 2024A Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Series 2024A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series 2024A Bonds.

A copy of the form of the opinion of Bond Counsel relating to the Series 2024A Bonds is included in APPENDIX D hereto.

UNDERWRITING

The Series 2024A Bonds are being purchased by Samuel A. Ramirez & Co., Inc., as underwriter of the Series 2024A Bonds (the "Underwriter"), pursuant to and subject to the conditions set forth in the bond purchase contract between the District and the Underwriter, at a purchase price of \$ _____ (equal to the \$ _____ aggregate principal amount of the Series 2024A Bonds, plus original issue premium of \$ _____, less an Underwriter's discount of \$ _____). The bond purchase contract provides that the Underwriter will purchase all of the Series 2024A Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the bond purchase contract.

The Underwriter may offer and sell the Series 2024A Bonds to certain dealers (including dealers depositing Series 2024A Bonds into investment trusts) and others at prices lower than the respective public offering prices stated or derived from information stated on the inside cover pages hereof. The initial public offering prices may be changed from time to time by the Underwriter.

CERTAIN RELATIONSHIPS

The Underwriter and its affiliates are independent non-bank financial services firms that offer investment banking, sales and trading, research, and advisory services. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of sales, trading, brokerage and financing activities, the Underwriter and its affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for their own accounts or the accounts of customers, in debt or equity securities and financial instruments, as applicable, of the District and other governmental entities and utilities. In connection with these activities and the provision of other services, the Underwriter may be or become creditors of such entities.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the offering of the Series 2024A Bonds are subject to the approval of legality by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Certain legal matters will be passed upon for the District by its General Counsel and by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel, and for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California. The form of the approving opinion of Bond Counsel, in connection with the issuance of the Series 2024A Bonds is included as APPENDIX D- “PROPOSED FORM OF BOND COUNSEL OPINION” to this Official Statement.

MUNICIPAL ADVISOR

The District has retained Montague DeRose and Associates, LLC, Walnut Creek, California, as municipal advisor (the “Municipal Advisor”) in connection with the issuance and delivery of the Series 2024A Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

INDEPENDENT ACCOUNTANTS

Included as APPENDIX B – “EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022” to this Official Statement are the audited financial statements of the District for the Fiscal Years ended June 30, 2023 and 2022. The District’s financial statements for the Fiscal Years ended June 30, 2023 and 2022 have been audited by Lance, Soll & Lunghard, LLP, certified public accountants. Lance, Soll & Lunghard, LLP has not been requested to consent to the inclusion of its report in APPENDIX B and it has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Lance, Soll & Lunghard, LLP with respect to any event subsequent to the date of its report.

MISCELLANEOUS

References made herein to certain documents and reports are brief summaries thereof and do not purport to be complete or definitive and reference is hereby made to such documents and reports for a full and complete statement of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or registered owners of any of the Series 2024A Bonds. The delivery and distribution of this Official Statement have been duly authorized by the District.

EAST BAY MUNICIPAL UTILITY DISTRICT

By _____
General Manager

APPENDIX A

THE EAST BAY MUNICIPAL UTILITY DISTRICT

(THE WASTEWATER SYSTEM)



The East Bay Municipal Utility District occupies 326 square miles of the San-Francisco-Oakland metropolitan region. The Wastewater System serves approximately 740,000 persons in an area designated as Special District No. 1, which covers approximately 88 square miles primarily within Alameda County.

EAST BAY MUNICIPAL UTILITY DISTRICT WASTEWATER SYSTEM (SPECIAL DISTRICT NO. 1)

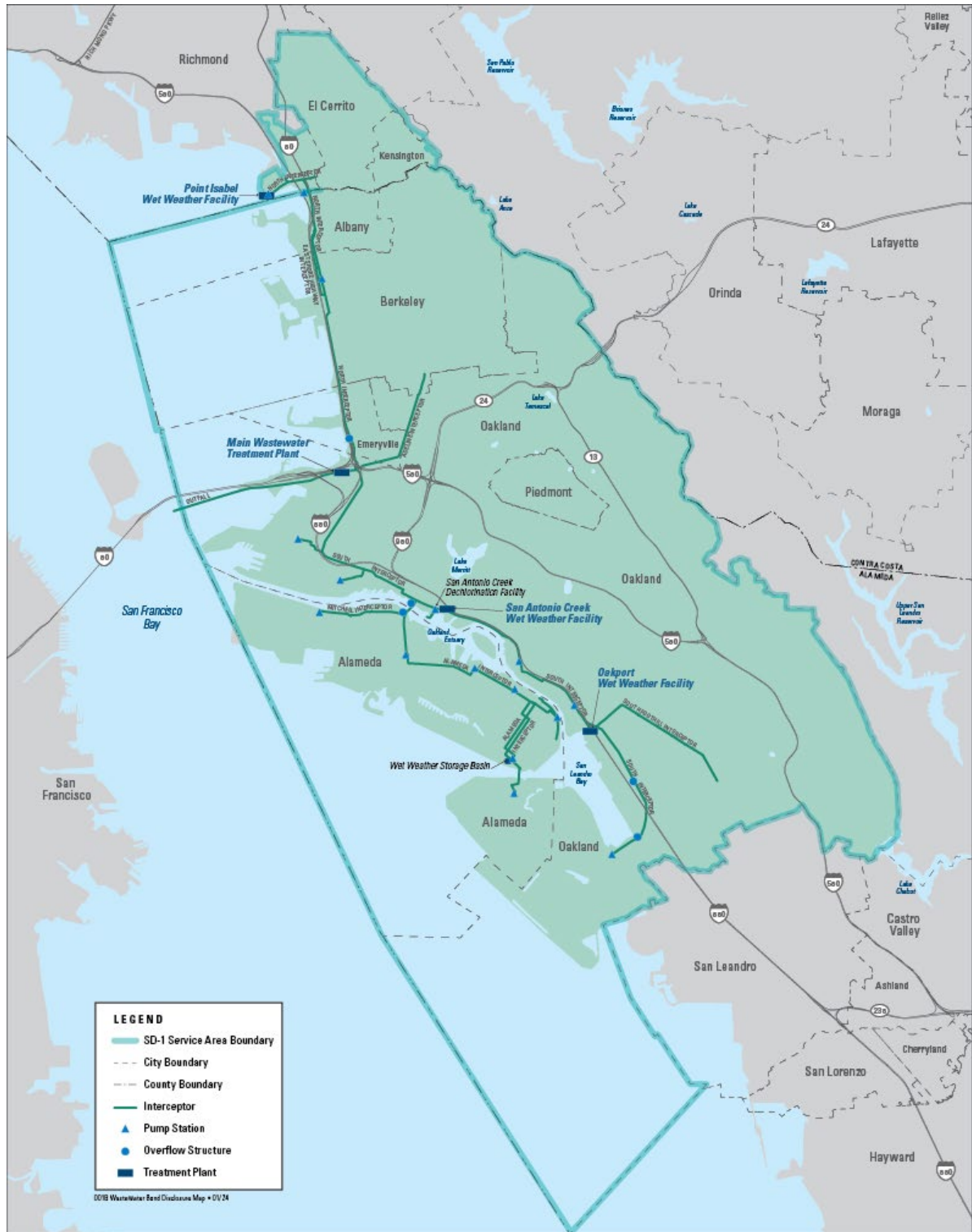


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THE DISTRICT

Organization

In May 1923, voters in cities along the eastern shore of the San Francisco Bay located in portions of Alameda and Contra Costa Counties (known throughout the San Francisco Bay Area as the “East Bay”) elected to create the East Bay Municipal Utility District (the “District”) under the provisions of the Municipal Utility District Act. Under the Municipal Utility District Act, municipal utility districts are empowered to acquire, construct, own, operate or control works for supplying the district and public agencies in the territory of the district with light, water, power, heat, transportation, telephone service or other means of communications, means for the collection, treatment or disposition of garbage, sewage or refuse matter, and public recreation facilities appurtenant to its reservoirs and may do all things necessary and convenient to the full exercise of powers granted in the Municipal Utility District Act. The District presently exercises only those functions relating to water supply, power generation, and recreational facilities through its Water System, and sewerage and wastewater interception, treatment, and disposal and power generation through its Wastewater System, within an area known as Special District No. 1. Special District No. 1 covers only a portion of the service area of the District. The District presently does not intend to exercise other functions. Such other functions and the related facilities, if exercised, would not constitute part of the Water System or the Wastewater System.

District Board

The District, a public agency, is governed by an elected seven-member Board of Directors (the “Board” or “District Board”) which determines such matters as rates and charges for services, approval of contracts and District policy. Voters elect directors by ward to four-year terms. There are seven wards which together cover the entire service area of the District. Each year, the Board elects from among its members persons to serve as Board officers (i.e., President and Vice President). The current members of the District Board have an average service tenure of approximately 18 years. Each of the Board’s current multi-term members has served one or more years as an officer of the Board and has chaired one or more of the Board’s standing committees that review financial, long-range planning, and legislative matters. The following persons currently serve on the Board:

Lesa R. McIntosh has served on the Board since 1999 and represents Ward 1, which includes the Contra Costa County cities of Crockett, Hercules, Rodeo and San Pablo; portions of Richmond and Pinole, and the communities of North Richmond and Selby. Ms. McIntosh is currently President of the Board. Ms. McIntosh represents the District at the Special Districts Association of Contra Costa County and the Los Vaqueros Reservoir Joint Powers Authority. She is a member of the Contra Costa County Bar Association, Black Women Organized for Political Action, and the West Contra Costa County Democratic Club. She previously served on the board of directors of the Legal Services Foundation, and as a board member of the East Bay Community Development Corporation. Ms. McIntosh is an attorney with more than 30 years of experience. She has a Bachelor of Science degree in Political Science from the University of California, Berkeley and a law degree from John F. Kennedy University. Ms. McIntosh’s current term expires on December 31, 2024.

William B. Patterson has served on the Board since 1997 and represents Ward 6, which includes portions of Oakland, including East Oakland and the area south of Park Boulevard/5th Avenue to the San Leandro city boundary, in Alameda County. Mr. Patterson is currently Vice President of the Board. Mr. Patterson represents the District at the Special Districts Association of Alameda County on the board for the Freeport Regional Water Authority. He also serves as a representative for the Business Forum. Mr. Patterson is a current member of Oakland’s Urban

Strategies Council board and previously served on the Oakland Public Ethics and Parks and Recreation Commissions and the Oakland Workforce Investment Board. He retired several years ago, after working for many years as a City of Oakland Manager of Parks and Recreation. Mr. Patterson has Bachelor's and Master's degrees from San Francisco State University. His current term expires on December 31, 2024.

April Chan was elected to the Board in 2022 and represents Ward 7, which includes the areas of Castro Valley, communities of Cherryland and Fairview; portions of San Leandro and Hayward in Alameda County, and a portion of San Ramon in Contra Costa County. Ms. Chan represents the District at the Special Districts Association of Contra Costa County and on the governing board of the DSRSD/EBMUD Recycled Water Authority ("DERWA"). She also serves on the District's Retirement Board. In addition to her service on the District's Board, Ms. Chan also serves on the Alameda County Fire Commission. She is the immediate past chair of the Fairview Municipal Advisory Council. She was appointed to the Fairview Municipal Advisory Council by the Alameda County Board of Supervisors in 2018 and served until she was elected to the District Board in 2022. Her current term expires on December 31, 2026.

John A. Coleman was first elected to the Board in 1990 and represents Ward 2, which includes the Contra Costa County cities of Alamo, Lafayette and Walnut Creek, the Town of Danville, the communities of Blackhawk and Diablo, and portions of Pleasant Hill and San Ramon. Mr. Coleman represents the District on the governing boards of the Freeport Regional Water Authority and the Upper Mokelumne River Watershed Authority (currently as chair of the board), as well as DERWA. Mr. Coleman also serves as a board member of East Bay Leadership Council and as a member of the Maritime Industry Advisory Board of the California State University Maritime Academy, the San Francisco Bay Restoration Authority Advisory Committee, the San Francisco Estuary Institute Regional Monitoring Program, and the Israel-U.S. Water Initiative Advisory Committee. He is also a past president of the Association of California Water Agencies ("ACWA") board of directors and the California Association of Sanitation Agencies, a past Chair of ACWA's Federal Affairs Committee, and a past Chair of ACWA's California Finance Water Task Force. Mr. Coleman is employed as the Chief Executive Officer of the Bay Planning Coalition, which represents maritime and shoreline interests and issues in northern California. He has a Bachelor of Science degree in Natural Resources from the University of California, Berkeley and a certificate in management from the University of Pacific School of Business and Public Administration. His current term expires on December 31, 2026.

Andy Katz was first elected to the Board in 2006 and represents Ward 4, which includes Albany, Berkeley, Emeryville and North Oakland in Alameda County, and El Cerrito and Kensington in Contra Costa County. Mr. Katz is employed as an environmental and workers' rights attorney. He is Chair of the Berkeley Community Health Commission and a former Chair of Sierra Club California. Prior to his election to the District Board, he served for five years as a member of the City of Berkeley Zoning Adjustments Board. Mr. Katz has a Bachelor of Arts degree and a Master of City Planning degree from the University of California, Berkeley, and a law degree from Santa Clara University. His current term expires on December 31, 2026.

Doug A. Linney was first elected to the Board in 2000 and represents Ward 5, which includes the Alameda County cities of Alameda and San Lorenzo, the West Oakland and Oakland Airport Area, and a portion of San Leandro. Mr. Linney serves as a representative for the Business Forum and the Oakland Chamber of Commerce. He is active in a number of community and environmental organizations, including the California Environmental Voters, Friends of the River and ZEV2030, a zero emission vehicle advocacy organization. Mr. Linney is self-employed as President of The Next Generation, a public relations firm providing services that emphasize

achieving environmental protection. Mr. Linney has a Bachelor of Science degree in Environmental Science and Public Policy from the University of California, Davis. His current term expires on December 31, 2024.

Marguerite Young was first elected to the Board in 2014 and represents Ward 3, which includes the City of Piedmont and a portion of the City of Oakland in Alameda County, and the Contra Costa County city of Orinda, the Town of Moraga, the community of El Sobrante, and portions of Pinole and Richmond. She also serves on the District's Retirement Board. Ms. Young is the principal of Rivernstream Consulting which provides strategic planning, research and policy guidance at the confluence of climate, labor and justice. She recently retired from the Service Employees International Union ("SEIU") where she was the Assistant Director for the union's Climate and Environmental Justice program. As California Director of Clean Water Action, Ms. Young was co-chair of the CALFED Bay-Delta Program's Water Quality Committee, which instigated regional cooperation among water agencies to address drinking water quality issues related to Bay-Delta water supplies. Her work there also included service as an appointed member of California's Source Water Assessment Advisory Committee, the United States Environmental Protection Agency ("USEPA") Federal Advisory Committee on the Multiple Disinfection By-product Rule, and California's Recycled Water Task Force. She serves on the board of directors of Clean Water Action. She co-founded the League of Conservation Voters-East Bay and is a former board member of Friends of the River and Carpe Diem West. Ms. Young has a Bachelor of Science degree in Natural Resource Economics from the University of California, Berkeley. Her current term expires on December 31, 2026.

District Management

Clifford C. Chan joined the District in 1997 and was appointed General Manager in 2020. Mr. Chan has nearly 25 years of water industry related experience. Prior to his appointment as General Manager, Mr. Chan served as the District's Director of Operations and Maintenance and was responsible for overseeing nearly one-half of the District's employees tasked with operating and maintaining the District's water system. Previously, he held engineering and management positions in the District's Operations and Maintenance Department, including serving as Manager of Maintenance and Construction. Before joining the District, Mr. Chan was employed as an engineering consultant. He serves on committees for the American Water Works Association and the California Urban Water Agencies. He has a Bachelor of Science degree and a Master's degree in Civil Engineering from the University of California, Berkeley and is a licensed Civil Engineer in California.

Derek T. McDonald joined the District in 2007 and was appointed General Counsel in 2021. Mr. McDonald has extensive experience in public agency law, including construction, public bidding and procurement, real estate, water rights, tort and contract litigation, the Public Records Act, and the Brown Act, having worked on a number of significant cases and issues for the District during his tenure in the District's Office of General Counsel. Before joining the District, he was a court research attorney and clerked for a law firm and a public defender's office. Mr. McDonald also worked with local and international nonprofit and nongovernmental organizations in the areas of youth development, environmental restoration, international elections and human rights advocacy. He has a Bachelor's degree in Sociology from the Boston College and a law degree from the University of San Francisco.

Sophia D. Skoda joined the District in 2006 and was appointed Director of Finance in 2015. Prior to her appointment as Director of Finance, Ms. Skoda served as Treasury Manager. In addition, Ms. Skoda has previously served as a Senior Civil Engineer for the District. Before

joining the District, Ms. Skoda provided a range of financial consulting services to water and wastewater utility clients throughout California. She has a Bachelor of Science degree in Civil Engineering from Stanford University and a Master's degree in Civil Engineering from the University of California, Berkeley.

Olujimi O. Yolo joined the District in 1985 and was appointed Director of Engineering and Construction in 2019. Mr. Yolo is responsible for over 280 employees tasked with planning, design and construction of water system infrastructure. Prior to his current appointment, he held progressively more responsible positions managing engineering design and construction projects in the Water and Wastewater Departments. He has 40 years of experience in the engineering field. Mr. Yolo has a Bachelor's degree in Civil Engineering from the University of Manchester Institute of Science and Technology (England) and a Master's degree in Civil Engineering from Stanford University and is a licensed Civil Engineer in California.

Michael T. Tognolini joined the District in 1996 and was appointed Director of Water and Natural Resources in 2018. Mr. Tognolini is responsible for managing divisions that develop and administer programs to protect existing water resources, develop additional water supplies and manage 57,000 acres of water, watershed lands and related facilities. During his tenure with the District, Mr. Tognolini has held a number of engineering and management positions in drought planning and water supply development in the Water and Natural Resources Department. He has more than 34 years of experience in the water industry. Mr. Tognolini has a Bachelor's degree and a Master's degree in Civil Engineering from Stanford University.

David A. Briggs joined the District in 2017 and is presently the Director of Operations & Maintenance and the Emergency Operations Director for the District. In this capacity he manages the operation and maintenance of water facilities and power generation facilities. Prior to joining the District, Dr. Briggs spent 10 years at the San Francisco Public Utilities Commission and 13 years at the Contra Costa Water District ("CCWD"). He has been a manager since 2003. During his 27-year career, Dr. Briggs has developed experience in water resources, engineering, construction management, facilities planning, and operations and maintenance. He obtained his Bachelor's degree in Mechanical Engineering from UC Davis, and his Master's degree and Ph.D. from Stanford University, also in Mechanical Engineering. He is a licensed Civil Engineer in California.

Amit Mutsuddy joined the District in 2022 as the Director of Wastewater. Prior to joining the District, Mr. Mutsuddy most recently served for six years as the Deputy Director, Wastewater Management at the San Jose-Santa Clara Regional Wastewater Facility for the City of San Jose. In that position, Mr. Mutsuddy oversaw operations and maintenance of the wastewater treatment plant and collaborated in the implementation of \$1.4 billion in capital improvement projects at the plant. Mr. Mutsuddy's previous positions at the City of San Jose include Division Manager of the Mechanical Maintenance Division, and Senior Construction Manager for capital improvement projects for the regional wastewater treatment facility. He has more than 20 years of experience in engineering design and construction. Mr. Mutsuddy is a board member of the Bay Area Clean Water Agencies and is currently serving as its Chair. He has a Bachelor of Science degree in Civil Engineering from the Indian Institute of Technology, Chennai, India, and a Master of Science degree in Civil and Environmental Engineering from San Jose State University. He is a licensed Civil Engineer in California and a LEED accredited professional.

Rischa S. Cole joined the District in 1997 and was appointed Secretary of the District in 2017. Ms. Cole has served in a variety of lead administrative roles during her career at the District including Executive Assistant II in the Office of the Secretary and, prior to her appointment as

Secretary, as Assistant to the General Manager. Ms. Cole received her Bachelor of Science degree in Business Administration from California State University, East Bay. She is a Member of the International Institute of Municipal Clerks and obtained her Certified Municipal Clerk credentials in August 2022.

David Glasser joined the District in 2023 as the Controller. Prior to joining the District, Mr. Glasser was the Finance Director for the City of Martinez, California. In that position, Mr. Glasser oversaw the finance, human resource, and information technology operations for the City. He has served as a finance executive in California municipal agencies for over 23 years. Mr. Glasser has also served as a public finance banker, financial advisor and bond analyst in the private sector. This included work for the San Francisco International Airport and Alameda County. He has more than 35 years of experience in finance and municipal management. He has a Bachelor of Arts degree in English from the State University of New York at Albany and a Masters Degree in Public Administration from the Rockefeller School at the State University of New York at Albany.

Robert L. Hannay joined the District in 2018 as Treasury Manager. Mr. Hannay is responsible for the oversight of the District's debt management, investment management, and rate planning. Mr. Hannay additionally provides financial management support to the District's retirement system. Prior to joining the District, Mr. Hannay worked in consulting, at a rating agency, at a financial advisory firm, and in public finance investment banking. Mr. Hannay has a Bachelor of Science degree in Civil Engineering from Texas A&M University and Master's degrees in Civil Engineering and City Planning from the University of California, Berkeley. He is also a Chartered Financial Analyst (CFA) charterholder.

Jacqueline Lee joined the District in 2022 as the Debt Administrator. Ms. Lee is responsible for new money issuance and management of the outstanding debt portfolio. Prior to joining the District, she served as debt manager at the City of Oakland, California. Her experience also includes work in public finance investment banking and municipal advisory roles. She is a current or former board member of several public finance industry associations. Ms. Lee has a Bachelor of Arts in Business Economics from the University of California, Santa Barbara.

Employees and Employee Relations

As of January 1, 2024, the District had 1,725 employees in the Water System and 289 employees in the Wastewater System.

The District has four unions representing approximately 1,853 workers out of a total workforce of 2,014 employees: Local 2019 of the American Federation of State, County and Municipal Employees ("AFSCME") primarily represents professional, technical, and administrative office employees; Local 444 of AFSCME primarily represents skilled craft, operations, and maintenance employees; Local 21, International Federation of Professional and Technical Engineers represents supervisory employees; and Local 39, International Union of Operating Engineers represents water treatment/distribution employees.

Each of Locals 444, 21, 39 and 2019 are operating under a Memorandum of Understanding (collectively, "MOUs"), approved by the District Board in 2022. The term of the MOUs with Local 444, 21 and 39 began on April 26, 2021 and extends through April 20, 2025. The term of the MOU with Local 2019 began on April 26, 2021 and extends through July 13, 2025. The MOUs are comprehensive in scope and provide for binding arbitration for the resolution of grievances. The District has not had a strike or work stoppage since 1985. For a discussion of the District Employees' Retirement System, see "WASTEWATER SYSTEM FINANCES – Employees' Retirement System."

Geographic Area and Services

Originally formed to include nine cities covering 92.6 square miles, the District has grown by more than 450 separate annexations to a present area of 326 square miles in 20 incorporated and 26 unincorporated communities in both Alameda and Contra Costa Counties. It covers the eastern shore of San Francisco Bay from Carquinez Strait on the north to and including San Lorenzo on the south and it extends approximately 20 miles east, beyond the Oakland-Berkeley hills, into Contra Costa County.

The District's Water System serves this entire area, reaching approximately 50% of the combined population of Alameda County and Contra Costa County. Approximately two-thirds of the population within the District's service area resides in the cities of Alameda, Berkeley, Oakland, San Leandro, Richmond and Walnut Creek.

The Municipal Utility District Act was amended in 1941 to enable formation of special districts for wastewater service provision. In 1944, voters elected to form the District's Special District No. 1 to treat wastewater released into the San Francisco Bay. The District's Wastewater System presently serves approximately 740,000 people in an 88-square-mile area of the two counties along the east shore of the San Francisco Bay, extending from Richmond on the north, southward to Oakland's border with San Leandro. Domestic, commercial and industrial wastewater is treated for the six participating cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont, and for the Stege Sanitary District (which includes El Cerrito, Kensington and part of Richmond (collectively, the "participating agencies"). Each of these participating agencies operates a sewer collection system that discharges into the District's intercepting sewers. In addition to treating waste received from the participating agencies' sewer collection systems, the District accepts high-organic waste streams delivered in trucks. The wastes include domestic waste from septic tanks, fat, oil and grease from restaurants, and other food and drink wastes. The District's trucked-waste program continues to expand in the scope of wastes accepted. The District anaerobically digests the high-organic wastes with municipal solids to create renewable energy. This energy is used to power the wastewater treatment facility, with excess energy sold to the Port of Oakland under a power purchase agreement.

Taxation of the District

All property of the District within the District's boundaries generally is exempt from property taxation. District-owned land outside of the District's boundaries is taxable, but improvements constructed on that land by the District are not taxable. As a public agency, the District is exempt from the payment of State of California (the "State") income taxes and federal income taxes.

THE WASTEWATER SYSTEM

General

The District's Wastewater System provides regional wastewater conveyance, treatment, and disposal services for an area within the District designated as Special District No. 1. Special District No. 1, a separate district within the District governed by the Board, was established in 1944 and is administered by the District's Wastewater Department. The Wastewater System began operations in 1951.

Special District No. 1 intercepts, treats and disposes of wastewater within its wastewater service area, which includes the six participating cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont, and the Stege Sanitary District. Each of the participating agencies maintains its own separate sanitary sewer system (*i.e.*, a system designed to transport sewage separate from the pipe system

constructed to convey storm water runoff directly to surface waters), and is responsible for collecting and conveying wastewater to the District interceptors. The participating agencies and Special District No. 1 operate under separate National Pollutant Discharge Elimination System (“NPDES”) permits issued by the Regional Water Quality Control Board San Francisco Bay Region (the “Regional Board”) and are separately responsible for failures of their own collection, conveyance and/or disposal systems.

In addition to treating wastewater received from the participating agencies through their collection systems, the District also treats high-organic waste streams delivered to District facilities in trucks through its resource recovery program. The trucked wastes include domestic waste from septic tanks, industrial and commercial process wastes, fat, oil and grease from restaurants and other food and drink wastes. See “– Resource Recovery” below.

Table 1 shows the population trends for the seven largest cities within the District’s Wastewater System service area, Alameda and Contra Costa Counties and the State for the five years 2019 to 2023. As reflected in Table 1, over the five-year period 2019 through 2023, the California state population declined by approximately 1.6%, while the population of Alameda County decreased approximately 1.4%, and the population of Contra Costa County remained at roughly the same level. Oakland, the largest city in the District’s Wastewater System service area and the county seat of Alameda County, was the eighth most populous city in the State of California, based on January 1, 2023 population estimates.

Table 1
SEVEN LARGEST CITIES IN DISTRICT WASTEWATER SYSTEM SERVICE AREA
ALAMEDA AND CONTRA COSTA COUNTIES AND CALIFORNIA
Population Trends⁽¹⁾

	2019	2020	2021	2022	2023
Oakland	429,932	432,327	430,901	421,806	419,556
Berkeley	122,297	122,364	120,418	123,188	123,562
Alameda	81,457	81,135	78,250	77,437	77,287
El Cerrito	24,788	24,835	25,823	25,710	25,484
Albany	18,932	18,871	20,500	21,524	21,401
Piedmont	11,325	11,297	11,127	10,913	10,793
Emeryville	<u>12,177</u>	<u>12,448</u>	<u>12,655</u>	<u>12,478</u>	<u>12,610</u>
Total Seven Cities	700,908	703,277	699,674	693,056	690,693
Alameda County	1,659,608	1,663,114	1,663,371	1,644,248	1,636,194
Contra Costa County	1,147,623	1,149,853	1,161,238	1,151,798	1,147,653
California	39,605,361	39,648,938	39,286,510	39,078,674	38,940,231

⁽¹⁾ As of January 1 of each year. Includes the six participating cities and El Cerrito, the largest incorporated portion of the Stege Sanitary District service area.

Source: State of California, Department of Finance, *E-4 Population Estimates for Cities, Counties and the State, 2019-2020, with 2010 Census Benchmark*, Sacramento, California, May 2021; *2021-2023, with 2020 Census Benchmark*, Sacramento, California, May 2023.

The total civilian labor force in Alameda and Contra Costa Counties, representing all people who work or are seeking work, totaled 1,377,100 in 2022 (the most recent full year information available). In 2022, the unemployment rate approximated 3.3% in Alameda County and 3.5% in Contra Costa County. In comparison, the unemployment rate averaged 4.2% in the State of California and 3.6% in the nation as a whole for the same period. These unemployment rates reflect the recovery from the impact of the

COVID-19 pandemic. In 2020, the unemployment rate approximated 8.9% in Alameda County, 9.0% in Contra Costa County, 10.1% in the State of California and 8.1% in the nation as a whole.

Table 2 shows the labor force and employment trends for Alameda and Contra Costa Counties, the State and the United States for the five years 2018 to 2022.

Table 2
ALAMEDA COUNTY AND CONTRA COSTA COUNTY
Labor Force and Employment
Calendar Years 2018 through 2022⁽¹⁾

<i>Year and Area</i>	<i>Civilian Labor Force⁽²⁾</i>	<i>Employment</i>	<i>Unemployment</i>	<i>Unemployment Rate</i>
2018				
Alameda County	841,600	815,800	25,700	3.1%
Contra Costa County	560,300	542,300	18,000	3.2
California	19,289,500	18,469,900	819,600	4.2
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
Alameda County	843,000	818,000	25,100	3.0%
Contra Costa County	561,000	543,500	17,500	3.1
California	19,413,200	18,617,900	795,300	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
Alameda County	819,700	746,500	73,200	8.9%
Contra Costa County	547,400	498,100	49,300	9.0
California	18,971,600	17,047,600	1,924,000	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
Alameda County	813,000	763,500	49,500	6.1%
Contra Costa County	544,000	509,300	34,700	6.4
California	18,973,400	17,586,300	1,387,100	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
Alameda County	825,600	798,400	27,200	3.3%
Contra Costa County	551,500	532,100	19,400	3.5
California	19,252,000	18,440,900	811,100	4.2
United States	164,287,000	158,291,000	5,996,000	3.6

⁽¹⁾ Most recent full calendar year information available.

⁽²⁾ Total of Employment and Unemployment figures for any year and area may not add to corresponding Civilian Labor Force number due to rounding.

Sources: For State and County information, State of California Employment Development Department, California Labor Market Division, annual information, not seasonally adjusted. For U.S. information, U.S. Department of Labor, Bureau of Labor Statistics.

Median household income in Alameda and Contra Costa Counties exceeded \$120,000 in 2022 (the most recent calendar year information available). This compares to a median household income in 2022 of approximately \$91,500 in California and just under \$75,000 in the United States.

Table 3 shows the median household income for Alameda and Contra Costa Counties, the State and the United States for the five years 2018 to 2022.

Table 3
ALAMEDA COUNTY AND CONTRA COSTA COUNTY
Median Household Income
Calendar Years 2018 through 2022 ⁽¹⁾

	<i>Year and Area</i>	<i>Median Household Income⁽²⁾</i>
2018	Alameda County	\$102,125
	Contra Costa County	101,618
	California	75,277
	United States	61,937
2019	Alameda County	\$108,322
	Contra Costa County	107,135
	California	80,440
	United States	65,712
2020	Alameda County	\$104,888
	Contra Costa County	103,997
	California	78,672
	United States	64,994
2021	Alameda County	\$109,729
	Contra Costa County	111,080
	California	84,907
	United States	69,717
2022	Alameda County	\$122,159
	Contra Costa County	120,061
	California	91,551
	United States	74,755

⁽¹⁾ Most recent full calendar year information available.

⁽²⁾ Median Household Income values are in inflation-adjusted dollars.

Source: U.S. Census Bureau, 1-Year American Community Surveys.

Wastewater Facilities

The District's existing Wastewater System facilities consist of, among other things, the District's Main Wastewater Treatment Plant in Oakland near the entrance of the San Francisco-Oakland Bay Bridge (the "Main Wastewater Treatment Plant") and interceptors and pumping stations for the conveyance of wastewater collected by the participating agencies to the Main Wastewater Treatment Plant, as well as certain wet weather facilities (the "Wet Weather Facilities") which are operated during wet weather events when flows from the participating agencies' collections systems exceed the capacity that can be treated at the Main Wastewater Treatment Plant.

The District's interceptors consist of 29 miles of reinforced concrete gravity pipeline, ranging from 18 inches to 9 feet in diameter, and 8 miles of pressure pipeline from pump stations. The interceptors collect wastewater from approximately 1,600 miles of public sewers owned and operated by the participating agencies. Fifteen pumping stations, ranging in capacity from 1.5 to 60 million gallons per day ("MGD"), lift wastewater throughout the interceptors as it travels to the District's Main Wastewater Treatment Plant for treatment prior to discharge of the treated effluent into the San Francisco Bay. The Main Wastewater Treatment Plant provides secondary treatment for permitted dry weather flow of up to 120 MGD and a maximum flow of 168 MGD during wet weather storm events. Primary treatment can be provided at the Main Wastewater Treatment Plant for a peak of up to 320 MGD, with peak influent hydraulic capacity of 415 MGD when utilizing an on-site 11 million gallon storage basin, a component of the District's Wet Weather Facilities, which is used to temporarily store peak storm flows in excess of the permitted limits for treatment at the Main Wastewater Treatment Plant after flows subside.

Primary treatment removes floating material, oils and greases, sand and silt, and organic solids heavy enough to settle in water. Secondary treatment biologically removes most of the suspended and dissolved organic and chemical impurities that would otherwise reduce the oxygen content of the waters of the San Francisco Bay if allowed to decompose naturally. The treatment steps are pre-chlorination, screening, grit removal, primary sedimentation, secondary treatment using high-purity, oxygen-activated sludge, final clarification, biosolids digestion, dewatering and beneficial use of biosolids through land application at farm sites and as feedstock for compost and other fertilizer products. The treated effluent is then disinfected, dechlorinated, and discharged one mile off the East Bay shore through a deep-water outfall into San Francisco Bay.

The annual average daily flow through the District's Main Wastewater Treatment Plant over the last five years has been approximately 58 MGD. See "– Wastewater Flows" below. Peak daily flows from the participating agencies' collection systems to the District's interceptors increase significantly during wet weather primarily due to inflow and infiltration ("I&I"). Inflow is water that enters a sewer system from sources such as roof leaders, yard drains, area drains, maintenance hole covers, and cross-connections between storm sewers and sanitary sewers. Infiltration is water that enters the system from the ground (particularly when saturated due to storms or flooding) through such means as defective pipes, pipe joints, connections or maintenance holes. Although the participating agencies' wastewater collection systems are all separate sanitary systems designed to transport only sewage (with a separate stormwater system in place to discharge stormwater runoff), all sewer systems have some degree of I&I of surface water and groundwater.

District facilities designed to address increased flows during wet weather periods include three Wet Weather Facilities (Oakport, San Antonio Creek, and Point Isabel), as well as five overflow structures located at Temescal Creek, Oakland Inner Harbor (Alice Street), Oakland Inner Harbor (Webster Street), Elmhurst Creek, and San Leandro Creek.

The 158-MGD Oakport Wet Weather Facility, completed in 1990, provides primary treatment for peak wet weather flow diverted along the District's South Interceptor. Following primary treatment, effluent from this facility is currently disinfected and discharged to East Creek Slough in the lower San Francisco Bay. The 100-MGD Point Isabel Wet Weather Facility, completed in 1993, accepts peak wet weather flows from the District's North Interceptor, for primary treatment after which the effluent from this facility is currently disinfected and discharged to the central San Francisco Bay. The 51-MGD San Antonio Creek Wet Weather Facility, completed in 1996, provides preliminary treatment to wastewater diverted from the District's South Interceptor. The effluent from this facility is currently disinfected and discharged to the Oakland Inner Harbor, in lower San Francisco Bay. As described herein, the operations of the District's Wet Weather Facilities are subject to a NPDES permit issued by the Regional Board

which prohibits the District from discharging flows from its Wet Weather Facilities to the San Francisco Bay. See “– Regulatory Matters – *Litigation Relating to the District’s Wet Weather Facilities NPDES Permit*” below.

The Wet Weather Facilities also serve as storage facilities. After a wet weather event, when the Main Wastewater Treatment Plant again has available capacity, wastewater flows stored in these facilities can be returned to the interceptors for transport to the Main Wastewater Treatment Plant for secondary treatment prior to discharge.

The District’s Wet Weather Facilities increase the Wastewater System’s wet weather capacity up to 724 MGD.

During significant wet weather events, when the carrying capacity of the interceptors and/or the treatment capacity of the Main Wastewater Treatment Plant is exceeded or in the event of a major Wastewater System failure, the five overflow structures control the location of overflows and allow for the discharge of untreated sewage into the San Francisco Bay when necessary to avoid sanitary system overflows occurring in the collection system or at the Main Wastewater Treatment Plant. (A sanitary sewer overflow occurs when wastewater comes out of the sanitary sewer system, including when it enters a street, residence, business or yard. This is usually caused by blockage, failure or lack of capacity).

See also “– Regulatory Matters” below for a discussion of regulatory framework under which the District’s wastewater facilities operate, including its Wet Weather Facilities, and certain litigation relating thereto.

Wastewater Flows

Table 4 presents a ten-year record of wastewater flows through the Main Wastewater Treatment Plant, expressed as the average daily flow for each Fiscal Year.

Table 4
AVERAGE DAILY WASTEWATER FLOW
(million gallons per day)

<i>Fiscal Year Ended</i>	<i>Flow</i>
<i>June 30</i>	
2014	56
2015	55
2016	56
2017	69
2018	54
2019	61
2020	61
2021	51
2022	51
2023	64

Source: The District.

Wastewater Source Control Program

The District's wastewater service area includes more than 20,000 commercial, industrial, and institutional accounts. See "WASTEWATER SYSTEM FINANCES – Rates and Charges." In 1972, the District began a local source control program. Source control involves the removal of such toxics as heavy metals and organic pollutants before discharging wastes into the sewer system. The District's Wastewater Source Control Program issues permits and requires pretreatment of wastes by certain categories of industrial customers. The Wastewater Source Control Program has reduced approximately 93% of the toxic metals discharged into sewers, and the District's treatment process reduces the remaining toxic metals by approximately another 83%. These two steps together have reduced by approximately 99% the toxic metals discharged by the Wastewater System into the San Francisco Bay since 1974. Since 1988, the District has expanded its local source control program efforts to include pollution prevention. Currently, the District is focused on reducing the discharge into the District's Wastewater System of fats, oils, grease, non-flushable wipes, and contaminants of emerging concern, such as pharmaceuticals. The District's pollution prevention efforts consist primarily of education and outreach, including conducting live and self-guided treatment plant tours, distributing publications, attending outreach events, hosting in-person and virtual tours of the Main Wastewater Treatment Plant, and collaborating with numerous partners. In addition, the District sponsors several take-back programs for fats, oils, grease and pharmaceuticals.

Biosolids Management

The solid, stabilized organic materials removed from the wastewater treatment process are called biosolids. The District generates approximately 75,000 wet tons per year of biosolids from wastewater treatment. Because there is only approximately one and a half days of biosolids storage capacity available at the Main Wastewater Treatment Plant, each day's biosolids production must have a reliable daily destination for beneficial use. The District's biosolids from its Main Wastewater Treatment Plant are beneficially used through a combination of land application on farmland and feedstock for compost or liquid fertilizer. Biosolids handling is managed under three contracts, which have a scheduled expiration date of June, 30, 2027.

The District implemented a Biosolids Environmental Management System in July 2005 and received program certification from the National Biosolids Partnership ("NBP") in September 2006. Through ten years of participation in the program and the completion of successful external audits, the District developed a robust biosolids management system. In 2016, the District elected to withdraw from the formal NBP program in favor of maintaining a customized program that focuses on continuous improvement, environmental performance beyond meeting regulatory requirements, proactive communications, and implementation of corrective and preventive measures to address programmatic issues without a rigid external audit process. In addition to the District's internally-focused controls, District staff tracks regulatory, scientific, and public concern issues related to biosolids. In particular, District staff participates in monthly calls with the California Association of Sanitation Agencies Regulatory Workgroup.

In September 2016, Senate Bill 1383 ("SB 1383") was signed into law and established methane emissions reduction targets in a state-wide effort to reduce short-lived climate pollutants, such as methane. Among other things, SB 1383 set statewide targets to reduce 50% of organic waste going to landfills by 2020, and a 75% reduction of organic waste going to landfills by 2025 (based on 2014 levels). In addition, SB 1383 directed the State's Department of Resources Recycling and Recovery, in consultation with the California Air Resources Control Board, to develop regulations to achieve the organic waste reduction targets set forth in SB 1383. The regulations developed by the Department of Resources Recycling and Recovery became effective on January 1, 2022. SB 1383 and the related

regulations significantly limit the ability to use biosolids as landfill alternative daily cover, a practice which the District undertook for several decades but tapered beginning in 2017. Biosolids management costs gradually increased as the District reduced the use of biosolids as landfill alternative daily cover. The current biosolids handling contracts, which were entered into in July 2022, do not allow for any landfilling of the biosolids. The initial unit prices under these contracts were approximately 15 percent higher than the former contracts that included landfill alternative daily cover as an option.

Consistent with the District's Integrated Main Wastewater Treatment Plant Master Plan and Board Policy 8.02, the District continues to undertake activities to ensure long-term, cost-effective, and beneficial use of biosolids produced at the Main Wastewater Treatment Plant. The District continues to advocate for the benefits of land application and explores alternative beneficial uses such as composting, conversion to biochar, thermal drying, and other technologies to diversify options for end uses. The District is active with industry associations at the State and national level to advocate for expanded beneficial use of biosolids. In 2017, the District joined the multi-agency Bay Area Biosolids Coalition dedicated to expanding sustainable uses for biosolids. The Bay Area Biosolids Coalition funds local research on the environmental safety of biosolids and recently participated in a regional collaboration regarding biosolids land application in the bay lands of the San Francisco Bay. Participation in the Bay Area Biosolids Coalition helps the District stay apprised of concerns and opportunities that affect all San Francisco Bay Area wastewater agencies.

Regulatory Matters

General Regulatory Framework. The construction and operation of wastewater treatment facilities and the discharge of wastewater are highly regulated activities. The two major laws governing the Wastewater System are the federal Clean Water Act enacted in 1972 (the "Clean Water Act") and the State's Porter-Cologne Act first enacted in 1969 (the "Porter-Cologne Act"). Both laws require that policies, plans, requirements, and standards for discharges be developed for all water bodies in order to protect the beneficial uses of the water. The Clean Water Act also regulates the disposal of sewage sludge and authorizes the adoption of sediment standards. The Porter-Cologne Act specifically requires the adoption of sediment standards for enclosed bays and estuaries. In 2008, the State approved sediment quality objectives for enclosed bays and estuaries, including the San Francisco Bay.

The USEPA, the federal agency charged with implementation and enforcement of the Clean Water Act, has delegated much of the planning, permitting and enforcement activities to the states. In California, the State Water Resources Control Board ("SWRCB") develops policies, plans, requirements, and discharge standards for the three types of State waters: inland surface waters, enclosed bays and estuaries, and the ocean.

The Clean Water Act requires the adoption of criteria for priority toxic pollutants that may reasonably be expected to interfere with designated beneficial uses of the waters of the State. As they apply to inland surface waters, enclosed bays, and estuaries, these criteria are found in the California Toxics Rule ("CTR") promulgated by the USEPA in 2000 (40 C.F.R. §131.38), and are implemented by the SWRCB's "Policy for Implementation of Toxics Standards for Inland Surface Waters, Enclosed Bays, and Estuaries of California" (commonly known as the State Implementation Plan or "SIP") approved in 2000 and amended in 2005 (SWRCB Order No. 2005-0019). These two documents form the basis of the NPDES permitting process for Publicly Owned Treatment Works ("POTWs") in the State. The CTR provides the Water Quality Objectives for priority toxic pollutants and the SIP prescribes the methodology for determining whether a limit for a toxic pollutant should be included in a NPDES permit and the method for calculating the limit if one is needed.

In December 2022, the SWRCB updated the Statewide Waste Discharge Requirements (“WDR”) for Sanitary Sewer Systems (SWRCB Order No. WQ-2022-0103-DWQ). The WDR is a proactive approach to ensure system-wide operation, maintenance, and management plans to reduce sewer system overflows. Basic requirements of WDR continue to include on-line reporting of sewer system overflows and the development of a Sewer System Management Plan. The District is in compliance with the online reporting of sewer system overflows and Sewer System Management Plan requirements of WDR.

The Regional Board is the enforcement arm of the State and federal water pollution control programs in the San Francisco Bay region. The Regional Board issues NPDES permits under Section 401 of the Clean Water Act, and establishes waste discharge requirements under the Porter-Cologne Act. Discharge permits are issued for a five-year period. The District’s Wastewater System currently has two NPDES permits, one for the Main Wastewater Treatment Plant and one for the Wet Weather Facilities. The current NPDES permit for the Main Wastewater Treatment Plant (Regional Board Order No. R2-020-0024) was reissued effective on November 1, 2020 and will expire on October 31, 2025. The NPDES permit for the Wet Weather Facilities (Regional Board Order No. R2-2020-0003) was most recently reissued effective on April 1, 2020 and will expire on March 31, 2025. See also “– *Litigation Relating to the District’s Wet Weather NPDES Permit*” below.

Other Agencies with Regulatory Oversight Affecting the Wastewater System. Other regulatory agencies with approval or oversight responsibilities over the construction or operation of the Wastewater System include the Bay Area Air Quality Management District (“BAAQMD”), the Bay Conservation and Development Commission, the California Department of Public Health, and the U.S. Army Corps of Engineers. The roles these other agencies play with respect to operations of the Wastewater System are summarized as follows:

The Bay Area Air Quality Management District: responsible for administering and enforcing local, state, and federal air emissions regulations and issues air permits under Title V of the federal Clean Air Act (the “Clean Air Act”). The District currently has a BAAQMD-issued Title V air permit for the Main Wastewater Treatment Plant which expires on November 6, 2024, as well as a number of permits to operate at its Wet Weather Facilities and pump stations. The Title V air permit is issued for a five-year period. The Title V renewal application is due to BAAQMD on May 7, 2024. Permits to operate for other facilities are generally issued annually.

The Bay Conservation and Development Commission: responsible for approving all projects undertaken within San Francisco Bay or within 100 feet of the mean high tide line of the Bay.

The California Department of Public Health: responsible for setting standards for the use of recycled water.

The U.S. Army Corps of Engineers: responsible for approving all construction projects undertaken within navigable waters of the United States.

District Permit Compliance History. As noted above, the District’s Wastewater System currently has two NPDES permits, one for the Main Wastewater Treatment Plant, and one for the Wet Weather Facilities. As described below, operation of the District’s Wet Weather Facilities is also subject to a Consent Decree effective as of September 22, 2014. Except where expressly authorized by permit, sewer system overflows and the discharge of partially treated or untreated wastewater that reach the surface waters of the U.S. are violations of the Clean Water Act and are subject to fines by the SWRCB and the Regional Board. In the last five years, the District has had fines imposed for unauthorized discharges and permit violations under its NPDES permits for the Wastewater System, which has resulted in fines totaling approximately \$866,000. These fines related primarily to wet weather events.

In October 2021, a significant unauthorized discharge occurred at the Point Isabel Wet Weather Facility during a large storm. The discharge consisted of 12.2 million gallons of chlorinated effluent and 4.3 million gallons of partially treated effluent. The District has investigated the cause of the discharge and has implemented several corrective actions, including an updated comprehensive dechlorination dosing procedure and program. The fine for this discharge was issued in July 2022. The total fine for this incident was \$816,000 and is included in the aggregate total of \$866,000 described above.

The District has also self-reported to the Regional Board eight additional sanitary sewer overflows between 2021 and 2023, which were all above 10,000 gallons, and could result in fines to be paid by the District. Six of the sanitary sewer overflows were related to a large storm event that occurred on December 31, 2022, and the penalties for such sanitary sewer overflows may be consolidated by the Regional Board, which would reduce the total amount of the potential fine. As of the date of this Official Statement, the Regional Board has not taken enforcement actions with respect to the sanitary sewer overflows self-reported by the District between 2021 and 2023. On December 27, 2022, the District had an additional violation for exceedance of the permitted total level of coliform bacteria at Point Isabel Wet Weather Facility. The District does not expect that any fines required to be paid by the District in connection with sanitary sewer overflows and other instances of violations under the District's existing permits that the District is aware of will have a material adverse effect on the District's finances or operations.

The District has had no NPDES effluent limit permit violations at its Main Wastewater Treatment Plant since August 1999.

The Main Wastewater Treatment Plant is also subject to a Major Facility Review Permit (also known as a Title V permit) issued by the BAAQMD pursuant to Title V of the Clean Air Act, the California Health & Safety Code, and BAAQMD regulations. The District has had four violations for the improper release of digester gas to the atmosphere during the last five years. Fines imposed by BAAQMD in the last five years for the foregoing violations ranged between \$4,000 to \$12,000 each, totaling \$33,000 in the aggregate. Several corrective actions have been implemented by the District, including equipment upgrades, standard operating procedure updates, and other actions, to prevent the reoccurrence of the incidents that resulted in such violations.

Litigation Relating to the District's Wet Weather Facilities NPDES Permit. On January 12, 2007, the SWRCB on its own motion for review issued a draft order (the "Draft SWRCB Remand Order") reviewing the District's 2005 Wet Weather Facilities NPDES Permit (Regional Board Order No. R2-2005-0047) and concluding that the 2005 Wet Weather Facilities NPDES Permit and time schedule order (Regional Board Order No. R2-2005-0048, the "TSO") approved in connection with the issuance of the Wet Weather Facilities NPDES Permit by the Regional Board in September 2005 were inconsistent with the mandates of the Clean Water Act (33 U.S.C. §1251 et seq.) and the implementing USEPA Regulations (40 C.F.R. Part 123). The Draft SWRCB Remand Order concluded that the District's 2005 Wet Weather Facilities NPDES Permit failed to implement secondary treatment requirements and to ensure compliance with applicable water quality standards. Following a public hearing held on May 1, 2007, the SWRCB approved the Draft SWRCB Remand Order with slight modifications (SWRCB Order No. WQ 2007-0004, the "SWRCB Remand Order") and remanded the 2005 Wet Weather NPDES Permit and the TSO to the Regional Board for revisions consistent with the SWRCB Remand Order.

On January 14, 2009, the Regional Board issued the District a subsequent Wet Weather Facilities NPDES permit (Regional Board Order No. R2-2009-0004), effective for the five-year period January 14, 2009 through January 13, 2014. Previous permits issued by the Regional Board allowed the District to discharge flows from its three Wet Weather Facilities during heavy storm events, following primary treatment and disinfection, as part of a regional solution to help prevent sewer overflows on

streets in the East Bay communities. This approach was consistent with USEPA policy at the time the Wet Weather Facilities were constructed. The 2009 permit, however, was more stringent and prohibited the District from discharging any flows from its Wet Weather Facilities to San Francisco Bay even during heavy storm events. Recognizing that discharges from the Wet Weather Facilities cannot be immediately halted without causing sewer overflows, the Regional Board simultaneously issued a Cease and Desist Order (“CDO,” Regional Board Order No. R2-2009-0005) requiring the District to develop a plan for eliminating discharges from the Wet Weather Facilities at the earliest possible date. The CDO noted that the time schedules therein accounted for the considerable uncertainty in determining effective measures to achieve compliance and may be revisited. The inability of the District to meet the terms of the new Wet Weather Facilities NPDES permit also prompted the USEPA, the SWRCB and the Regional Board to seek judicial entry of a Stipulated Order memorializing the compliance plan and rendering it enforceable. Towards that end, a Stipulated Order for Preliminary Relief (the “SO”) was negotiated among the District and the USEPA, the SWRCB, the Regional Board and the Department of Justice. After negotiations were completed, the regulatory agencies initiated a lawsuit against the District on January 15, 2009 (*United States of America, et al. v. East Bay Mun. Util. Dist.*, No. CV 09-0186 RS (N.D. Cal.)) and simultaneously filed the proposed SO for the Court’s approval. The SO was approved by the Court and became effective on July 22, 2009.

The objective of the SO was to develop remedial measures to address the excess wet weather flow issues. It was intended as an interim remedy and was designed to develop information to tailor a final remedy for inclusion in a final Consent Decree which is anticipated to fully and finally resolve the litigation. The SO required the District, among other things, to initiate a number of programs, including: (i) a flow monitoring and data assessment program, including the monitoring of flows to the District’s interceptor system from the participating agencies that discharge into the District’s interceptors (see “Wastewater Facilities” above), the modeling of peak flows under design storm conditions, and the development of alternative sets of capacity flow limits; (ii) a private sewer lateral regional ordinance program requiring the District to develop, adopt and implement a regional ordinance setting standards for the performance of lateral sewer pipes that extend from privately-owned structures to the participating agencies’ collection systems and requiring property owners to obtain private sewer lateral compliance certificates at specified junctures, such as upon sale of property, upon obtaining building permits, and upon requests for changes in District water meter size; (iii) a private lateral incentive program requiring the District to provide \$2 million per year in incentives to encourage private lateral inspection and replacement; (iv) an interceptor system asset management program to develop protocols for interceptor condition assessment, including an inspection of the entire system within five years and annual repairs and reporting; and (v) development of a collection system asset management template through an interactive process among the District, the participating agencies and regulators.

The SO programs represented the first phase in the development of a long-term solution to address peak wet weather discharges. In parallel to the litigation and SO involving the District, the participating agencies that cause and contribute to the District’s Wet Weather Facility discharges entered into their own SO with the USEPA, the SWRCB, the Regional Board and the U.S. Department of Justice, which was approved by the Court in a related lawsuit and became effective on September 6, 2011. The activities undertaken by the participating agencies under their parallel SO yielded further information and progress toward development of a long-term solution.

In January 2013, the District and the participating agencies began joint settlement negotiations with the USEPA, the SWRCB, the Regional Board and the Department of Justice with a goal of adopting a long-term Consent Decree and resolving both parallel lawsuits, which were consolidated. The negotiators for all parties reached tentative agreement on a proposed Consent Decree, which was approved for execution by their respective approving officials in July 2014. On July 28, 2014, the proposed Consent Decree was lodged with the federal court by the regulatory agencies, and the terms of

the proposed Consent Decree were publicly released. On September 22, 2014, the U.S. District Court entered the Consent Decree, which became effective the same day. The final Consent Decree supersedes the SO and lays out a program of work by the District and the participating agencies designed to result in reducing peak wet weather flows over time to the point that the District's Wet Weather Facilities would no longer discharge during storm events smaller than a pre-determined rainfall event. Once the program of work is complete, it is anticipated that, in the vast majority of storms, the District's Wet Weather Facilities would be used only to provide temporary storage of peak flows which would be drained back to the District's Main Wastewater Treatment Plant for secondary treatment and discharge.

The Consent Decree is expected to be in effect for approximately 22 years. The Consent Decree requires the District and the participating agencies to demonstrate by mid-2036 that sufficient work has been performed on their regional wastewater facilities to eliminate discharges from the District's Wet Weather Facilities except during storm events of exceptional magnitude. Under the terms of the Consent Decree, the participating agencies are required to rehabilitate approximately 500 miles of their local wastewater collection systems to reduce infiltration and inflow. The District is required to, among other things: (i) continue the regional private sewer lateral ordinance program developed pursuant to the SO; (ii) upgrade segments of its interceptors; (iii) develop and implement a regional technical support program to identify inflow sources within the participating agencies' regional collection systems and assist in prioritizing them for repair by the participating agencies; and (iv) design and implement a plan to evaluate performance through flow monitoring and modeling and to report to the regulatory agencies on the overall progress toward achieving the Consent Decree mandates. The Consent Decree requires the District and the participating agencies to meet certain pre-established interim benchmark percentage reductions for Wet Weather Facility discharges (8 and 16 years into the Consent Decree term, which occurred in September 2022 and will occur September 2030, respectively). Failure to achieve any of these targets would result in additional flow monitoring obligations under the Consent Decree and may also result in revisions to the work plan developed under the Consent Decree. Work plan revisions could include additional work obligations for the District and/or the participating agencies. If and when work plan revisions become necessary, the Consent Decree parties would negotiate the nature and scope of such revisions and, if additional expenditures are required to implement the revisions, each party's share of such expenditures. In connection with the September 2022 review of District Wet Weather Facilities discharges, the District was found to have met the interim benchmark percentage reductions for Wet Weather Facility discharges prescribed under the Consent Decree.

The District's identified goal in developing the Consent Decree was to achieve a plan that serves the interests of the District and its ratepayers by adequately reducing wet weather flows while ensuring any necessary financial investments are apportioned and scheduled in the most cost-effective and equitable manner possible. The District currently estimates that the cost of implementation of the programs and activities required to be undertaken by the District under the Consent Decree (exclusive of certain of the interceptor improvements which the District would expect to budget and undertake in the normal course of its long-term capital improvement program) would average approximately \$5 million per year over the life of the Consent Decree, portions of which are ongoing projects or programs included in the current capital and operating budgets. Under the terms of the Consent Decree, the District and the participating agencies paid certain civil penalties, the District's share of which was \$201,600. The Consent Decree provides for the possible future imposition of financial penalties on the District and/or the participating agencies in the event of failure to perform the required work or meet a deadline established under the Consent Decree.

Future Statutory and Regulatory Compliance. As noted above, the construction and operation of wastewater facilities and the discharge of wastewater are highly regulated activities. Federal, State and local standards and regulations are subject to change. Changes in the scope and standards for regulation of wastewater systems, such as the District's Wastewater System, may lead to more stringent operating

requirements and the imposition of future administrative or judicial orders issued by federal or State regulators or a court. Compliance with future requirements and orders that may be adopted could impose substantial additional costs on the Wastewater System. Furthermore, claims against the Wastewater System for failure to comply with applicable laws and regulations could be significant. The District is actively involved with major wastewater industry associations and routinely monitors and participates in the regulatory process in order to ensure that a “sound science” approach is applied in determining the need, and (if deemed necessary) implementation approach, for potential regulatory changes. However, no assurance can be given that the laws and regulations currently in effect will not change or that the Wastewater System will always be able to obtain all required operating permits or that the cost and/or impact of compliance with applicable laws, regulations or orders will not adversely affect the finances or operations of the District’s Wastewater System.

One area identified for potential future regulatory change is with respect to the discharge of nutrients. Wastewater often contains large amounts of nitrogen and phosphorus, known as nutrients. There is some data indicating that there are potential impairment issues in the San Francisco Bay related to these nutrients, a significant portion of which come from wastewater treatment plants. The District is a principal agency of the Bay Area Clean Water Agencies (“BACWA”), a joint powers agency, formed under the California Government Code by the five largest wastewater treatment agencies in the San Francisco Bay Area, presently supporting a multi-year work plan to study possible impairment of the San Francisco Bay due to nutrients. BACWA is also engaged in an effort with the Regional Board that resulted in the development of a watershed-based permit for all of the San Francisco Bay wastewater agencies in order to provide a level of regulatory certainty for the timeframe of the study. The NPDES permit (Regional Board Order No. R2-2014-0014), which became effective on July 1, 2014, required wastewater agencies to monitor and evaluate approaches to reduce nutrient discharges, and provided financial support to fund regional scientific studies investigating nutrient impacts to San Francisco Bay. This permit expired on June 30, 2019 and was replaced with a second nutrient watershed NPDES permit (Order No. R2-2019-0017) on July 1, 2019. This second permit includes total inorganic nitrogen (“TIN”) discharge load targets for each BACWA agency (based on each agency’s previous TIN load to the San Francisco Bay). Future regulatory discharge requirements for TIN are expected on or around July 1, 2024, when a third nutrient watershed permit is expected to take effect. The new permit was originally anticipated to contain a nutrient discharge load cap but the Regional Board is considering imposing more stringent nitrogen discharge limitations on wastewater treatment plants, including potentially a 50% reduction from previous discharge levels. District staff is currently evaluating options to ensure the District’s future TIN discharge requirements will be met. See “THE WASTEWATER SYSTEM – Capital Improvement Program – Main Wastewater Treatment Plant.” As of the date of this Official Statement, the nutrient discharge load limitations to be imposed under the third nutrient watershed permit and how the Regional Board will determine previous nutrient discharges in connection with potential new reduction requirements are not yet known by the District. Depending on the measures that the District may be required to take to comply with the limitations on nutrient discharge that are ultimately contained in the third nutrient watershed permit when issued, a significant capital investment by the District may be necessary in connection with the implementation of additional nutrient removal infrastructure.

Per- and poly-fluoroalkyl substances (“PFAS”) are synthetic chemical substances with properties that do not break down in the environment. Due to their water-resistant properties, they are commonly used in cleaners, textiles, papers, paint, firefighting foam and insulation. There are currently no federal or state regulations establishing maximum concentration levels of PFAS in wastewater. However, in recent years, federal and state agencies have undertaken a variety of efforts towards the development of legislation, laws and regulations regarding PFAS, focused on limiting levels of PFAS in drinking water sources. SWRCB’s Division of Drinking Water has established notification and response levels for the detection of certain PFAS in drinking water and USEPA has proposed maximum contaminant levels for certain PFAS detected in drinking water.

Future regulations to address PFAS in wastewater could include measures such as establishing maximum concentrations of PFAS in wastewater effluent or use restrictions for biosolids. In September 2022, USEPA issued a proposed rule (40 C.F.R. Part 302) (the “Proposed Rule”) which designates PFAS as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act and indicated in the Proposed Rule that one of the categories of entities potentially affected by the Proposed Rule is wastewater treatment facilities. The enactment of future state or federal regulations regarding PFAS in wastewater could impact the permitted end uses for the District’s biosolids and increase the costs associated with biosolids management. In addition, if maximum concentration levels of PFAS in wastewater effluent are established by future state or federal regulations, the District expects that the additional effluent treatment processes necessary to comply with such regulations could increase treatment costs.

Resource Recovery

In 2001, the District initiated a pilot program to provide revenue enhancement for the Wastewater System through the utilization of excess dry weather capacity at its Main Wastewater Treatment Plant to accept trucked waste from outside its service area. The District’s resource recovery program accepts a variety of trucked liquid and solid waste streams from outside the service area of Special District No. 1 for disposal in an environmentally sound manner. High strength trucked wastes are discharged into underground tanks, processed, and anaerobically co-digested with biosolids. This program provides an additional source of methane gas for use in the District’s power generation plant at the Main Wastewater Treatment Plant (see “– Power Generation/Energy Recovery” below) and generates an additional source of revenue for the Wastewater System through the collection of tipping fees charged to the trucked waste haulers. See also “WASTEWATER SYSTEM FINANCES – Resource Recovery Revenues.”

Related Litigation. On April 1, 2021, Waste Management of California (“WMAC”) filed a lawsuit against the District alleging the District had breached an agreement with WMAC to receive and process commercial food waste at a facility to be constructed by the District. WMAC’s suit asserted that the District’s failure to build the facility and receive its food waste caused WMAC to incur damages in the form of additional hauling and processing costs and lost revenues. WMAC sought damages for its increased processing costs for the ten-year contractual period of July 1, 2016 through June 30, 2025. Additionally, WMAC sought to have the District defend and indemnify it against a \$24,000,000 liquidated damages claim assessed against it by the City of Oakland, which asserts in part that WMAC breached its own contractual obligations to the City of Oakland regarding the processing of organic waste. On February 24, 2023, the District entered into a settlement agreement with WMAC. Pursuant to the terms of the settlement agreement, the District paid WMAC \$15,000,000, which resolved all issues related to the allegations of breach of the agreement between WMAC and the District, with the exception of the claim related to the liquidated damages assessed by City of Oakland. WMAC’s claim for indemnification by the District for liquidated damages it may ultimately be obligated to pay the City of Oakland, if any, has been tolled until August 14, 2024 and remains outstanding pending resolution of the contractual dispute between WMAC and the City of Oakland. This claim may be the subject of future litigation between WMAC and the District. The District is unable to predict the outcome of the dispute between the WMAC and the City of Oakland or any related litigation between WMAC and the District that may ensue.

Power Generation/Energy Recovery

In addition to biosolids, another wastewater treatment byproduct is methane gas, which is produced by the sludge digestion process. The District currently operates a 10.8 megawatt power generation plant fueled by the methane gas produced at the Main Wastewater Treatment Plant, consisting of three 2.1 megawatt engines installed in 1985 and an additional 4.5 MW turbine installed in 2011,

which is utilized to supply energy to operate the Main Wastewater Treatment Plant. As a result of the installation of the additional turbine in 2011, the District is able to generate more electric energy than is required to operate the Main Wastewater Treatment Plant, making the District's Main Wastewater Treatment Plant the first net electricity producing wastewater facility in the United States. Electrical energy produced in excess of that needed for plant operations is sold to the Port of Oakland through the utility grid. The ability to generate power to operate the Main Wastewater Treatment Plant facility reduces the District's exposure to energy cost volatility in its Wastewater System operations and provides additional revenue through the sale of electricity and associated renewable energy credits.

Climate Change

The effects of global climate change are expected to increase the risk of inundation at low-lying wastewater facilities as sea levels rise. In addition, higher intensity storms are expected in California as a result of climate change, which are projected to result in potentially higher peak wet weather flow events. The District completed a Wastewater Climate Change Plan in June 2020. The Wastewater Climate Change Plan was an expansion of the District's efforts to assess the impact of climate change on the Wastewater System facilities and operations and propose responses to such impacts. The Wastewater Climate Change Plan included an assessment of the District's contribution to greenhouse gas ("GHG") emissions, mitigation measures to reduce GHG emissions, an assessment of the District's vulnerability to climate change impacts and adaption strategies to be implemented by the District.

The Wastewater Climate Change Plan builds upon the District's other climate change policies, including the District's Strategic Plan. The District's Strategic Plan identifies the District's goals, strategies, objectives, and key performance indicators and guides District staff in setting priorities and allocating resources. The Strategic Plan is reviewed and updated every two years. In 2008, the District incorporated climate change into its Strategic Plan. The District also prepared a Climate Action Plan in 2021 that focused on sustainability and resilience, and acknowledges impacts and vulnerabilities, and includes mitigation measures and adaptation strategies to manage changing climate and its impact on the District's water resources.

In addition, the District has adopted a Sustainability and Resilience Policy, which sets forth an overarching objective for the District to consider environmental, social, and economic impacts in the District's policies, programs, and work practices. It also establishes a specific objective for the District to identify and implement projects and plans that mitigate climate change impacts and reduce GHG emissions.

The District has also adopted a policy (Policy 7.07) to promote energy efficient practices within the District's Wastewater System and Water System, service area and watersheds, minimize reliance on fossil fuels, diversify its energy sources, reduce energy costs, and strive to achieve a goal of being carbon free for direct and indirect GHG emissions. To support this policy, the District has adopted the following goals for GHG emission reductions: (i) for the Wastewater System – to eliminate direct and indirect GHG emissions by 2030 and (ii) for the Water System – to eliminate direct and indirect GHG emissions by 2030.

In furtherance of the District's objective of reducing GHG, the District utilizes anaerobic digestion to treat the solids from the wastewater treatment process, which produces biogas. This biogas is combusted and converted to energy. The District's Wastewater System Resource Recovery Program, which the District has operated since 2002, creates additional renewable energy by accepting trucked-in organic wastes. The program reduces GHG emissions in three ways. First, the enclosed anaerobic process produces methane, which is then combusted to produce renewable energy and carbon dioxide. Without this process, the available disposal methods for some of these wastes would result in the uncontrolled

releases of methane gas, which has 30 times more global warming potential than carbon dioxide. Second, combustion of the methane generates renewable electricity, which displaces fossil fuel-based electricity and associated GHG emissions. Third, anaerobic digestion residuals, or biosolids, are land applied whereas carbon is partially sequestered in the soil.

In its operations, for light-duty applications, the District is investing in more fuel-efficient hybrid and plug-in electric vehicles. Every passenger vehicle in the District's fleet is either a hybrid or plug-in electric vehicle. For its medium and heavy-duty fleet, the District has transitioned to nearly 100% renewable diesel vehicles, which is manufactured using organic materials such as waste animal fat or used cooking oil. Renewable diesel reduces GHG emissions by up to 80% when compared to petroleum-based diesel, and has other benefits such as lower tailpipe particulate emissions.

In connection with the preparation of the Wastewater Climate Change Plan, the District performed a climate impact vulnerability assessment of the Wastewater System facilities to identify the facilities most at risk, when such facilities are expected to be impacted by sea level rise and other climate change impacts, the investments required to mitigate such risks, and the timing of such investments. The primary climate impact identified by the climate impact vulnerability assessment was sea level rise, due to proximity of the District's facilities to the San Francisco Bay shoreline. Secondary risks identified by the climate impact vulnerability assessment included more intense rainfall events, which could increase peak wet weather flows in District interceptor sewer pipelines, and drought, which could reduce sewer flows due to water conservation in response to drought.

The District expects that the impact of sea level rise will be moderate for several decades, until the sea level rises by more than four feet, which is not expected to occur until the year 2100. In the near term, the District projects the impact of sea level rise will be limited to temporary shallow flooding of access roads to District facilities. The District has implemented climate change design guidelines, which determine the appropriate elevation to install sensitive equipment, such as electrical and control panels, to avoid damaging equipment from temporary flooding.

The District has determined to undertake sea level rise mitigation measures through a cooperative, regional approach with other jurisdictions, agencies, and land owners. A cooperative approach allows the District to pool resources with other jurisdictions, agencies, and land owners and to develop multi-benefit projects that, in addition to mitigating sea level rise, could provide benefits such as habitat creation, water quality improvement and recreational access expansion for the public. Accordingly, the District participates in regional groups that focus on climate change mitigation and adaptation, such as the Bay Area Climate Action Network (BayCAN), the Oakland-Alameda Adaptation Committee, and Bay Adapt (led by the San Francisco Bay Conservation and Development Commission) to collaborate with other jurisdiction and agencies in the region, identify potential projects, and work toward securing State and federal funding for implementation of sea level rise mitigation projects.

The District is mitigating the impact of more intense rainfall events by implementing an I&I reduction program, which is a partnership with the District's tributary agencies, which are cities that own sewer collection systems that flow into the District's interceptor system. The District's efforts under the I&I program, including identifying sources of I&I and correcting them, work to reduce peak wet weather flows and groundwater infiltration. Groundwater infiltration could increase in areas adjacent to the San Francisco Bay shoreline, where rising sea levels are expected to proportionally raise surrounding groundwater levels.

Reduced flows in the District's collection system as a result of water conservation in response to drought conditions could result in sewage with a higher concentration of certain constituents. A higher concentration of such constituents can potentially increase corrosion of concrete, which requires the

inspection of sewer pipes and concrete basins, as well as regular rehabilitation projects, which are included in the District's Capital Improvement Program.

Seismic Matters

The District is located in a seismically active region of California. The Hayward Fault runs through the entire western portion of the District and the Calaveras Fault runs through the southeastern portion of the District. The Concord Fault is located several miles to the east of the District and the San Andreas Fault is located to the west.

The District commissioned a seismic evaluation study, completed in 1994, that examined the potential impacts on the District's Wastewater System of various magnitudes of earthquakes along the Hayward Fault. The study found that many of the Wastewater System facilities are located on poor soil and could be affected by liquefaction and settlement. Although structures supported on pile foundations should withstand the liquefaction with minimal structural damage, piping and electric conduit penetrating into basement walls of these structures could be sheared, effectively causing loss of function in the facility. The study further concluded that, in the event of the largest credible earthquake measuring 7.5 on the Richter scale from the Hayward Fault, approximately half of the facilities at the Main Wastewater Treatment Plant would suffer significant damage, that three of the District's 15 pump stations could possibly experience loss of function and that interceptor blockage could lead to sewage backup into the San Francisco Bay or onto city streets. A major earthquake could also have a severe adverse impact on the economy of the District's wastewater service area.

In response to the 1994 seismic evaluation study, the District initiated a multi-year Wastewater Seismic Repairs Program, which focused on the retrofit of all the facilities that, if a failure occurred, would endanger life and/or public health. All of the high priority projects identified in the 1994 seismic evaluation study have been completed. Each of the operations center, sludge dewatering building, primary sedimentation blower building and oxygenation tank control buildings have been seismically retrofitted. The District has also made seismic improvements through other capital upgrade projects.

In 2016, the District began work on an update to the 1994 seismic evaluation study focused on the Main Wastewater Treatment Plant facilities. The update was completed in 2018 and evaluated seismic performance under current industry standards and codes, which changed greatly since the 1994 seismic evaluation study, and developed recommendations for mitigating seismic risk based on such updated standards and codes. The design and maximum earthquake levels are equivalent to approximately magnitude 6.4 and magnitude 7.3 on the Hayward Fault, respectively. Findings of the seismic evaluation update study indicate that it is expected that a large number of Main Wastewater Treatment Plant facilities may sustain significant damage in the event of a large earthquake and not meet life safety performance criteria. Evaluations and risk assessments were performed to support the prioritization of further seismic evaluations and mitigation improvements.

Following the completion of the seismic evaluation update study, the District performed geotechnical investigations for seismic hazard mitigation, and additional evaluations and conceptual retrofit designs for 25 high priority facilities. In 2021, the District began the design phase for seismic retrofits for (1) a group of personnel buildings referred to as the "Main Wastewater Treatment Plant Support Facilities," and (2) the maintenance center. Additional seismic mitigation projects have been included in the 10-year Capital Improvement Program for the Wastewater System, including projects to seismically retrofit the Main Wastewater Treatment Plant administration building and laboratory, influent pump station, primary sedimentation tanks, and the effluent pump station.

Despite the completed and continuing seismic work, in the event of significant earthquake damage to the Wastewater System and/or the District's service area, there can be no assurance that Adjusted Net Wastewater Revenues would be sufficient to pay the principal of and interest on any outstanding Wastewater System Revenue Bonds.

Security and Emergency Preparedness; Cybersecurity

Security and Emergency Preparedness. The District has implemented a security program to provide a secure work place; maintain safe and reliable water supply and wastewater services; and to prevent or mitigate potential damage or loss of assets from internal and external threats. The District's Security Office manages the security program which includes assessment, capital, operational and coordination elements. These efforts are guided by the Security Vulnerability Assessment (SVA), water/wastewater industry experience, actual experience at District facilities, and industry standards/guidelines. The program's systems, procedures, and personnel are designed to deter, detect, delay and assess potential criminal actions.

The District has a Security Operations Control Center (the "SOCC") that is staffed seven days a week, 24 hours a day. The SOCC houses a proprietary centralized security system to monitor access controls, video cameras and recorders, and access alarms. The dispatchers at the SOCC monitor alarms, assess conditions using the security system, and dispatch security and law enforcement response as needed for alarms and reports of suspicious circumstances or crimes at District facilities. The security system maintains access controls for water and wastewater treatment, administrative and maintenance facilities, its storage yards and service centers, and the reservoirs and pumping plants in its water distribution system. District security includes an internal security staff and security contractors. Contract security officers are also used to supplement automated access controls at certain key facilities.

The District maintains an active emergency preparedness program that includes an Emergency Operations Plan to help manage the District's critical operations during any emergency and protect people, property, and the environment. The District also maintains a Business Continuity Program Plan to minimize impacts to critical business functions and enhance its capability to recover operations expediently and successfully following a disruptive incident. Pursuant to State law, District employees are sworn disaster service workers, and key staff is trained to use California's Standardized Emergency Management System (referred to as SEMS) and the National Incident Management System (referred to as NIMS) in response to emergencies and security incidents. As part of its Emergency Operations Plan, the District maintains two strategically located emergency operations centers and a mobile emergency command center, and has in place an emergency operations team to lead emergency response activities. The District also has adopted business continuity plans for individual work units to ensure the District's ability to respond to, and recover from, any emergency or other event that disrupts its normal business functions.

Cybersecurity. The District, like many other large public and private entities, relies on an extensive and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, executive impersonation, denial of service, malware, and other attacks on its information systems, networks, and data. Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized entities, nation state actors, or individuals attempting to gain access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption and damage. Cyberattacks are becoming more sophisticated and the threats continually evolve. Certain cyber incidents, such as surveillance, may remain undetected for an extended period. Attacks directed at critical Wastewater System operations and facilities could damage distribution and storage assets, cause operational malfunctions and outages, and result in costly recovery and remediation efforts.

The District's cybersecurity program leverages a defense-in-depth approach to maintain the confidentiality, integrity, and availability of the District's business information systems, data, and water and wastewater control systems. There are dedicated District IT and OT Security and third-party staff who perform a variety of functions, including intrusion detection and prevention, incident response, monitoring for malware, vulnerabilities, and anomalous network traffic, promoting cybersecurity awareness to District staff through training, including new employee cybersecurity awareness training and regular email phishing exercises, and auditing the environment to ensure that configurations remain consistent with security objectives as well as implementing new security controls as needed to stay ahead of continually evolving security threats. Third-party audits and vulnerability assessments are also utilized periodically by the District to identify any potential areas of improvement for the overall cybersecurity program. The District maintains a backup data center to facilitate recovery of critical business systems after a disaster.

Insurance

The District uses a combination of self-funding/self-insuring and insurance coverage in the District's risk management program. The program provides protection for the District's buildings and facilities, including their contents and equipment, from fire, explosion and related perils, including flood. The District's insurance program does not currently include earthquake coverage. The District's reserves, self-insured retentions, deductibles, and insurance are described below.

The District self-insures liability claims up to \$10 million for bodily injury and property damage that may arise from the District's operations, including but not limited to use of its property, facilities, or vehicles. The District also maintains fidelity protection against fraudulent acts of its employees.

The District maintains reserves of approximately \$9.4 million for liability self-insurance and \$8.2 million for workers' compensation claims that may arise from the District's water and wastewater systems' operations. See also "WASTEWATER SYSTEM FINANCES – Financial Management Policies."

Selected insurance coverages include the following:

- \$90 million of commercial general and automobile liability insurance, subject to a \$10 million per occurrence self-insured retention for both the Water System and the Wastewater System;
- Statutory limits of excess workers' compensation coverage, subject to a \$5 million self-insured retention for both the Water System and the Wastewater System;
- \$200 million in coverage for "all risk" property insurance, subject to a \$500,000 deductible, with exclusions, such exclusions encompass earthquake, flood, (see special flood sublimit referenced below) and certain properties (excluded properties include various Pardee facilities, the "dams, reservoirs, containment basins, ponds, lakes, dikes, levees, water shafts, power tunnels, penstocks, flumes, piers, wharves, canals, tail race, draft tube, discharge tunnel, under and above-ground pipes and aqueducts (with the exception of \$2.5 million in flood coverage for above-ground aqueducts));
- \$25 million in coverage for flood perils (except for areas within the FEMA-designated 100-year floodplain in which a \$10 million limit is applicable), subject to a \$1.5 million minimum deductible per occurrence, except 5% of the total insurable property values at the time of the loss at each location involved in the loss subject to a minimum deductible

of \$1.5 million for any occurrence in areas of 100-year flooding as defined by FEMA, all such flood insurance excluding coverage for underground property and pipelines;

- \$25 million in coverage for boiler and machinery insurance, subject to a \$25,000 deductible; and
- \$10 million in coverage for crime insurance for protection against fraudulent acts of employees (except for “faithful performance” claims in which a \$6 million limit is applicable), subject to a \$25,000 deductible.

Capital Improvement Program

Since Fiscal Year 2002, the District has implemented a biennial budget. In the spring of odd-numbered years, a budget is presented to the Board for consideration for the two ensuing Fiscal Years. The District’s biennial budget planning process includes a review of projected long-term (10 years or longer) facilities needs and the development of a capital expenditure forecast for the ensuing five fiscal years. A series of master plans document the identified facilities needs by asset classes and include assessments of the District’s key facilities, taking into consideration condition assessments, operational performance and maintenance histories. Facilities in need of rehabilitation or replacement are identified and prioritized. Project scopes are also defined (for example, replacement of aging mechanical or electrical equipment, seismic upgrades, or other defined scopes).

The master plans are considered during the biennial update to the Capital Improvement Program (the “CIP”). The most recent CIP update was completed in 2023 in connection with developing the biennial budget for Fiscal Years 2024 and 2025, which was approved by the Board on June 13, 2023. The CIP update included a five-year capital expenditure forecast for Fiscal Years 2024 through 2028. Based upon this CIP forecast, cash expenditures for capital improvements to the Wastewater System for Fiscal Years 2024 through 2028 are estimated to aggregate approximately \$334.8 million.

In the CIP for Fiscal Years 2024 through 2028, the District is continuing its focus on investments in general improvements and rehabilitation work. The projected \$334.8 million aggregate CIP cash expenditures for the five-year forecast period represents a 37.6% increase over the prior CIP. The increase is primarily driven by additional capital investment related to managing nutrients, in addition to the District’s work to improve buildings that serve multiple treatment processes, including seismic retrofits, as well as rehabilitation work on sewer interceptors and pump stations. Additional major work will include a new dewatering process that will entirely replace the existing one, and other major work will focus on preliminary, primary and secondary treatment, which includes rehabilitation of concrete structures such as primary sedimentation tanks and channels, the oxygen production plant, and secondary clarifiers. This strategy is reflected in the substantial portion of the CIP expenditure forecast dedicated to maintaining infrastructure.

Table 5 summarizes the District’s projected CIP cash expenditures for Fiscal Years 2024 through 2028 by major category as forecast in the biennial budget for Fiscal Years 2024 and 2025.

Table 5
Fiscal Years 2024-2028
Capital Improvement Program
FY 2024 and FY 2025 Biennial Budget
Forecast – Cash Expenditures⁽¹⁾
(Thousands)

	<i>Fiscal Year Ending June 30,</i>						
	<i>2024</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>Total⁽³⁾</i>	<i>% of Total</i>
Main Wastewater Treatment Plant	\$27,901	\$30,169	\$34,998	\$48,237	\$65,694	\$206,999	62%
Wastewater Remote Facilities	9,011	16,185	10,697	11,056	16,862	63,811	19
Wastewater System-Wide Improvements	9,518	8,419	11,668	8,263	7,517	45,385	14
Capital Support ⁽²⁾	<u>3,600</u>	<u>3,600</u>	<u>3,700</u>	<u>3,800</u>	<u>3,900</u>	<u>18,600</u>	<u>6</u>
Total ⁽³⁾	<u>\$50,030</u>	<u>\$58,374</u>	<u>\$61,063</u>	<u>\$71,355</u>	<u>\$93,973</u>	<u>\$334,796</u>	100%

⁽¹⁾ Cash expenditures include spending for projects appropriated in earlier Fiscal Years.

⁽²⁾ Includes overhead, construction management and other administrative costs which are allocated to individual projects upon their completion.

⁽³⁾ Totals may not add due to rounding.

Source: The District.

The cost estimates are subject to revision in connection with the subsequent five-year CIP forecast prepared as part of the biennial budget planning process. See also “– *Construction-Related Risks*” below.

The District’s currently estimated funding sources for its CIP for Fiscal Years 2024 through 2028 as reflected in the biennial budget for Fiscal Years 2024 and 2025 are set forth in Table 6:

Table 6
Fiscal Years 2024-2028
Estimated Sources of Funds for Capital
Improvement Program Expenditures

<i>Funding Sources</i>	<i>(Millions)</i>	<i>% of Total</i>
Revenues	\$163.3	49%
Bond Proceeds ⁽¹⁾	<u>171.5</u>	<u>51</u>
Total	<u>\$334.8</u>	<u>100%</u>

⁽¹⁾ See footnote 9 to Table 18 for additional information regarding the District’s currently projected bond issuances to finance the District’s CIP expenditures.

Source: The District.

Included in the five-year CIP for Fiscal Years 2024 through 2028 as reflected in the biennial budget for Fiscal Years 2024 and 2025 are the major programs and projects described below:

Main Wastewater Treatment Plant. This category furthers the District’s objectives to improve the infrastructure at the Main Wastewater Treatment Plant to ensure reliable, high-quality service. Work focuses on rehabilitating the digesters, concrete structures, and treatment process facilities; upgrading the

resource recovery receiving station; rehabilitating sections of the sewer interceptors; and identifying long-term solutions to managing nutrient levels.

As part of the District's nutrient management strategy, the District is in the process of developing and evaluating improvements to the Main Wastewater Treatment Plant to prepare the District for complying with stricter effluent limits for nitrogen discharged into San Francisco Bay anticipated in the upcoming. The current San Francisco Regional Water Quality Control Board Watershed Permit will expire in July 2024, and the next five-year permit is expected to impose a nutrient discharge load cap and potentially more stringent limits on nutrient discharges. To meet the expected effluent load cap, the District planned for a new process to treat high ammonia in the centrate generated in the dewatering process. The District conducted studies to determine the feasibility of other nutrient reduction improvements that can be made with existing facilities at the Main Wastewater Treatment Plant. These studies included pilot and full-scale testing to evaluate sidestream nutrient treatment/recovery technologies and explore innovative approaches to nitrogen reduction. Nutrient studies and pilot testing using these innovative approaches began in Fiscal Year 2022 and continued into Fiscal Year 2024. The studies successfully demonstrated nutrient removal using existing facilities. The nutrient studies and pilot testing will continue through Fiscal Year 2025 to help plan future capital improvements to improve reliability of the existing facilities in the long term.

Additional planned work to the Main Wastewater Treatment Plan includes projects relating to the rehabilitation and upgrade of assets associated with wastewater receiving, screening, pumping, and trash and grit removal to keep wastewater flowing from the interceptor system into the Main Wastewater Treatment Plant before primary treatment. The District is currently planning the partial replacement of dewatering equipment, with construction expected to be completed in Fiscal Year 2026. The District is in the planning phase of a seismic retrofitting of the influent pump station, through which all wastewater passes.

The CIP also includes planned projects relating to the rehabilitation and upgrade of structures associated with wastewater treatment including the oxygen production plant where liquid oxygen is produced, the oxygen reactors where oxygen is mixed with wastewater and the secondary clarifiers. The rehabilitation to these facilities will be undertaken in phases to allow the Main Wastewater Treatment Plant to remain operational during such rehabilitation work. The District is in the design and planning phase of the rehabilitation of the oxygen production plant, with planning and design work expected to be completed in Fiscal Year 2024 and construction expected to be completed in Fiscal Year 2026. The District has undertaken the rehabilitation of the oxygen reactors in four phases. Construction for the first of four phases was completed in Fiscal Year 2022, and design work for the next phase for the reactors is planned to begin in Fiscal Year 2025. In addition, the District has completed the design for the rehabilitation of two of the District's secondary clarifiers and construction is expected to be completed in Fiscal Year 2025.

A major component of the CIP is the replacement of the dewatering building, which will include the replacement of the existing structure and implementation of new feed pumps, dewatering equipment, cake storage hoppers, polymer feed equipment, and odor control facilities. The planning phase of the project is currently underway, with design work expected to commence in Fiscal Year 2025. The construction phase is expected to be completed in Fiscal Year 2031. The existing dewatering building is expected to continue to be used for the secondary solids thickening process and improvements will be made including upgrades to the building's odor control system and seismic retrofits.

Work relating to the replacement of aging equipment and the improvement of the seismic performance and reliability of the electrical power distribution and control systems at the Main Wastewater Treatment Plant to prevent outages and optimize processes to meet regulations is also included in the CIP. Two phases of seismic improvements have been identified for the electrical system at

the Main Wastewater Treatment Plant. The first phase is planned to address immediate needs, such as improved bracing and supports for electrical distribution lines between the main substation and the power generation plant. The design for the first phase is scheduled to be completed in Fiscal Year 2024, with construction expected to be completed in Fiscal Year 2026. The second phase is planned to address reliability needs following completion of an Electrical Master Plan for the District in Fiscal Year 2024.

The District also has planned projects relating to the rehabilitation and improvement of the utility systems at the Main Wastewater Treatment Plant, including chemical piping, compressed air, wash-down water, potable water, natural gas, and drains and site work, including landscaping and paving. A multi-phase project to improve and replace hypochlorite piping around the Main Wastewater Treatment Plant is currently in progress, with the third and final phase expected to be completed in Fiscal Year 2026.

The District plans to assess and improve the wash down water pumps and piping, including the surge and cathodic protection systems. Portions of the piping were assessed by the District starting in Fiscal Year 2022 and construction is planned to take place through Fiscal Year 2025.

The CIP also includes projects relating to the rehabilitation and upgrade of facilities associated with trucked waste which provides additional feedstock to produce biogas. Odor control improvements are planned to be implemented that include a new three-stage treatment system serving the fats, oils, and grease and high strength waste receiving stations and blend tanks. The design for the project is expected to be completed in Fiscal Year 2024, and construction is planned to be completed in Fiscal Year 2027. Another component of the project consists of creating a new de-gritting facility for trucked waste. This component is expected to involve construction of a new building and hydrocyclone-classifiers, a local odor control unit, pumps, and associated piping. Construction is expected to begin in Fiscal Year 2028.

The rehabilitation of portions of the power generation station equipment, piping, controls, and related components to improve utilization of biogas produced in the digesters to generate renewable electricity and produce heat for the digesters is also included in the CIP. The project is intended to increase the reliability of the power generation components in both normal operation and during grid power outages to improve overall plant reliability. The power generation station reliability improvement project is in its third phase, with construction on such phase planned to be completed in Fiscal Year 2025. Construction on the fourth phase is scheduled to commence in Fiscal Year 2027.

The CIP includes work to maintain and upgrade infrastructure necessary for disinfection and dechlorination of Main Wastewater Treatment Plant effluent and conveyance to its final discharge in the San Francisco Bay. Over the next five years, the District plans to conduct a hydraulic study and to implement a rehabilitation of pumps at the effluent pump station, as well as the rehabilitation of the dechlorination facility. Seismic improvements are also planned to be made at the effluent pump station and the outfall later in the ten-year CIP.

Upgrades to the digestion process at the Main Wastewater Treatment Plant to convert sludge from primary and secondary treatment, as well as high strength waste, into biogas and biosolids for beneficial use are included in the CIP. The District is in Phase 3 of the planned upgrades to the District's eleven digesters. Under the current phase, one digester is scheduled for new cover, and new mixing systems are scheduled to be installed in two digesters. These digesters will also be seismically retrofitted to prevent catastrophic collapse in the event of an earthquake. Construction is expected to be completed in Fiscal Year 2025. Phase 4 of the work to upgrade the remaining three digesters is planned to commence in Fiscal Year 2031.

The CIP includes projects relating to the rehabilitation and seismic retrofitting of the Primary Sedimentation Tanks ("PST"), channels, and galleries to extend the life of concrete assets. The concrete

rehabilitation work related to the PST includes replacing three primary influent channel control gates and rehabilitating and coating concrete roof and walls in the influent channel adjacent to the gates, and in upstream areas that were not addressed in previous phases. The PST will be seismically retrofitted beginning in Fiscal Year 2028. Phase 1 of the project will encompass 10 tanks, the adjoining influent channels and gallery and effluent channel. Future phases will address the influent channels, gallery and vortex grit facilities.

Remote Facilities. This category includes two key initiatives: (i) Interceptors and Pump Stations project: work to rehabilitate five gravity interceptors, as well as force mains and pump stations that convey wastewater from the satellite agencies to the Main Wastewater Treatment Plant, and to improve access to these facilities for maintenance and repairs; and (ii) Wet Weather Facilities project: mandated work related to the inflow and infiltration, and maintaining the Wet Weather Facilities for reliable performance during wet weather events.

Interceptor rehabilitation includes the underground piping, select maintenance holes and tie-in structures. Pipe rehabilitation will be conducted on the older interceptors that have not been addressed recently. Pump station rehabilitation includes the rehabilitation of equipment, piping, and access improvements to several stations.

The Wet Weather Facilities project includes conducting mandated work related to the I&I program and maintaining the Wet Weather Facilities for reliable performance during wet weather events. This project includes the ongoing implementation of the regional private sewer lateral ordinance, flow modeling, and reporting, as required by the Consent Decree. The Wet Weather Facilities project includes the rehabilitation of chemical tanks, wet well liner repair and concrete restoration at the District's wet weather facilities.

System-Wide Improvements. The system-wide improvements category consists of capital improvements vital to wastewater conveyance and treatment that are not limited to a single treatment process. Projects in this category include work on buildings that serve multiple treatment processes, the periodic replacement of capital equipment, applying protective coatings plant-wide, and replacing hardware and software. Two of the larger projects in this category are the seismic retrofits of the Maintenance Building and the Operations Center, two buildings that are heavily used and were prioritized in the Main Wastewater Treatment Plant seismic evaluation. The seismic retrofitting of these buildings is scheduled to occur through Fiscal Year 2027.

Construction-Related Risks. Construction projects for the Wastewater System are subject to ordinary construction risks and delays applicable to projects of their kind, including but not limited to (i) inclement weather affecting contractor performance and timeliness of completion, which could affect the costs and availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors; (ii) contractor claims or nonperformance; (iii) failure of contractors to execute within the contract price; (iv) work stoppages or slowdowns; (v) failure of contractors to meet schedule terms; (vi) errors or omissions in contract documents requiring change orders; (vii) the occurrence of a major seismic event; or (viii) unanticipated project site conditions, including the discovery of hazardous materials on the site or other issues regarding compliance with applicable environmental standards, and other natural hazards or seismic events encountered during construction. In addition, Wastewater System construction projects may require scheduling system shutdowns to avoid impacting services and many shutdown windows are inflexible. Increased construction costs or delays could impact the Wastewater System's financial condition in general and the implementation of its CIP in particular. Construction bids may also be higher than anticipated for budgeting purposes due to inflation and the uncertainties and supply issues continuing from COVID-19 pandemic.

WASTEWATER SYSTEM FINANCES

Basis of Accounting

The District reports operations on a Fiscal Year basis (currently July 1 through June 30). Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the costs of providing goods and services to the general public are financed or recovered primarily through user charges. Enterprise funds are accounted for using the accrual basis of accounting. The accounting policies of the District conform to generally accepted accounting principles for municipal water and wastewater utilities. The accounts are maintained substantially in accordance with the Uniform System of Accounts prescribed for investor-owned and major municipally-owned water and wastewater utilities.

Sources of Funds

The District finances its wastewater operations with rates and charges and a share of the county-wide real property tax levy. The Wastewater System's principal source of revenues is dry weather user charges billed directly to customers of the participating agencies. In Fiscal Year 2023, dry weather user charges of \$87.7 million provided approximately 54.9% of the Wastewater System's \$159.8 million total sources of funds. Wet weather facilities charges collected on the property tax bills issued by Alameda and Contra Costa counties accounted for approximately 19.2% of the total sources of funds of the Wastewater System and are designed to recapture the cost of financing the District's facilities to handle wet weather related I&I, including wet weather facilities, interceptors, pumping stations and storage basins. The District's resource recovery program generated approximately 10.5% of the Wastewater System's total sources of funds in Fiscal Year 2023.

Table 7 sets forth the District's Wastewater System sources of funds for the five Fiscal Years ended June 30, 2023. The sources of funds in Table 7 include certain funds which do not constitute Adjusted Net Wastewater Revenues for purposes of funds pledged under the Indenture. Adjusted Net Wastewater Revenues include all charges received for, and all other income and receipts derived by the District from, the operation of the Wastewater System or arising from the Wastewater System, which includes, without limitation, the District's dry weather user charges, wet weather facilities charges, wastewater capacity fees and resource recovery program revenues, as well as investment income, less Operation and Maintenance Costs. Property taxes are applied to reduce Operation and Maintenance Costs and are not pledged to the repayment of the Wastewater System Revenue Bonds. See "– Property Tax Revenues" below. Certain grants and contributions earned on construction which are restricted to use for specified purposes are not included in Adjusted Net Wastewater Revenues for purposes of the Indenture. Only Adjusted Net Wastewater Revenues are pledged to the payment of the Wastewater System Revenue Bonds. See "SECURITY FOR THE SERIES 2024A BONDS – Pledge of Adjusted Net Wastewater Revenues" in the front part of this Official Statement. Comparative summaries of the Wastewater System's historical operating results and debt service coverage ratio for each of the last five Fiscal Years appear in Table 17.

Table 7
WASTEWATER SYSTEM SOURCES OF FUNDS
Five Fiscal Years ended June 30, 2023
(Millions)

	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Operating Revenue and Other Income:					
Dry Weather User Charges	\$ 78.1	\$ 79.9	\$ 81.1	\$ 84.6	\$ 87.7
Wet Weather Facilities Charges	25.1	27.1	28.3	29.4	30.7
Resource Recovery	12.2	12.1	12.3	13.7	16.7
Interest ⁽¹⁾	2.4	1.9	0.3	0.3	2.7
Taxes	5.9	6.3	6.9	7.4	8.1
Other Revenues ⁽²⁾	<u>4.6</u>	<u>5.3</u>	<u>5.8</u>	<u>6.5</u>	<u>6.7</u>
Total Revenues	\$ 128.3	\$ 132.5	\$ 134.6	\$ 142.0	\$ 152.7
Capital Contributions:					
Wastewater Capacity Fees	\$ 13.3	\$ 5.7	\$ 7.2	\$ 6.4	\$ 7.1
Earned contributions on construction	(0.1)	0.0	0.0	0.0	0.0
Grants and reimbursements	<u>0.0</u>	<u>0.0</u>	<u>0.3</u>	<u>0.0</u>	<u>0.0</u>
Total Contributions	\$ 13.2	\$ 5.7	\$ 7.5	\$ 6.4	\$ 7.1
TOTAL⁽³⁾	<u>\$ 141.5</u>	<u>\$ 138.2</u>	<u>\$ 142.1</u>	<u>\$ 148.4</u>	<u>\$ 159.7</u>

(1) Includes interest earnings on Wastewater System Fund.

(2) Other Revenues includes amounts received from the sale of energy to the utility grid and various other revenues. Other Revenues excludes certain reimbursements and other receipts applied directly to operating expenses.

(3) Totals may not add due to rounding.

Source: The District.

Rates and Charges

The District's rates and rate structure are established by the District's Board after a public hearing process, and are not subject to regulation by any other agency. Under California law, the imposition of, or any increase in, a property-related fee or charge, including fees and charges for ongoing wastewater service, is subject to specified procedural requirements (including notice, hearing and protest procedures). In addition, pursuant to California law all such property-related fees and charges meet certain substantive standards, including that such fees and charges must be proportional to the cost of providing service. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 218" in the front part of this Official Statement for a discussion of the procedural and substantive requirements to which the District's rate increases are subject.

From Fiscal Year 2019 through Fiscal Year 2023, total annual residential wastewater charges imposed by the District have increased by an average of approximately 3.94% per Fiscal Year. The overall average rate increase, which includes the rate increases for all customer classes and rate components (including District treatment and disposal charges, wet weather facilities charges and San Francisco Bay Pollution Prevention Fee), over the same period was approximately 4.20%. The District's most recent increases in wastewater service rates and charges included the adoption on June 13, 2023 of overall rate increases of 8.50% and 8.50% for Fiscal Years 2024 and 2025, respectively.

Table 8 sets forth a history of the average residential rate increases and overall average rate increases for all customers enacted by the District for the five Fiscal Years 2019 through 2023, and the average residential and overall average rate increases as adopted by the Board on June 13, 2023 for Fiscal Years 2024 and 2025.

Table 8
HISTORY OF WASTEWATER
RATE INCREASES⁽¹⁾

<i>Fiscal Year</i>	<i>Average Residential Rate Increase⁽¹⁾</i>	<i>Overall Average Rate Increase⁽²⁾</i>
2019	5.05%	5.00%
2020 ⁽³⁾	2.70	4.00 ⁽³⁾
2021	3.95	4.00
2022	3.91	4.00
2023	4.07	4.00
2024 ⁽⁴⁾	8.46 ⁽⁴⁾	8.50 ⁽⁴⁾
2025 ⁽⁴⁾	8.44 ⁽⁴⁾	8.50 ⁽⁴⁾

⁽¹⁾ Residential average rate increase includes wastewater treatment and disposal charges, wet weather facilities charges, and San Francisco Bay Pollution Prevention Fee.

⁽²⁾ Overall average rate increase includes wastewater treatment and disposal charges and wet weather facilities charges for all customer classes (including residential).

⁽³⁾ Fiscal Year 2020 rates and charges include cost of service study adjustments that resulted in some rates and charges decreasing and others increasing. Overall revenue from rates were estimated to be approximately 4.00% higher than under Fiscal Year 2019 rates and charges.

⁽⁴⁾ The adopted rate increase for Fiscal Year 2024 is effective on bills issued on and after July 1, 2023 and the adopted rate increase for Fiscal Year 2025 will be effective on bills issued on and after July 1, 2024.

Source: The District.

Table 9 shows the rate schedule effective July 1, 2023 for Fiscal Year 2024, and the rate schedule to be effective July 1, 2024 for Fiscal Year 2025 as approved by the Board on June 13, 2023. The District believes that the current rate structure is consistent with federal and State regulations, which require generally that wastewater charges be proportionate to the operation, maintenance and replacement costs associated with providing service for each discharger or class of dischargers. See also Table 18 under “Projected Operating Results” for a description of projected future rate increases.

Table 9
WASTEWATER SYSTEM RATES AND CHARGES

	<i>Effective July 1, 2023</i>	<i>Effective July 1, 2024</i>	
Residential Charge:			
Service Charge (per account)	\$ 8.56	\$ 9.29	per month
Strength Charge (per dwelling unit)	8.92	9.67	per month
Flow Charge	1.546	1.677	per 100-cubic foot unit, to a maximum of 9 units
San Francisco Bay Pollution Prevention Fee	0.20	0.20	per month per dwelling unit
Non-Residential Charge:			
Service Charge (per meter)	8.56	9.29	per month
Treatment Charge	1.60-21.98	1.74-23.82	per unit, depending on the nature of the business
San Francisco Bay Pollution Prevention Fee	5.48	5.48	per month
Minimum Monthly Charge:			
Apartment Buildings (5 or more dwelling units)	53.16	57.64	per month
All others	8.56	9.29	per month
Permit Accounts:			
Flow Charge	1.546	1.677	per hundred cubic feet
COD	0.157	0.170	per pound of discharge
Suspended Solids	0.647	0.702	per pound of discharge
Wet Weather Facilities Charge:			
Small lot (0-5,000 sq. ft.)	135.82	147.38	per year per land parcel
Medium lot (5,001-10,000 sq. ft.)	212.12	230.16	per year per land parcel
Large lot (>10,000 sq. ft.)	484.78	526.00	per year per land parcel

Source: The District.

Comparison of Wastewater System Charges

Annual charges of various Bay Area wastewater service providers for single family residences discharging 6.0 hundred cubic feet (“Ccf”) of wastewater per month (as determined based upon metered water consumption) are shown in Table 10. Charges for cities served by the District include both the cities’ charge for collection and the District charge for treatment and disposal. Charges for these cities include costs of sewer rehabilitation programs, now underway, to reduce wet weather infiltration and inflow into their collection systems. The District rates also reflect an additional wet weather facilities charge (based on lot size: for Fiscal Year 2024 to be \$135.82 for lots from 0 to 5,000 square feet) to pay the cost of the wet weather program.

Table 10
COMPARATIVE ANNUAL WASTEWATER CHARGES⁽¹⁾
Single Family Residences 6.0 Ccf/Month
Effective Rates as of July 1, 2023⁽²⁾⁽³⁾

City and County of San Francisco	\$1,154
City of Richmond	1,121
East Bay Municipal Utility District⁽⁴⁾	978
City of Vallejo	905
City of Pinole	883
Central Marin Sanitary District	861
City of Livermore	819
West Contra Costa Sanitary District	711
Central Contra Costa Sanitary District	697
Delta Diablo Sanitary District	616
Union Sanitary District	597
City of San Jose	546
City of San Leandro	539
City of Pleasanton	524
Dublin San Ramon Services District	495
Oro Loma Sanitary District	396

(1) Includes collection and treatment charges.

(2) Unless otherwise noted, the table reflects charges based on rates applicable as of calendar year 2023 or fiscal year 2024 regardless of characterization as base rates or other characterization. Certain rates include proposed rate increases for fiscal year 2024 that have not yet been approved or adopted.

(3) Rates have been obtained from publicly available sources and have not been independently verified by the District.

(4) Monthly charges vary by metered water consumption. The District portion of the charge assumes a monthly wastewater discharge of 6.0 Ccf for an annual charge of \$460, based on rates for Fiscal Year 2024 (including the \$135.82 wet weather facilities charge for small lots), plus an average community collection charge of \$518 per year throughout the wastewater service area. Reflects the District’s rates for Fiscal Year 2024 as adopted on June 13, 2023.

Source: The District.

Wastewater User Charge Revenues and Number of Accounts by User Type

Table 11 sets forth a breakdown of the District’s dry weather user charge revenues and number of accounts by customer class for the Fiscal Year ended June 30, 2023.

Table 11
WASTEWATER DRY WEATHER USER CHARGE REVENUES
AND NUMBER OF ACCOUNTS BY USER TYPE
Fiscal Year ended June 30, 2023

<i>Type of Customer</i>	<i>User Charge Revenues⁽¹⁾</i>	<i>Percent of Revenues</i>	<i>Number of Accounts⁽²⁾</i>	<i>Percent of Accounts</i>
Residential	\$47,749,662	54.5%	161,683	89.6%
Commercial	32,643,812	37.2	16,889	9.4
Industrial	2,746,014	3.1	766	0.4
Public	<u>4,543,409</u>	<u>5.2</u>	<u>1,030</u>	<u>0.6</u>
Total ⁽³⁾	\$87,682,896	100.0%	180,368	100.0%

⁽¹⁾ Dry weather user charges collected on the water bill includes permit fees, pollution prevention fees and late fees. Does not include wet weather facilities charges, resource recovery treatment fees or private sewer lateral compliance certificate fees.

⁽²⁾ This table referred to number of connections in certain of the District's prior disclosure documents. The data presented is more accurately referred to as number of accounts and the table and this column has been re-labeled accordingly. The data presented is on a basis consistent with the presentation in the District's prior disclosure documents.

⁽³⁾ Totals may not add due to rounding.

Source: The District.

Billing and Collection Procedures

General; History of Delinquencies. All wastewater service customers are billed by the District bimonthly for dry weather user charges, with the exception of the 365 largest accounts, which are billed monthly. Billing is staggered throughout the billing cycle by geographic location within the District. Water service may be discontinued if an overdue wastewater account is not paid after appropriate customer notification. See, however, “– COVID-19 Effects” below.”

The District considers its rates of payment delinquency, service discontinuance for non-payment and write-offs for uncollectible accounts to be low by wastewater industry standards for urban areas. Write-offs for uncollectible accounts for the last five Fiscal Years are set forth in Table 12.

Table 12
WASTEWATER CHARGES UNCOLLECTIBLE REVENUES⁽¹⁾
Last Five Fiscal Years

<i>Fiscal Year Ended June 30</i>	<i>Uncollectible Revenues</i>	<i>Percent of Gross Billings</i>
2019	\$137,661	0.18%
2020	162,213	0.20
2021	140,230	0.18
2022	231,168	0.28
2023	436,710	0.50

⁽¹⁾ Since the suspension of the discontinuance of service for past due residential accounts that was implemented in March 2020, the District has not written off past due residential accounts as uncollectible while the collection or recovery through State and federal economic assistance programs has been ongoing. The increase in uncollectible revenues in Fiscal Year 2023 reflects the resumption of service disconnections for commercial customers in the Fall of 2022 and an increase in closed accounts. See “– COVID-19 Effects” below.

Source: The District.

COVID-19 Effects. To help mitigate the economic impact of COVID-19 on its customers, beginning in March 2020, the District restored water service to single family residential customers in occupied residences whose service was discontinued for non-payment during the state of emergency, and suspended the discontinuance of water services due to non-payment. The District's action was consistent with Executive Order N-42-20, signed by Governor Newsom on April 2, 2020. On December 31, 2021, the suspension of disconnections for non-payment was ended and the District resumed service disconnections for non-payment of commercial customers in the Fall of 2022. For the District's single-family residential accounts, the suspension of disconnections due to non-payment remains in effect as the District progresses with the implementation of its Alternative to Shut Off policy. This policy involves the utilization of flow restrictors or property liens to recover delinquent charges. To reduce the total number of delinquencies, the District has in place extended payment plans for past due water and wastewater charges, and a Customer Assistance Program, which helps reduce the costs of water and wastewater services to qualified low-income customers.

During the period of suspension of disconnections, the District experienced an increase in the amount of bills that are 100 days or more past their payment date. From Fiscal Year 2019 to Fiscal Year 2022, the number of accounts delinquent for more than 100 days for water and/or wastewater charges increased from 1% of customers to approximately 3% of customers. As of November 2023, the number of accounts delinquent for more than 100 days increased to approximately 3.8%. Of the approximately \$ ____ million in accounts receivable for the Wastewater System as of November 30, 2023, approximately \$ ____ million (____ % of total receivables) were 100 days or more past the due date.

The District was allocated approximately \$3.196 million (net of administrative costs recovered) under the SWRCB California Water and Wastewater Arrearage Payment Program ("CWWAPP") to aid the Wastewater System accounts that have fallen behind during the period of March 4, 2020 through June 15, 2021, which was credited towards arrearages. In July 2023, additional funding was announced by the California Legislature to provide for an "Extended CWWAPP." This new Extended CWWAPP extends the COVID-19 relief period for water and wastewater accounts that have fallen behind to December 31, 2022 and include both residential and commercial customers. The 60-day application period began in November 1, 2023 and ended December 31, 2023. The District has applied for approximately \$12.2 million in funding for Wastewater System arrearages that qualify for the Extended CWWAPP. Applications will be reviewed by the SWRCB prior to disbursement of funds and the amount to be received by the District under the Extended CWWAPP for the Wastewater System arrearages is not yet known.

In addition to the CWWAPP, \$116 million in funds was allocated from the American Rescue Plan Act to the California Department of Community Services and Development for the Low-Income Household Water Assistance Program ("LIHWAP") to provide benefit payments for eligible households with service disconnected or pending shut-off. Under this program, customers seeking assistance are required to apply directly through the LIHWAP and if approved, benefit payments are made to the District to be applied as a bill credit to the applicable customer account to pay down the customer's water and wastewater bills. As of December 2023, the District has received approximately \$2.0 million in benefits payments through the LIHWAP that have been applied as bill credits to customer accounts for water and wastewater amounts due. LIHWAP will continue to provide benefit payments to eligible customers through March 2024. Fund received by the District pursuant to these programs are expected to reduce the District's uncollectible revenue amount.

Wastewater Capacity Fees

The District assesses a Wastewater Capacity Fee on each new Wastewater System customer or each existing Wastewater System customer that increases demand for treatment processing on or after

July 1, 1984, measured in wastewater volume and strength. The Wastewater Capacity Fee is a one-time charge based on the maximum monthly wastewater volume and average strength. In 2013, the Board approved a change in the Wastewater Capacity Fee calculations. These changes were made in order to address the recognition that the District's ultimate build-out scenario now projects lesser demand growth than previously assumed. This change resulted in a 60% increase in the calculated Wastewater Capacity Fee, which was phased-in over five years beginning in Fiscal Year 2014. In Fiscal Year 2024, the Wastewater Capacity Fee for a single family residence is \$3,170. The fees for multi-family dwellings are \$1,730 per dwelling unit 500 sq. ft. or less and \$2,220 per dwelling unit greater than 500 sq. ft. The Wastewater Capacity Fee for other applicants is based on an analysis of the applicant's expected wastewater treatment needs.

Resource Recovery Revenues

As described under "THE WASTEWATER SYSTEM – Resource Recovery," the District accepts trucked waste from outside its Wastewater System service area for disposal at the Main Wastewater Treatment Plant through its resource recovery program. Waste generators interested in disposing of trucked waste at the District's facilities are required to obtain a permit from the District (either directly or by utilizing an approved hauler possessing a District permit). Tipping fees are charged by the District for waste streams delivered by truck for disposal based upon type of waste and volume or weight. Types of customers include food processors, wineries, breweries, and industrial wastewater brokers and haulers. The District has approximately 280 permit holders bringing in both regular deliveries such as septage and brine and limited-term deliveries from facilities experiencing temporary shut-downs of their onsite treatment plants.

In Fiscal Year 2023, total resource recovery program revenues received by the District from tipping fees totaled \$16.7 million. For budgeting purposes, the District assumes resource recovery program revenues will be less in future years than currently generated due to increased competition from wastewater facilities that are beginning trucked waste acceptance programs that will be located closer to waste generators.

Property Tax Revenues

The District's share of the countywide 1% *ad valorem* property tax levy allocated to Special District No. 1 has provided approximately 4% to 5% of the revenues of the Wastewater System in each of the past five Fiscal Years for the District. The District's share of the countywide 1% *ad valorem* property tax levy allocated to Special District No. 1 is not pledged as a source of payment for the Wastewater System Revenue Bonds, although such amounts are applied to pay Wastewater Operation and Maintenance Costs in accordance with the Indenture.

Table 13 shows a five-year record of assessed valuations, secured roll levies and delinquencies for the taxable property included within Special District No. 1. Assessed valuations are expressed by county assessors as "full cash value" as defined by Article XIII A of the State Constitution. The tax levy shown is the District's allocated share of the maximum *ad valorem* tax levy by each county of 1% of full cash value.

Pursuant to California Revenue and Taxation Code Sections 4701 *et seq.*, Contra Costa County and Alameda County each maintain a reserve fund for the purpose of guaranteeing 100% of the secured levies of the electing governmental jurisdictions for which such county collects taxes (commonly referred to as the "Teeter Plan"). The District has elected to participate in Contra Costa County's Teeter Plan program but has elected not to participate in Alameda County's Teeter Plan program. Consequently, the

District is exposed to the effect of delinquencies in collections only for property located in Alameda County.

A Teeter Plan remains in effect unless the board of supervisors of the county that has established a Teeter Plan orders its discontinuance or unless, prior to the commencement of any fiscal year of such county, such board of supervisors receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts within the county, in which event such board of supervisors is to order the discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. If the Board of Supervisors of Contra Costa County, or in the event that the District elects to participate in Alameda County's Teeter Plan, the Board of Supervisors of Alameda County, is to order the discontinuance of the Teeter Plan, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which such county acts as the tax-levying or tax-collecting agency.

Table 13
TAXABLE PROPERTY WITHIN THE WASTEWATER SYSTEM
Assessed Valuation and Tax Collection Record

	<i>Fiscal Year Ending June 30</i>				
	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Assessed Valuation for Taxation Purposes ⁽¹⁾⁽²⁾					
Alameda County	\$104,791,049,008	\$112,571,652,641	\$122,248,493,183	\$128,678,917,777	\$140,034,197,765
Contra Costa County	<u>6,396,906,019</u>	<u>6,769,204,055</u>	<u>7,187,871,396</u>	<u>7,502,770,587</u>	<u>8,056,682,610</u>
Total	\$111,187,955,027	\$119,340,856,696	\$129,436,364,579	\$136,181,688,364	\$148,090,880,375
District Tax Receipts ⁽³⁾					
Alameda County	\$ 5,385,714	\$ 5,782,135	\$ 6,377,478	\$ 6,836,741	\$ 7,520,051
Contra Costa County	<u>470,322</u>	<u>506,767</u>	<u>479,713</u>	<u>545,357</u>	<u>559,334</u>
Total	\$ 5,856,036	\$ 6,288,902	\$ 6,857,192	\$ 7,382,098	\$ 8,079,385
Delinquent June 30 ⁽⁴⁾					
Amount	\$ 59,959	\$ 74,239	\$ 77,975	\$ 89,767	\$ 99,757
Percent	1.02%	1.18%	1.14%	1.22%	1.23%

(1) Net of all exemptions except homeowner's exemptions, the taxes on which are paid by the State. All valuations are stated on a 100% of full cash value basis as defined by law. Assessed valuations shown include redevelopment project area incremental valuations.

(2) Minor differences in assessed valuation numbers from amounts previously reported can occur from time to time due to a change in source data used.

(3) Net basis excluding all exemptions. Levies reflect the tax reductions effected by the adoption of Article XIII A of the State Constitution in 1978, the "Jarvis-Gann Initiative." For Alameda County, receipts include District's share of prior years' delinquencies when collected.

(4) Amounts apply to Alameda County only, since Contra Costa County guarantees 100% payment of the District's secured roll levy. The delinquency percentages are calculated based on the two counties' secured roll levies.

Sources: Reports of the Auditor-Controller's Offices, Alameda and Contra Costa Counties, table data as compiled by the District.

Historically, from time to time, legislation was enacted as part of the State budget to provide for the reallocation of local governments' shares of the countywide 1% *ad valorem* tax, including by shifting a portion of the property tax revenues collected by the counties from special districts (such as the District) to school districts or other governmental entities. Subsequently, certain amendments to the State Constitution have been enacted to reduce the State Legislature's authority over local revenue sources by placing restrictions on, among other things, the State's access to local governments' property tax

revenues. For example, on November 2, 2004 voters within the State approved Proposition 1A, which prevented the State from reducing local government's share of the 1% ad valorem property tax below levels in effect as of November 3, 2004, except in the case of fiscal emergency. Proposition 1A provided that in the case of fiscal emergency, the State could borrow up to 8% of local property tax revenues to be repaid within three years. Following the exercise by the State of its authority to borrow such local property tax revenues as part of the 2009-10 State budget act, on November 2, 2010, voters within the State approved Proposition 22, which prohibits any future action by the State Legislature to take, reallocate or borrow money raised by local governments for local purposes, and prohibits changes in the allocation of property taxes among local governments to aid State finances or pay for State mandates. Proposition 22 thereby effectively repealed the provisions of Proposition 1A allowing the State to borrow local property tax revenues from local governments, and prohibits any such future borrowing.

There can be no assurances that legislation or voter initiatives enacted or approved in the future will not reduce or eliminate the District's share of the 1% countywide *ad valorem* property tax revenues. See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND FEES AND CHARGES" in the front part of this Official Statement.

The tax rolls for property located within the District's Wastewater System service area for the Fiscal Year ended June 30, 2023, aggregated a total assessed valuation of approximately \$140.0 billion, including redevelopment project areas incremental valuations of which the taxes payable were due to the redevelopment agency. In 2011, the State enacted legislation commonly referred to as "AB1X 26," which required the dissolution of California redevelopment agencies and the dissolution and winding up of the operations of those agencies, which dissolution occurred on February 1, 2012. AB1X 26 provides a framework for the management of the remaining obligations of the dissolved redevelopment agencies by their respective successor agencies and oversight boards to oversee those successor agencies. Pursuant to AB1X 26, tax increment will continue to flow to the payment of "enforceable obligations" (such as tax allocation bonds) of the dissolved redevelopment agencies.

Grants and Reimbursements

The District periodically receives grants for specific projects. In addition, the District from time to time receives certain reimbursements for capital costs, primarily in connection with facility relocations. In Fiscal Year 2023, the District collected approximately \$1.7 million in reimbursements for the Wastewater System. No grant receipts and facility relocation reimbursements are budgeted for Fiscal Years 2024 and 2025. Grants and facility relocation reimbursements received are treated as capital contributions and are not included in Adjusted Net Wastewater Revenues for purposes of the Indenture.

Operation and Maintenance Costs

The primary component of the District's Wastewater System Operation and Maintenance Costs is labor costs, including wages, salaries and benefits. Operation and Maintenance Costs also include materials, supplies and services such as treatment chemicals and sludge disposal costs, and other general and administrative expenses.

Outstanding Debt

Table 14 shows Wastewater System debt outstanding as of January 1, 2024. As provided in the Municipal Utility District Act, prior to the exercise by the District of its power to issue Wastewater System revenue bonds, a preliminary resolution is adopted by the Board declaring its intention to authorize the issuance of revenue bonds and specifying, among other things, the maximum principal amount of bonds then proposed to be issued (excluding refunding bonds) pursuant to such resolution. As

of January 1, 2024 (prior to the Series 2024A Bonds being issued), the District has \$167,885,000 of authorized but unissued Wastewater System revenue bonds under Resolution No. 33781-10 adopted on September 14, 2010, pursuant to which the Board declared its intention to authorize the issuance of up to \$200,000,000 of Wastewater System revenue bonds, from time to time in one or more series. The issuance of revenue bonds by the District is not subject to prior voter approval, although such resolutions of intention to authorize the issuance of bonds are subject to a 60-day referendum period (which, with respect to Resolution No. 33781-10, expired without challenge). The District may from time to time in the future adopt other resolutions authorizing the issuance of additional Wastewater System revenue bonds and may incur other Parity Debt, subject to the satisfaction of the conditions set forth in the Indenture. See “SECURITY FOR THE SERIES 2024A BONDS – Issuance of Additional Wastewater System Revenue Bonds and Parity Debt; Junior and Subordinate Obligations” in the front part of this Official Statement.

From time to time, the District applies for and is granted loan funds from the SWRCB under the Clean Water State Revolving Fund loan program. The SWRCB loans (“State Loans”) are low-interest loans made by the SWRCB to fund various water quality infrastructure projects. The District may in the future apply for additional State Loans. The SWRCB requires all future debt issued by agencies involved in loan contracts under the Clean Water State Revolving Fund loan program to be issued on a parity with or subordinate to the State Loans. The District currently has no outstanding State Loans for the Wastewater System. Any future State Loans would likely constitute Parity Debt under the Indenture.

Pursuant to the authority of the Municipal Utility District Act, the Board has declared its intention to authorize the issuance of short-term indebtedness of the District (which may include commercial paper notes and/or other forms of bonds, notes or other evidences of short-term indebtedness, including bank credit) in a maximum outstanding principal amount not exceeding the lesser of (1) the annual average of the District’s total revenue for the three preceding years or (2) 25% of the District’s total outstanding bonds issued pursuant to Chapters 6, 7 and 8 of the Municipal Utility District Act (which includes District revenue bonds). The District determined the maximum authorized principal amount of short-term indebtedness (including short-term indebtedness of both the Water System and the Wastewater System) pursuant to the above limit to be an amount not to exceed \$669,321,000 as of June 30, 2023. The District currently maintains a commercial paper note program for the benefit of the Wastewater System and the District’s Water System. The District currently has no commercial paper outstanding under such program that was issued for the benefit of the Wastewater System.

In addition, the District had previously established an extendable municipal commercial paper program for the benefit of the Wastewater System and Water System. On December 6, 2022, the District fully paid and retired all of its then outstanding Extendable Municipal Commercial Paper Notes (Wastewater) issued under the District’s extendable municipal commercial paper program. Following the payment and retirement of Extendable Municipal Commercial Paper Notes (Wastewater), the District terminated the extendable municipal commercial paper program.

The District may from time to time issue commercial paper notes for the benefit of the Wastewater System under its current commercial paper program. Any additional commercial paper notes issued by the District for the benefit of the Wastewater System under its traditional commercial paper program (and the District’s repayment obligation for amounts borrowed, if any, under any applicable liquidity facility therefor), would be payable from and secured by a pledge of Wastewater Revenues on a basis subordinate to the Wastewater System Revenue Bonds and Parity Debt.

Table 14
OUTSTANDING WASTEWATER SYSTEM DEBT
(as of January 1, 2024)

	<i>Date of Issue</i>	<i>Last Maturity</i>	<i>Amount Issued</i>	<i>Outstanding January 1, 2024</i>
<u>Wastewater System Revenue Bonds:</u>				
Revenue Bonds, Series 2010B (Build America Bonds)	10/20/10	06/01/40	\$150,000,000	\$150,000,000
Revenue Refunding Bonds, Series 2014A	08/28/14	06/01/31	82,150,000	36,515,000
Revenue Refunding Bonds, Series 2015A	03/03/15	06/01/38	68,370,000	68,370,000
Revenue Refunding Bonds, Series 2015B	03/03/15	06/01/30	2,795,000	1,440,000
Revenue/Refunding Bonds, Series 2017A	06/14/17	06/01/45	69,420,000	48,075,000
Revenue Bonds, Series 2022A (Green Bonds)	06/16/22	06/01/45	18,140,000	16,555,000
Revenue Refunding Bonds, Series 2022B	06/16/22	06/01/37	<u>17,345,000</u>	<u>17,345,000</u>
Total Debt			<u>\$408,220,000</u>	<u>\$338,300,000</u>

Source: The District.

Debt Service Requirements

Table 15 on the following page shows estimated future payments on outstanding debt.

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Table 15
WASTEWATER SYSTEM ESTIMATED DEBT SERVICE⁽¹⁾

<i>Fiscal Year Ending June 30</i>	<i>Outstanding Wastewater System Revenue Bonds</i>			<i>Series 2024A Bonds</i>			<i>Total Debt Service⁽²⁾</i>
	<i>Principal</i>	<i>Interest⁽²⁾</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	
2024	\$ 14,310,000.00	\$ 16,905,422.50	\$ 31,215,422.50				\$ 31,215,422.50
2025	14,975,000.00	16,193,992.50	31,168,992.50				31,168,992.50
2026	15,670,000.00	15,449,532.50	31,119,532.50				31,119,532.50
2027	14,030,000.00	14,669,332.50	28,699,332.50				28,699,332.50
2028	14,730,000.00	13,971,215.00	28,701,215.00				28,701,215.00
2029	15,465,000.00	13,238,180.00	28,703,180.00				28,703,180.00
2030	16,230,000.00	12,476,563.90	28,706,563.90				28,706,563.90
2031	17,030,000.00	11,672,888.50	28,702,888.50				28,702,888.50
2032	17,875,000.00	10,827,902.40	28,702,902.40				28,702,902.40
2033	18,760,000.00	9,944,219.40	28,704,219.40				28,704,219.40
2034	19,690,000.00	9,010,486.40	28,700,486.40				28,700,486.40
2035	20,670,000.00	8,033,208.80	28,703,208.80				28,703,208.80
2036	21,695,000.00	7,007,394.00	28,702,394.00				28,702,394.00
2037	22,770,000.00	5,930,833.20	28,700,833.20				28,700,833.20
2038	24,365,000.00	4,801,150.00	29,166,150.00				29,166,150.00
2039	26,250,000.00	3,545,693.60	29,795,693.60				29,795,693.60
2040	27,610,000.00	2,186,993.60	29,796,993.60				29,796,993.60
2041	2,945,000.00	757,900.00	3,702,900.00				3,702,900.00
2042	3,080,000.00	620,050.00	3,700,050.00				3,700,050.00
2043	3,230,000.00	475,800.00	3,705,800.00				3,705,800.00
2044	3,380,000.00	324,450.00	3,704,450.00				3,704,450.00
2045	<u>3,540,000.00</u>	<u>166,000.00</u>	<u>3,706,000.00</u>				<u>3,706,000.00</u>
Total ⁽³⁾	\$ 338,300,000.00	\$ 178,209,208.80	\$516,509,208.80				\$ 516,509,208.80

⁽¹⁾ Debt service is calculated on a cash basis.

⁽²⁾ Includes gross interest payable before application of any cash subsidy received by the District from the United States Treasury relating to the Series 2010B Bonds ("BABs Interest Subsidy Payments"). In accordance with amendments to the Indenture, the BABs Interest Subsidy Payments reasonably expected to be received by the District is treated as an offset to debt service on the Series 2010B Bonds for purposes of the Indenture.

⁽³⁾ Totals may not add due to rounding.

Source: The District.

Financial Management Policies

The District has detailed management policies that include guidelines for debt, capital planning, investments, derivatives, and formal reserves. It is the current Board-approved policy of the District to seek to maintain a debt service coverage ratio of 1.6 times on its outstanding Wastewater System Revenue Bonds and to fund no more than 65% of its capital program over each five-year planning period from proceeds of debt. The debt policy also limits unhedged variable rate debt to 25% of the total debt portfolio. Derivatives use is governed by a comprehensive derivatives policy and related set of procedures with guidelines for counterparties, termination, and risk exposure. The District's current policy target for debt service coverage is higher than that required by the rate covenant under the Indenture and may be changed at the Board's discretion. See "SECURITY FOR THE SERIES 2024A BONDS – Rate Covenant."

In accordance with its current cash reserves policy, the District budgets for a number of formal reserves for the Wastewater System, including the following:

- a working capital reserve of at least three times monthly net operating and maintenance expenses;
- a self-insurance liability program reserve in an amount based upon established actuarially determined funding guidelines or, if not yet available at the end of the fiscal year, 1.15 times the prior year reserve target (which reserve amount was approximately \$1.1 million as of June 30, 2023);
- a workers' compensation program reserve in an amount based upon established actuarially determined funding guidelines or, if not yet available at the end of the fiscal year 1.15 times the prior year reserve target (which amount was approximately \$1.0 million as of June 30, 2023); and
- a contingency/rate stabilization reserve of at least 5% of operating and maintenance expenses (which contingency/rate stabilization reserve is included in the Rate Stabilization Fund provided for in the Indenture (see "SECURITY FOR THE SERIES 2024A BONDS – Pledge of Adjusted Net Wastewater Revenues")).

The aggregate reserves maintained by the District for these four formal reserves for the Wastewater System as of June 30, 2023 was approximately \$56.5 million, which satisfies or exceeds the reserve policy target level.

The current investment policy dictates investment criteria, reporting, and administrative requirements. See "– District Investment Policy" below.

District Investment Policy

Funds of the District are invested in accordance with the Government Code of the State, the Municipal Utility District Act and the District's investment policy. The four primary investment criteria set forth in the District's written investment policy are (in order of priority): (1) safety; (2) liquidity; (3) yield; and (4) diversification. In order to keep funds available to meet commitments, the District's investment policy provides that the maturity date (or put provision) of individual investments shall not exceed five years and that the average maturity of the portfolio shall not exceed 900 days. Investments permitted by the District's current investment policy include U.S. Treasury Obligations, U.S. Government Agencies Obligations, State of California's Local Agency Investment Fund (LAIF), a Local Government Investment Pool (LGIP), including the California Asset Management Program (CAMP) and the Investment Trust of California (CalTRUST), Money Market Mutual Funds, Certificates of Time Deposit,

Negotiable Certificates of Deposit, Commercial Paper, Medium Term Corporate Notes, Repurchase Agreements and Municipal Obligations, limited to California issuers, including the State of California. Monies in the funds and accounts held by the Trustee under the Indenture may be invested only in Investment Securities, as defined therein. The District does not enter into reverse repurchase agreements or otherwise borrow for purposes of investing. The District does not invest in highly volatile derivatives and other such securities.

Pursuant to the District’s investment policy, all securities purchased from dealers and brokers are held in safekeeping by the District’s custodial bank. All transactions require delivery of the security prior to payment for the security (delivery vs. payment). Collateral, when required, would only be in U.S. Treasury or U.S. Government Agencies Obligations, with a Master Repurchase Agreement on file with the District. Trade confirmations are reviewed for conformity to the original transaction by an individual other than the one who originated the transaction. On a monthly basis, a report listing transactions is submitted to the General Manager and the District’s Board; and on a quarterly basis, an investment report is submitted to the General Manager and the Finance/Administration Committee of the District’s Board. This quarterly report includes the type of investment, issuer, date of maturity, par and dollar amount invested for all securities, investments and moneys held by the District, and provides an investment summary by security type, percent of the portfolio, investment yield and the remaining period of investment to maturity.

Cash and Investments

The District’s cash and investments are segregated by restricted and unrestricted amounts. Restricted cash and investments generally include bond proceeds and debt service reserve funds, developer advances and capital contributions, and other miscellaneous restricted amounts. At June 30, 2023, the breakdown between restricted and unrestricted amounts for the Wastewater System is as follows:

Table 16
WASTEWATER SYSTEM
CASH AND INVESTMENTS
(As of June 30, 2023)
(Thousands)

Cash and investments included in current and unrestricted assets	\$ 95,173
Cash and investments included in restricted assets	<u>1,000</u>
Total cash and investments	<u>\$ 96,173</u>

Source: The District.

See also “– *Cash and Investment by Fund*” in the Management’s Discussion and Analysis included in APPENDIX B – “EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022.” Additional information regarding the District’s investment portfolio may also be found in Note 2 in the District’s financial statements included in APPENDIX B – “EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022.”

Audited Financial Statements

A copy of the Basic Financial Statements of the District for the Years ended June 30, 2023 and 2022, together with the report of the District’s Independent Accountants, Lance, Soll & Lunghard, LLP, and the Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance

and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (the “Report on Internal Control”) are included as Appendix B to this Official Statement, and should be read in their entirety. In the Report on Internal Control prepared by the Independent Accountants in connection with the District’s Fiscal Year 2022-23 audited financial statements, and dated October 25, 2023, the Independent Accountants identified one deficiency in internal control that it considered to be material weakness as described in their report. District officers and staff has reviewed and implemented or identified corrective action as needed to modify District audit and accounting practices to address the material weakness identified.

Historical Operating Results

The summary of operating results for Fiscal Years 2019 through 2023 contained in Table 17 is derived from information from the audited financial statements for such Fiscal Years and is qualified in its entirety by reference to such statements, including the notes thereto. See also “INDEPENDENT ACCOUNTANTS” in the front part of this Official Statement.

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Table 17
WASTEWATER SYSTEM
Historical Operating Results and Debt Service Coverage⁽¹⁾
Fiscal Years 2019 through 2023

	2019	2020	2021	2022	2023
WASTEWATER REVENUES⁽²⁾					
Dry Weather User Charges	\$ 78,108,092	\$ 79,881,685	\$ 81,078,226	\$ 84,636,365	\$ 87,682,896
Wet Weather Facilities Charges	25,112,787	27,090,108	28,315,516	29,434,507	30,745,220
Interest	2,372,907	1,851,344	281,743	338,312	2,712,378
Resource Recovery	12,214,540	12,074,141	12,315,606	13,708,671	16,702,232
Wastewater Capacity Fees	13,259,943	5,697,283	7,203,746	6,443,423	7,066,481
Other Revenues ⁽³⁾	<u>2,125,817</u>	<u>2,760,262</u>	<u>3,221,007</u>	<u>3,936,648</u>	<u>4,192,286</u>
TOTAL WASTEWATER REVENUE	\$133,194,086	\$129,354,823	\$132,415,844	\$138,497,926	\$149,101,493
RATE STABILIZATION FUND TRANSFERS					
Deposits to the Rate Stabilization Fund	\$ 0	\$ 0	\$ (7,910,000)	\$ 0	\$ 0
Withdrawals from Rate Stabilization Fund for Inclusion in Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
WASTEWATER REVENUES AFTER RATE STABILIZATION TRANSFER	<u>\$133,194,086</u>	<u>\$129,354,823</u>	<u>\$124,505,844</u>	<u>\$138,497,926</u>	<u>\$149,101,493</u>
WASTEWATER OPERATION & MAINTENANCE COSTS⁽⁴⁾					
Operating Expenses	\$ 63,362,686	\$ 66,485,966	\$ 69,009,326	\$ 76,583,186	\$102,179,590 ⁽⁸⁾
(Less Tax Receipts) ⁽⁵⁾	<u>(5,768,972)</u>	<u>(6,285,937)</u>	<u>(6,858,522)</u>	<u>(7,382,056)</u>	<u>(8,079,385)</u>
TOTAL WASTEWATER OPERATION & MAINTENANCE COSTS	<u>\$ 57,593,714</u>	<u>\$ 60,200,029</u>	<u>\$ 62,150,804</u>	<u>\$ 69,201,130</u>	<u>\$ 94,100,205</u>
NET WASTEWATER REVENUES	\$ 75,600,372	\$ 69,154,794	\$ 62,355,040	\$ 69,296,796	\$ 55,001,288
PARITY DEBT SERVICE					
Wastewater System Revenue Bonds ⁽⁶⁾	<u>\$ 26,738,995</u>	<u>\$ 26,733,361</u>	<u>\$ 26,338,512</u>	<u>\$ 26,361,803</u>	<u>\$ 28,565,959</u>
TOTAL PARITY DEBT SERVICE	<u>\$ 26,738,995</u>	<u>\$ 26,733,361</u>	<u>\$ 26,338,512</u>	<u>\$ 26,361,803</u>	<u>\$ 28,565,959</u>
PARITY DEBT SERVICE COVERAGE	2.83	2.59	2.37	2.63	1.93
SUBORDINATE WASTEWATER SYSTEM DEBT SERVICE⁽⁷⁾	\$ 249,715	\$ 163,043	\$ 19,875	\$ 18,465	\$ 83,941
TOTAL PARITY AND SUBORDINATE DEBT SERVICE	\$ 26,988,710	\$ 26,896,404	\$ 26,358,387	\$ 26,380,268	\$ 28,649,900
PARITY AND SUBORDINATE DEBT SERVICE COVERAGE	2.80	2.57	2.37	2.63	1.92

(1) Calculated in accordance with the Indenture as footnoted.

(2) Wastewater Revenues exclude grant receipts, taxes and certain reimbursements.

(3) Other Revenues also includes revenues received from the sale of energy to the utility grid of \$542,293 in Fiscal Year 2019, \$914,620 in Fiscal Year 2020, \$662,514 in Fiscal Year 2021, \$665,936 in Fiscal Year 2022 and \$965,348 in Fiscal Year 2023.

(4) Excludes depreciation and amortization expenses. Also reflects certain adjustments for non-cash pension and OPEB expenses.

(5) Wastewater Operation and Maintenance Costs exclude those expenses paid from the share of the 1% countywide *ad valorem* tax levy allocated to Special District No. 1.

(6) Net of BABs Interest Subsidy Payments. In accordance with amendments to the Indenture which became effective on June 14, 2017, commencing in Fiscal Year 2018, BABs Interest Subsidy Payments received and due to the District are treated as an offset to interest paid by the District on the 2010B Bonds.

(7) Includes outstanding Wastewater System commercial paper notes and interest only with no principal amortization. In December 2022, the District terminated its extendable municipal commercial paper program.

(8) Includes a \$15,000,000 one-time payment made by the District to settle certain District litigation. See "THE WASTEWATER SYSTEM – Resource Recovery – *Related Litigation*."

Source: The District.

District Management’s Discussion of Fiscal Year 2023 Operating Results

As reflected in the preceding table summarizing the District’s operating revenues operating expenses and debt service coverage ratios for the five Fiscal Years ended June 30, 2019 through June 30, 2023, recent Fiscal Years have been characterized by annual rate increases leading to generally stable-to-increasing revenues and debt service coverage above the District’s policy target of 1.60 times. Wastewater Revenues increased approximately \$10.6 million from \$138.5 million in Fiscal Year 2022 to \$149.1 million in Fiscal Year 2023. The increase reflects a stable customer base, rate increases, and year-over-year growth in Resource Recovery, Wastewater Capacity Fees and Interest. Property tax receipts increased in Fiscal Year 2023, growing approximately \$0.7 million, or 9.4% year-over-year.

Operating expenses increased from approximately \$76.6 million in Fiscal Year 2022 to \$102.2 million in Fiscal Year 2023, partially due to higher treatment plant operating costs and higher costs associated with sewer lines and pumping and the payment of a one-time \$15.0 million settlement payment made in connection with the settlement of certain District litigation (see “THE WASTEWATER SYSTEM – Resource Recovery – *Related Litigation.*” above).

Net Wastewater Revenues decreased from approximately \$69.3 million in Fiscal Year 2022 to approximately \$55.0 million in Fiscal Year 2023, reflecting the impact of the \$15.0 million settlement payment.

Parity lien debt service coverage in Fiscal Year 2023 was approximately 1.93 times, reflecting the growth in revenues, offset by growth in expenses. This is a decrease from the prior Fiscal Year’s coverage level of 2.63 times. Debt service coverage remained above 2.00 times each year between Fiscal Year 2019 and Fiscal Year 2022, before decreasing to 1.93 times in Fiscal Year 2023.

The Rate Stabilization Fund provides the District with a tool to maintain stable revenues and policy level coverage in future years. The Rate Stabilization Fund totaled \$32 million as of June 30, 2023.

See also “Management’s Discussion and Analysis” contained in APPENDIX B – “EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022.”

Projected Operating Results

In the preparation of the projections in this section, the District has made certain assumptions with respect to conditions that may occur in the future. While the District believes these assumptions are reasonable for the purpose of the projections, they are dependent on future events. See the footnotes to Table 18 below for relevant assumptions, including assumed future average annual rate increases in wastewater rates. See also “– Discussion of Projected Operating Results for Fiscal Year 2024” and “– Discussion of Budget Projections for Fiscal Years 2024 through 2028” for a discussion of potential impacts. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. To the extent actual future factors differ from those assumed by the District or provided to the District by others or unanticipated events or circumstances occur, the actual results will vary from those forecasted, and such variations may be material. The projected information has not been compiled, reviewed or examined by the District’s independent accountants.

Table 18 sets forth the projected operating results and calculation of the debt service coverage ratios for the Wastewater System for the current Fiscal Year and as derived from the Five-Year Financial Forecast for the five Fiscal Years 2024 through 2028. The Five-Year Financial Forecast for Fiscal Years 2024 through 2028 was developed in connection with the District’s biennial budget for Fiscal Years 2024 and 2025. The District’s biennial budget and rate increases for Fiscal Years 2024 and 2025 were approved

and adopted by the Board on June 13, 2023. In the preparation of the projected operating results and five-year forecast, the District has taken into account limited growth in the service area and the expectations for the future economic environment. See also “– Discussion of Projected Operating Results for Fiscal Year 2024” and “– Discussion of Budget Projections for Fiscal Years 2024 through 2028” below.

The projection period reflects the approved overall rate increases of 8.50% for Fiscal Year 2024 and 8.50% for Fiscal Year 2025. Annual rate increases of 6.0% are assumed for each of Fiscal Years 2026 through 2028. Any such assumed rate increases will be subject to future Board approval. Projected Operating Expenses incorporate salary and benefit expectations.

[Remainder of page intentionally left blank.]

Table 18
WASTEWATER SYSTEM
Projected Operating Results and Debt Service Coverage (Millions)
Fiscal Years 2024 through 2028

	<i>FY 2024 and 2025 Budget Five-Year Financial Forecast⁽¹⁾</i>				
	<i>2024</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>
WASTEWATER REVENUES⁽²⁾					
Dry Weather User Charges ⁽³⁾	94,869,793	103,471,868	110,462,199	117,364,670	124,654,782
Wet Weather Facilities Charges ⁽³⁾	33,381,524	36,217,841	38,485,566	40,816,531	43,294,189
Interest Earnings ⁽⁴⁾	3,085,671	3,225,000	2,256,006	2,348,626	2,426,776
Resource Recovery	11,000,000	10,000,000	9,000,000	8,000,000	7,000,000
Wastewater Capacity Fees	3,500,000	3,622,500	3,749,288	3,880,513	4,016,331
Other Revenue ⁽⁵⁾	<u>3,700,000</u>	<u>3,700,000</u>	<u>3,700,000</u>	<u>3,700,000</u>	<u>3,700,000</u>
TOTAL WASTEWATER REVENUES	149,536,988	160,237,209	167,653,059	176,110,340	185,092,077
RATE STABILIZATION FUND TRANSFERS:					
Deposits to the Rate Stabilization Fund	-	-	-	-	-
Withdrawals from Rate Stabilization Fund for Inclusion in revenues	-	-	-	-	-
WASTEWATER REVENUES AFTER RATE STABILIZATION TRANSFER	149,536,988	160,237,209	167,653,059	176,110,340	185,092,077
WASTEWATER OPERATION & MAINTENANCE COSTS					
Operating Expense ⁽⁶⁾	97,041,700	101,564,460	104,891,277	108,445,099	112,286,625
(Less Tax Receipts) ⁽⁷⁾	<u>(7,500,000)</u>	<u>(7,672,500)</u>	<u>(7,849,313)</u>	<u>(8,030,545)</u>	<u>(8,216,309)</u>
TOTAL WASTEWATER OPERATION & MAINTENANCE COSTS	89,541,700	93,891,960	97,041,964	100,414,554	104,070,316
NET WASTEWATER REVENUES	59,995,288	66,345,249	70,611,094	75,695,786	81,021,761
PARITY DEBT SERVICE					
Wastewater System Revenue Bonds ⁽⁸⁾	<u>30,305,382</u>	<u>32,210,495</u>	<u>34,112,578</u>	<u>33,969,179</u>	<u>37,548,890</u>
TOTAL PARITY DEBT SERVICE	30,305,382	32,210,495	34,112,578	33,969,179	37,548,890
PARITY DEBT SERVICE COVERAGE	1.98	2.06	2.07	2.23	2.16
SUBORDINATE WASTEWATER SYSTEM CP NOTES DEBT SERVICE⁽⁹⁾	-	-	-	-	-
TOTAL PARITY AND SUBORDINATE DEBT SERVICE	30,305,382	32,210,495	34,112,578	33,969,179	37,548,890
PARITY AND SUBORDINATE DEBT SERVICE COVERAGE	1.98	2.06	2.07	2.23	2.16

⁽¹⁾ Reflects Fiscal Years 2024 through 2028 projected results as derived from the District's Five-Year Financial Forecast prepared in connection with the proposed biennial budget for Fiscal Years 2024 and 2025 which was approved by the Board on June 13, 2023. Certain figures have been adjusted to account for the treatment of revenues and expenses under the Indenture which differs in certain respects from treatment for budgetary purposes.

⁽²⁾ Wastewater Revenues exclude grant receipts, taxes and certain reimbursements.

(Table footnotes continued on following page.)

(Footnotes to table continued from prior page.)

- (3) Reflects adoption of 8.5% average annual rate increase for Fiscal Years 2024 and 2025, and assumes average annual rate increases of 6.0% in each of Fiscal Years 2026, 2027 and 2028. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS” in the front part of this Official Statement.
- (4) Excludes non-cash change in fair market value of investments.
- (5) Other Revenue includes estimated collections from power sales and inspection fees from the private sewer laterals program.
- (6) Assumes approximately 3.7% average annual increases in Operating Expenses between Fiscal Years 2024 and 2028.
- (7) Wastewater Operation and Maintenance Costs excludes those expenses paid from *ad valorem* taxes.
- (8) Debt service on the Series 2010B Bonds is net of the expected BABs Interest Subsidy Payments. In light of the potential effect of ongoing sequestration, the District has assumed cash receipts of approximately 33% of the interest payable on the Series 2010B Bonds (93% of the BABs Interest Subsidy Payments of 35% provided for under the American Recovery and Reinvestment Act of 2009) for Fiscal Years 2024 through 2028. For the Five-Year Financial Forecast, assumes issuance of additional Wastewater System Revenue Bonds of approximately \$25 million in Fiscal Year 2024, \$30 million in Fiscal Year 2025, \$30 million in Fiscal Year 2026, \$35 million in Fiscal Year 2027, and \$55 million in Fiscal Year 2028. Except as adjusted to reflect the treatment of BAB Interest Subsidy Payments under the Indenture, debt service for the Five-Year Financial Forecast is as projected in connection with the biennial budget for Fiscal Years 2024 and 2025, which does not reflect the actual structure and timing of the issuance of the Series 2024A Bonds. See “PLAN OF FINANCE” in the front part of this Official Statement. The actual size and timing of future debt issuances undertaken by the District will be determined by the District based on market considerations and other factors.
- (9) The District does not anticipate issuing commercial paper in Fiscal Years 2024 through 2028.

Source: The District.

Discussion of Budget Projections for Fiscal Years 2024 through 2028

The Five-Year Financial Forecast for the period between Fiscal Years 2024 and 2028 is based on specified assumptions, reflected in the footnotes to Table 18 and outlined below. The first two years in the Five-Year Financial Forecast are based upon the District’s two-year budget. The adopted biennial budget for Fiscal Years 2024 and 2025 was approved by the Board on June 13, 2023. In conjunction with the Board’s approval of the District’s biennial budget, the Board adopted rate increases for Fiscal Years 2024 and 2025, following a public hearing on the proposed rate increases held on June 13, 2023. See “– Rates and Charges” above.

Based upon the base budget assumptions outlined below, revenues are forecast to increase by 5.5% annually over the five-year period between Fiscal Years 2024 and 2028 as reflected in the budget forecasted amounts, while forecasted operating expenses are expected to grow by an average of approximately 3.7% per year and debt service increases by an average of 5.5% per year. Capital cash flow spending is projected at \$335 million over the five-year period between Fiscal Years 2024 and 2028. Projected capital expenditures are directed at sustained reinvestments in physical infrastructure. Planned capital projects include treatment plant infrastructure improvements, interceptor rehabilitation, odor control improvements and digester upgrades.

The percentage of capital funded from debt is projected at 49.0% in Fiscal Year 2024 and 50.4% in Fiscal Year 2025, lower than the financial policy maximum of 65%. Revenue bond debt service coverage is projected to meet or exceed the 1.6x policy target each year and increase annually throughout the period. In Fiscal Year 2024, revenue bond debt service coverage was projected in the Five-Year Financial Forecast to be 1.98x. In Fiscal Year 2025 revenue bond debt service coverage is projected to be 2.06x. Debt service coverage is projected to remain relative steady, at 2.07x, 2.23x, and 2.16x in Fiscal Years 2026, 2027 and 2028, respectively. Reserve balances, including the Rate Stabilization Fund reserve, are projected to meet or exceed the policy reserve levels throughout the five-year period. Total reserves are projected at over \$95 million in each year, and the Rate Stabilization Fund reserve is projected to remain at \$32 million throughout the five-year projection period.

The Five-Year Financial Forecast for the period between Fiscal Years 2024 and 2028 is based on certain assumptions, which the District believes to be reasonable, incorporating among other factors a slight decrease in the volume of treatment flow due to lower water use in recent years. The assumed overall increases to treatment rates and wet weather charges for Fiscal Years 2024 and 2025 are 8.5% and 8.5%, respectively, consistent with the adopted budget and Proposition 218 notice. The same overall rate increases of 6.0% per annum are assumed for Fiscal Years 2026, 2027 and 2028.

Employees' Retirement System

General. The District has a contributory retirement system covering substantially all of its employees (including the Water System and Wastewater System). The East Bay Municipal Utility District Employees' Retirement System (the "Retirement System") was established in 1937 to administer a single-employer, contributory, defined benefit pension plan (the "Plan") to provide retirement, disability, survivorship and post-employment health insurance benefits ("HIB") for eligible directors, officers and employees of the District. The Plan is funded by contributions from its members and from the District, and from investment earnings on Plan assets. The payment of benefits earned by Plan members of the Retirement System is an obligation of the District. Employees of the District are also covered by Social Security.

The Retirement System is administered by a Retirement Board composed of three members appointed by the District Board, two members elected by and from the active membership and one (non-voting) member elected by and from the retired membership of the Retirement System. Ordinance No. 40 of the District, effective October 1, 1937, as amended (the "Retirement System Ordinance"), assigns the authority to establish Plan benefit provisions to the District Board.

Contributions to the Retirement System are made by the members and the District. Each member's contribution is based upon a percentage of that member's covered compensation. The employee contribution rates for 1955/1980 Plan members (*i.e.*, employees first hired prior to January 1, 2013) are prescribed in the Retirement System Ordinance and may be adjusted by the District Board solely pursuant to the terms of a negotiated collective bargaining agreement or MOU with employee bargaining units. Pursuant to applicable provisions of the California Public Employees' Pension Reform Act of 2013 as codified ("PEPRA"), 2013 Tier members (*i.e.*, employees first hired on or after January 1, 2013) are required to contribute at least 50% of the "normal cost" rate. The District employees' contribution rate for 1955/1980 Plan members (which includes a 0.09% contribution to the HIB) is 8.75%, effective since April 18, 2016. The District employees' contribution rate for 2013 Tier members (which also includes a 0.09% contribution to the HIB) is established by the District Board, and such rates are based upon actuarial valuations. The current District employees' contribution rate for 2013 Tier members (including the 0.09% contribution to the HIB) is 9.50%, effective since July 1, 2021.

The District (employer) contributions are based upon percentages of the aggregate amount of members' covered compensation. Employer contribution percentages are established by the District Board. Such percentages are based upon actuarial valuations. The District's employer contribution percentage for 1955/1980 Plan members has been established at 48.48% for Fiscal Year 2024 (including a 4.75% contribution to the HIB) and has been established at 39.21% for 2013 Tier members (including a 4.52% contribution to the HIB). Based upon the June 30, 2023 funding valuation reports prepared by the actuary, for Fiscal Year 2025, the recommended District employer contribution percentage for 1955/1980 Plan members is 49.02% (including a 4.43% contribution to the HIB) and is 40.07% for 2013 Tier members (including a 4.27% contribution to the HIB). **{remove brackets following January 18 Retirement Board meeting}**[The June 30, 2023 funding valuation reports, which provide the recommended contribution rates for Fiscal Year 2025, were presented by the actuary to the Retirement

Board at its January 18, 2024 meeting. The District Board is expected to consider the adoption of the recommended contribution rates at its February 27, 2024 Board meeting.]

The District estimates that approximately 86% of the District's annual contributions are attributable to the Water System and approximately 14% are attributable to the Wastewater System.

As of June 30, 2023, collectively for the Water and Wastewater Systems, there were 1,955 active (non-retired) Plan members, 381 terminated Plan members entitled to but not yet receiving benefits (*i.e.*, inactive vested members) and 2,117 retirees and beneficiaries receiving benefits.

Table 19 sets forth the number of active (non-retired) and inactive vested members, total Plan assets, District and Member contributions and retirement allowances paid in the five Fiscal Years 2019 through 2023.

[Remainder of page intentionally left blank.]

Table 19
RETIREMENT SYSTEM
Active (Non-Retired) and Inactive Vested Members, Total Retirement System Assets,
District and Member Contributions and Allowances Paid
Five Fiscal Years Ended June 30, 2023⁽¹⁾

<i>Fiscal Year Ended June 30</i>	<i>Active (Non-Retired) and Inactive Vested Members⁽²⁾</i>	<i>Total Retirement System Assets⁽³⁾</i>	<i>District Contribution⁽⁴⁾</i>	<i>Member Contributions</i>	<i>Allowances Paid From Retirement Plan⁽⁵⁾</i>
2019	2,150	\$1,832,965,000	\$ 84,551,000	\$ 17,865,000	\$ 114,435,000
2020	2,215	1,857,609,000	88,734,000	18,885,000	122,351,000
2021	2,223	2,328,722,000	90,624,000	19,336,000	130,472,000
2022	2,255	2,058,923,000	102,285,000	21,127,000	139,281,000
2023	2,336	2,255,307,000	106,523,000	22,088,000	149,786,000

(1) Includes Health Insurance Benefit.

(2) Includes active plan members and terminated plan members entitled to but not yet receiving benefits.

(3) Market value as of June 30 of such Fiscal Year as shown in the audited financial statements of the Retirement System.

(4) The District estimates that approximately 86% of the District's annual contributions are attributable to the Water System and approximately 14% are attributable to the Wastewater System.

(5) Includes benefits paid and refunds of contributions.

Source: Segal Actuarial Valuation and Review of Pension Plan Benefits Reports.

The Retirement System is an integral part of the District and, as noted above, the District appoints the majority of the governing body of the Retirement System and provides for its funding. Accordingly, the Retirement System's operations are reported as a Pension and Other Employee Benefit Trust Fund in the District's basic financial statements. The Retirement System also issues separately available financial statements on an annual basis. Such financial statements can be obtained from the District at 375 Eleventh Street, Oakland, California 94607.

The Governmental Accounting Standards Board ("GASB") issued Statements 67 and 68 affecting the reporting of net pension liabilities for accounting purposes, and Statements 74 and 75 affecting the reporting of net other post-employment healthcare benefits ("OPEB") liabilities for accounting purposes. Statements 67 and 74 are for plan reporting, and Statements 68 and 75 are for employer reporting. The information needed to comply with Statements 67 and 74 was provided by the actuary. The Segal Group Inc. ("Segal") in separate reports (*i.e.*, separate from the pension and health insurance benefits funding valuation reports) dated March 2, 2023, and the information needed to comply with Statements 68 and 75 was provided by the actuary in separate reports dated June 16, 2023 (for employer reporting as of June 30, 2023, based on a June 30, 2022 measurement date). The GASB Statements require shorter periods for recognition of non-investment gains/losses and actuarial assumption changes, as well as for recognition of investment gains/losses. The GASB Statements provide for a complete separation between financial reporting and funding requirements for pension and health insurance benefit plans. Under the GASB Statements, the District is required to report the Net Pension Liability (*i.e.*, the difference between the Total Pension Liability and the Pension Plan Fiduciary Net Position or market value of assets) and the Net OPEB Liabilities (*i.e.*, the difference between the Total OPEB Liability and the OPEB Plan Fiduciary Net Position or market value of assets) in its financial statements. See Note 11 and the Required Supplementary Information in the audited financial statements of the District included in APPENDIX B – "EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE

YEARS ENDED JUNE 30, 2023 AND 2022” for additional information regarding the Net Pension Liability and the Net OPEB Liability of the District for the Retirement System.

{remove brackets following January 18 Retirement Board meeting} [The discussion below also includes information reflected in the GASB Statements 67 and 74 actuarial valuation reports as of June 30, 2023, prepared by Segal and dated January 5, 2024. These reports were presented to the Retirement Board at its January 18, 2024 meeting, and are expected to be considered for adoption by the District Board at its February 27, 2024 Board meeting.]

It should be noted that the amounts set forth in this discussion of the District’s Retirement System, including, for example, actuarial accrued liabilities and funded ratios, are based upon numerous demographic and economic assumptions, including investment return rates, inflation rates, salary increase rates, cost of living adjustments, postemployment mortality, active member mortality, and rates of retirement. Prospective purchasers of the District’s bonds are cautioned to review and carefully assess the reasonableness of the assumptions set forth in the documents that are cited as the sources for such information. In addition, prospective purchasers of the District’s bonds are cautioned that such sources and the underlying assumptions are made as of their respective dates, and are subject to change. Prospective purchasers of the District’s bonds should also be aware that some of the information presented in this discussion of the Retirement System contains forward-looking statements and the actual results of the Retirement System may differ materially from the information presented herein.

Benefits. All regular full-time employees (as well as certain job share and intermittent employees) of the District are members of the Plan. In accordance with the Retirement System Ordinance, eligible employees become members of the Plan on the first day they are physically on the job. Retirement plan benefits are generally determined by a formula based on the employee’s highest two years of compensation (highest 36 months for 2013 Tier members) and the length of employment with the District. Benefits adopted by the District vest in part with members after five years of continuous full-time employment. Vested members who terminate employment may elect a refund of their contributions or leave them in the Plan until eligible to receive benefits.

In addition to retirement benefits, the District provides post-employment health benefits assistance, administered by the Retirement System, for employees who retire from the District or their surviving spouses. As of June 30, 2023, there were 1,870 participants receiving these healthcare benefits. For participants entering the Retirement System prior to July 1, 1996, a monthly allowance of up to \$450 (up to \$550 for married retirees and retirees with domestic partners) is paid to retirees with at least five years of full-time service to reimburse the retiree-paid medical expenses (including any health, dental or long-term care insurance premiums paid by the retiree for his or her self, and current spouse or domestic partner, or any health, dental or long-term care insurance premiums paid by the eligible surviving spouse or domestic partner of a retiree). Effective July 1, 1996, a 20-year vesting schedule for full benefits was implemented for all new employees. Effective January 1, 1999, retired members who had separated from the District prior to their retirement and who had at least five years of service also become eligible for the post-employment healthcare benefits based on the same vesting schedule.

Actuarial Assumptions and Funding Policy. Under the Retirement System Ordinance, the District is required to have an actuarial study performed at least every two years, but the District’s current policy is to have an actuarial study performed each year. The most recent actuarial study of the Retirement System, including the pension and the HIB trusts, was performed by Segal, as of June 30, 2023. *{remove brackets following January 18 Retirement Board meeting}* [That actuarial study was presented by the actuary to, and accepted by, the Retirement Board at its January 18, 2024 meeting, and is expected to be considered for acceptance by the District Board at its February 27, 2024 Board meeting.]

The actuarial report provides a basis for the District Board's decision regarding the rate of contributions by the District to the Retirement System, including both the pension and the HIB trusts. The District makes its contribution using rates determined by its outside actuaries.

In addition, under the ordinance governing the Retirement System, the District is required to have an actuarial experience study conducted no less frequently than every four years in order to review the mortality, service and compensation experience of the members, retired members and beneficiaries of the Retirement System, over the study period. The experience study provides the factual information upon which the outside actuary makes recommendations to the District regarding the economic and demographic assumptions that provide the basis for the actuarial valuation of the assets and liabilities of the Retirement System. Changes in the assumptions approved by the Retirement Board as an outcome of the experience study and recommendations of the actuary will impact the actuarial accrued liabilities of the Retirement System and may affect future recommended contribution rates.

To calculate the required contribution for each Fiscal Year, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than assumed (an actuarial loss). If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

A summary of the funding method and assumptions utilized in the actuarial study as of June 30, 2023 are described below.

Funding Method. The Plan's funding policy provides for periodic District contributions at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due as specified by the ordinance governing the Retirement System. The Entry Age Cost Method is used for this purpose. Under the Entry Age Cost Method, there are two components to the total contributions: (i) the normal cost, which is the amount of contributions required to fund the benefit allocated to the current year of service (associated with active employees only), and (ii) an amortization payment on any unfunded actuarial accrued liability ("UAAL"). The normal cost is calculated on an individual basis where the entry age normal cost is calculated as the sum of the individual normal costs. The UAAL (past service liability) is amortized as a level percentage of payroll on a closed basis over the amortization periods described below. The actuarial accrued liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation.

Amortization Periods. The UAAL is currently being funded using a layered approach. Each layer of the UAAL established prior to July 1, 2011 is being funded over a separate decreasing 30-year period, starting from the date the layer was originally established. On or after July 1, 2011, changes in the UAAL attributable to plan amendments are amortized over separate decreasing 15-year periods; changes in the UAAL attributable to assumption or method changes are amortized over separate decreasing 25-year periods; and changes in the UAAL attributable to actuarial gains/losses (*i.e.*, the extent to which actual overall experience deviates from the assumptions) are amortized over separate decreasing 20-year periods. On or after July 1, 2021, assumption and method changes are amortized over separate decreasing 20-year periods. Under the layered approach, any new UAAL layer that emerges between the prior and the current actuarial valuation (due to deviations between actual and expected actuarial experience, changes in actuarial assumptions used to measure the liabilities or other factors) will be determined and factored into the District's contribution rates so that it will be paid off after its respective amortization period described above.

Actuarial Value of Assets (Asset Smoothing Method). Methods used to compute District contribution requirements include a five-year smoothing of the difference between the actual market return and the expected return on the market value of the assets (with further adjustments as may be required to keep the smoothed assets within 30% of market value). The impact of this will result in a “smoothed” valuation value of assets (or “Actuarial Value of Assets”) that is higher or lower than the market value of the assets depending on whether the amount that is being smoothed is either a net deferred loss or a net deferred gain.

Actuarial Assumptions. A number of assumptions are used to calculate the costs of the Plan and to compute contribution requirements for the Plan. The principal assumptions used in preparing the pension plan and HIB funding valuation reports as of June 30, 2023 and the pension plan financial reporting (*i.e.*, GASB Statement 67) valuation report as of June 30, 2023 include:

1. Investment rate of return: 6.75%.
2. Inflation rate: 2.50%.
3. Interest credited to member contributions: 6.75%.
4. Projected salary increases: Range from 9.25% to 3.75% based on time from hire (includes inflation at 2.50% plus across the board salary increase of 0.50% plus merit and promotion increases).
5. Cost of living adjustments for pension benefits: 2.75%.
6. Increase in HIB maximum monthly allowance: The Plan does not provide for an automatic increase in the HIB allowance and no such increase is assumed in the valuation.
7. Additional assumptions: Additional assumptions were used regarding rates of termination from active membership, post-retirement mortality, active member mortality, disability rates and rates of retirement.

Contribution History. The schedule of District contributions for each of the pension plan and the HIB plan for the last five Fiscal Years are shown in Table 20:

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Table 20
RETIREMENT SYSTEM
History of Contributions
Five Fiscal Years Ended June 30, 2023
(Dollar Amounts in Thousands)

Pension Plan:

<i>Fiscal Year Ended June 30</i>	<i>Contributions as a Percentage of Covered Payroll⁽¹⁾</i>	<i>Actuarially Determined Contribution⁽²⁾</i>	<i>Actual Contribution</i>	<i>Percentage Contributed</i>
2019	36.37% ⁽³⁾	\$74,033	\$74,033	100%
2020	36.10 ⁽⁴⁾	77,645	77,645	100
2021	35.73 ⁽⁵⁾	79,252	79,252	100
2022	39.07	91,393	91,393	100
2023	38.62	95,103	95,103	100

Health Insurance Benefit:

<i>Fiscal Year Ended June 30:</i>	<i>Contributions as a Percentage of Covered Payroll⁽¹⁾</i>	<i>Actuarially Determined Contribution⁽²⁾</i>	<i>Actual Contribution</i>	<i>Percentage Contributed</i>
2019	5.17% ⁽³⁾	\$10,518	\$10,518	100%
2020	5.16 ⁽⁴⁾	11,089	11,089	100
2021	5.13 ⁽⁵⁾	11,372	11,372	100
2022	4.66	10,892	10,892	100
2023	4.64	11,420	11,420	100

⁽¹⁾ This rate represents the aggregate rate for the 1955/1980 Plan and the 2013 Tier, based on the District's actual contributions expressed as a percentage of the actual pensionable payroll amounts reported by the Retirement System.

⁽²⁾ The actuarially determined contributions for the fiscal year ended June 30, 2023 are based on the reporting date. Years preceding fiscal year ended June 30, 2023 are based on the measurement date.

⁽³⁾ The Retirement Board decided to carry over unchanged for Fiscal Year 2019 the higher total employer contribution rates previously adopted by the Board for Fiscal Year 2018, as determined in the June 30, 2016 valuation. The Health Insurance Benefit contribution rate was the actuarially determined rate from the June 30, 2017 valuation; however, the Pension Plan contribution rate was the difference between the higher total employer rate carried over from the June 30, 2016 valuation and the actuarially determined Health Insurance Benefit rate from the June 30, 2017 valuation.

⁽⁴⁾ Based on the higher contribution rates adopted by the Retirement Board carried over from the June 30, 2017 valuation, rather than the actuarially determined contribution rates from the June 30, 2018 valuation.

⁽⁵⁾ Based on the higher contribution rates adopted by the Retirement Board carried over from the June 30, 2017 valuation, rather than the actuarially determined contribution rates from the June 30, 2019 valuation.

Source: Segal's GASBS 67 Actuarial Valuation for the Pension Plan as of June 30, 2023 and GASBS 74 Actuarial Valuation for the Health Insurance Benefit Plan as of June 30, 2023.

As reflected in the funding actuarial study and shown (rounded to the nearest thousand dollars) in Table 21, the combined Actuarial Accrued Liability for pension and HIB benefits at June 30, 2023 was \$3,126,056,605 and the Actuarial Value of Assets was \$2,314,460,062, resulting in an Unfunded Actuarial Accrued Liability of \$811,596,543 and a funded ratio of the Plan under the Entry Age Cost Method of 74.0%. As described above, the Actuarial Value of Assets has been calculated using a five-year smoothing of the difference between the actual market return and the expected return on the market value of the assets. The valuation was performed in accordance with generally accepted actuarial principles and practices and the District's funding policy that was last reviewed with the Retirement Board in 2022. The assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice (ASOPs).

Table 21 sets forth the Actuarial Accrued Liability, Actuarial Value and Market Value of Assets, the Unfunded Actuarial Accrued Liability, and Funded Ratios as of June 30 of each of the Fiscal Years 2019 through 2023.

Table 21
RETIREMENT SYSTEM
(Pension Plan and HIB Combined)
Actuarial Accrued Liability, Actuarial Value and Market Value of Assets,
Unfunded Actuarial Accrued Liability and Funded Ratios
Five Fiscal Years Ended June 30, 2023 ⁽¹⁾
(Dollar Amounts in Thousands)

<i>Fiscal Year Ended June 30</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Actuarial Value of Assets</i>	<i>Market Value of Assets</i>	<i>Unfunded Actuarial Accrued Liability (UAAL)⁽²⁾</i>	<i>Funded Ratio on Actuarial Value</i>	<i>Funded Ratio on Market Value</i>
2019	\$2,463,526	\$1,817,563	\$1,832,965	\$645,963	73.8%	74.4%
2020	2,661,452	1,914,278	1,857,609	747,174	71.9	69.8
2021	2,728,641	2,097,712	2,328,722	630,928	76.9	85.3
2022	2,966,722 ⁽³⁾	2,216,124	2,058,923	750,599	74.7	69.4
2023	3,126,057 ⁽⁴⁾	2,314,460	2,255,307	811,597	74.0	72.1

⁽¹⁾ Dollars rounded to nearest thousand.

⁽²⁾ The District estimates that approximately 86% of the UAAL is attributable to the Water System and approximately 14% is attributable to the Wastewater System. The UAAL is determined based on the Actuarial Value of Assets.

⁽³⁾ Of this amount, \$130,951 is attributable to HIB Liabilities.

⁽⁴⁾ Of this amount, \$131,627 is attributable to the HIB liabilities.

Source: Segal Actuarial Valuation reports.

As of June 30, 2023, the market value of the combined pension and HIB plan's assets was \$2,255,307,000 and the projected benefit obligation ("PBO") was \$3,065,129,000, resulting in a funded ratio of the plan under the PBO basis of 73.6%. Under the plan provisions, determination of the funded ratio on a PBO basis is required and certain cost of living adjustments in excess of 3% for pension benefits may be granted when the funded ratio of the plan is 85% or higher as calculated on the PBO basis.

Schedule of Funding Progress. The District reports the schedule of funding progress for each of the pension plan and the post-employment healthcare plan (HIB), based on the results of the funding valuations. The schedule of funding progress presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The schedule of funding progress for the pension plan is set forth in Table 22.

Table 22
PENSION PLAN
Schedule of Funding Progress
(Dollar Amounts in Thousands)

<i>Actuarial Valuation Date June 30</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll⁽¹⁾</i>	<i>UAAL as a Percentage of Covered Payroll</i>
2019	\$1,777,065	\$2,340,773	\$563,708	75.9%	\$212,351	265.5%
2020	1,868,917	2,535,238	666,321	73.7	224,412	296.9
2021	2,045,503	2,605,614	560,111	78.5	224,392	249.6
2022	2,158,463	2,835,771	677,308	76.1	241,538	280.4
2023	2,251,691	2,994,429	742,738	75.2	262,273	283.226.3

⁽¹⁾ Projected payroll based on valuation results.

Source: Segal's Actuarial Valuation and Review of Pension Plan as of June 30, 2023.

The schedule of funding progress for the post-employment healthcare plan is set forth in Table 23.

The retiree health liabilities reported in the actuarial funding study as of June 30, 2023 (and shown in Table 23 below) will not match those required to be used for GASB reporting purposes as shown in Table 25. The retiree health liabilities as reflected in the funding study have not been adjusted to include the implicit retiree rate subsidy as required under GASB reporting requirements. (Note that when premiums for active employees are determined on a pooled basis with premiums for retirees under age 65, a significant accounting obligation may exist even though the retiree under age 65 contributes most or all of the blended premium cost of the plan. The average costs for retirees if determined on a stand-alone basis is likely to exceed the average cost for the whole group, leading to an implicit subsidy for these retirees. The GASB accounting standard requires the employer to identify and account for this implicit subsidy as well as any explicit subsidies the employer may provide.) In addition, the liabilities for GASB reporting purposes for the HIB portion of the obligations shown in Table 25 were determined based upon a lower discount rate (*i.e.*, 5.23% for June 30, 2023 and 5.35% for June 30, 2022) than the 6.75% investment rate of return, respectively, used in Segal prefunding studies. The liabilities calculated for GASB reporting purposes shown in Table 25 are therefore higher than those reflected in the actuarial study as of June 30, 2023 and June 30, 2022 and described above.

Table 23
POST-EMPLOYMENT HEALTH INSURANCE BENEFIT (HIB)
Schedule of Funding Progress
(Dollar Amounts in Thousands)

<i>Actuarial Valuation Date June 30</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll⁽¹⁾</i>	<i>UAAL as a Percentage of Covered Payroll</i>
2019	\$40,498	\$122,753	\$82,256	33.0%	\$212,351	38.7%
2020	45,361	126,214	80,853	35.9	224,412	36.0
2021	52,209	123,027	70,818	42.4	224,392	31.6
2022	57,661	130,951	73,290	44.0	241,538	30.3
2023	62,769	131,627	68,858	47.7	262,273	26.3

⁽¹⁾ Projected payroll based on valuation results.

Source: Segal's Actuarial Valuations and Review of Health Insurance Benefits (HIB) as of June 30, 2019 through 2023.

Net Pension Liability. Under GASB Statement 67, the pension plan is required to disclose the Net Pension Liability for financial reporting purposes. When measuring pension liability, GASB uses the same actuarial cost method (Entry Age Cost Method) and the same type of discount rate (expected return on assets) as the District uses for funding. This means that the Total Pension Liability ("TPL") measure for financial reporting is determined on the same basis as the District's AAL measure for funding. The Net Pension Liability ("NPL") is equal to the difference between the TPL and the Plan Fiduciary Net Position. The Plan Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is the same as the UAAL calculated on a market value basis. The Net Pension Liability as of June 30, 2023 and June 30, 2022 is set forth in Table 24.

Table 24
PENSION PLAN
Net Pension Liability
(Dollar Amounts in Thousands)

	<i>June 30, 2023</i>	<i>June 30, 2022</i>
Total Pension Liability	\$ 2,94,429	\$ 2,835,771
Plan Fiduciary Net Position	(2,194,142)	(2,005,352)
Net Pension Liability	\$ 800,287	\$ 830,419
Plan Fiduciary Net Position as a % of the Total Pension Liability	73.27%	70.72%

Source: Segal GASBS 67 Actuarial Valuation for the Pension Plan as of June 30, 2023.

The NPL was measured as of June 30, 2023 and 2022. The Plan Fiduciary Net Position (plan assets) was valued as of the measurement date, while the Total Pension Liability was determined based upon the results of the funding actuarial valuations as of June 30, 2023 and 2022, respectively. It should be noted that for GASB Statement 68 purposes, the NPL for the reporting date of June 30, 2023 is based upon results as of the June 30, 2022 measurement date and those results are not adjusted or rolled forward. [Therefore, the information as of June 30, 2022 set forth above is the same as that reported in the District's audited financial statements as of June 30, 2023. See paragraph (2) of the Required Supplementary Information included in Appendix B.

The discount rate used to determine the Total Pension Liability was 6.75% as of June 30, 2023 and June 30, 2022, following the same assumptions used by the Retirement System in the pension funding valuations as of June 30, 2023 and June 30, 2022. It should be noted that, according to GASB, the discount rate used for financial reporting purposes should be based on the long-term expected rate of return on a retirement system's investments, just as it is for funding. However, GASB requires that this assumption should be net of investment expenses but not net of administrative expenses (*i.e.*, without reduction for administrative expenses). Currently, the District's investment return assumption used for the annual funding valuation is developed net of both investment and administrative expenses.

Net OPEB Liability. Under GASB Statement 74, the OPEB plan is required to disclose the Net OPEB Liability for financial reporting purposes. When measuring OPEB liability, GASB uses the same actuarial cost method (Entry Age Cost Method) and the same expected return on plan assets as the District uses for funding. This means that the Total OPEB Liability ("TOL") measure for financial reporting is determined on the same basis as the District's AAL measure for funding, with the exception discussed above for the implicit subsidy. The Net OPEB Liability ("NOL") is equal to the difference between the TOL and the OPEB Plan Fiduciary Net Position. The OPEB Plan Fiduciary Net Position is equal to the market value of assets. The NOL reflects all investment gains and losses as of the measurement date. The Net OPEB Liability as of June 30, 2023 and June 30, 2022 is set forth in Table 25.

Table 25
HEALTH INSURANCE BENEFIT PLAN
Net OPEB Liability
(Dollar Amounts in Thousands)

	<i>June 30, 2023</i>	<i>June 30, 2022</i>	<i>June 30, 2021</i>
Total OPEB Liability	\$ 193,546	\$ 181,229	\$ 201,135
Plan Fiduciary Net Position	<u>(61,165)</u>	<u>(53,571)</u>	<u>(57,959)</u>
Net OPEB Liability	\$ 132,381	\$ 127,658	\$ 143,176
Plan Fiduciary Net Position as a % of the Total OPEB Liability	31.60%	29.56%	28.82%

Source: Segal GASBS 74 Actuarial Valuation for the Health Insurance Benefit Plan as of June 30, 2023.

The NOL was measured as of June 30, 2023 and 2022. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date, while the Total OPEB Liability was determined based upon the results of the funding actuarial valuations as of June 30, 2023 and 2022, respectively, with the exception of the discount rate noted below. In addition, the implicit subsidy benefit payments are valued based on the age-based costs. It should be noted that for GASB Statement 75 purposes, the NOL for the reporting date of June 30, 2023 is based upon results as of the June 30, 2022 measurement date and those results are not adjusted or rolled forward. Therefore, the information as of June 30, 2022 set forth above is the same as that reported in the District's audited financial statements as of June 30, 2023. See paragraph (6) of the Required Supplementary Information included in Appendix B.

The discount rate used to determine the TOL and NOL was 5.23% as of June 30, 2023 and 5.35% as of June 30, 2022. It should be noted that, according to GASB, the discount rate used for financial reporting purposes as of June 30, 2023 is a blend of the assumed investment return on plan assets (*i.e.*, 6.75% for the June 30, 2023 valuation) and the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (*i.e.*, 3.65% as of June 30, 2023). Projected benefit payments are discounted by the plan investment return assumption of 6.75% until June 30, 2048. Benefit payments after June 30, 2048 are then discounted by the 20-year municipal bond rate of 3.65%. The

5.23% discount rate used in the GASB Statement 74 actuarial valuation as of June 30, 2023 is the blended discount rate reflecting benefits discounted by the plan investment return assumption rate and the bond rate.

Additional information concerning the Retirement System may be found in APPENDIX B – “EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022.”

APPENDIX B

**EAST BAY MUNICIPAL UTILITY DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture (as amended and restated pursuant to the Twenty-First Supplemental Indenture). This summary is not to be considered a full statement of the terms of the Indenture and accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not defined in this summary or elsewhere in the Official Statement have the respective meanings set forth in the Indenture.

Certain 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 in the Indenture.

“Act” means the Municipal Utility District Act, constituting Division 6 of the Public Utilities Code of the State of California, and all laws of the State of California amendatory thereof or supplemental thereto, including the Revenue Bond Law of 1941, as made applicable by Article 6a of Chapter 6 of said Division 6, and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

“Adjusted Net Wastewater Revenues” for any fiscal period means the sum of (a) the Wastewater Revenues for such fiscal period plus (b) the amounts, if any, withdrawn by the District from the Rate Stabilization Fund for treatment as Wastewater Revenues for such fiscal period, less the sum of (c) all Wastewater Operation and Maintenance Costs for such fiscal period, and (d) the amounts, if any, withdrawn by the District from Wastewater Revenues for such fiscal period for deposit in such Rate Stabilization Fund.

“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 were amortized for a period specified by the District (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 District, calculated based on a fixed interest rate equal to the rate at which the District could borrow for such period, as certified by a certificate of a financial advisor or investment banker 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 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 of California 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 related 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.

“Code” means the Internal Revenue Code of 1986, and the regulations applicable thereto or issued thereunder, as amended from time to time.

“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, for the purpose of computing Debt Service:

(a) Excluded Principal Payments shall be excluded from such calculation and Assumed Debt Service shall be included in such calculation;

(b) if the Bonds or Parity Debt are Variable Rate Indebtedness, the interest rate thereon for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the average of the SIFMA Municipal Swap Index for the five (5) years preceding such date of calculation (provided, however, that if such index is no longer published, the interest rate on such Bonds or Parity Debt shall be calculated based upon such similar index as the District shall designate in writing to the Trustee) (the “Assumed SIFMA-based Rate”);

(c) principal and interest payments on Bonds and Parity Debt shall be excluded to the extent such payments are to be paid from amounts on deposit with the Trustee or another fiduciary in escrow or trust 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;

(d) in determining the principal amount, payment shall (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 Account 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 shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Indebtedness;

(e) if any interest rate swap agreement is in effect with respect to, and the regularly scheduled payments thereunder are payable on a parity with, the Bonds or Parity Debt to which it relates, interest deemed to be payable on any such Bonds or Parity Debt with respect to which an interest rate swap agreement is in effect shall be based on the net economic effect expected by the District to be produced by the terms of such Bonds or Parity Debt and such interest rate swap agreement, including but not limited to the effects that (i) such Bonds or Parity Debt would, but for such interest rate swap agreement, be treated as Variable Rate Indebtedness instead shall be treated as Bonds or Parity Debt bearing interest at a fixed interest rate, and (ii) such Bonds or Parity Debt would, but for such interest rate swap agreement, be treated as Bonds or Parity Debt

bearing interest at a fixed interest rate instead shall be treated as Variable Rate Indebtedness; and accordingly, the amount of interest deemed to be payable on any Bonds or Parity Debt with respect to which an interest rate swap agreement is in force shall be an amount equal to the amount of interest that would be payable at the rate or rates stated in such Bonds or Parity Debt plus the amounts payable by the District under such interest rate swap agreement, minus the amounts receivable by the District under such interest rate swap agreement, and for the purpose of calculating as nearly as practicable such amounts, the following assumptions shall be made:

(1) if an interest rate swap agreement has been entered into by the District with respect to Bonds or Parity Debt providing for the payment of a net variable interest rate under such interest rate swap agreement with respect to such Bonds or Parity Debt by the District, the interest rate on such Bonds or Parity Debt for future periods when the actual interest rate cannot yet be determined shall be assumed (but only during the period the interest rate swap agreement is in effect) to be equal to the sum of (A) the fixed rate or rates stated in such Bonds or Parity Debt minus (B) the fixed rate paid by the counterparty of such interest rate swap agreement to the District, plus (C) the lesser of (x) the interest rate cap, if any, provided by a counterparty with respect to such interest rate swap agreement (but only during the period that such interest rate cap is in effect) and (y) the applicable variable interest rate calculated in accordance with paragraph (b) above; and

(2) if an interest rate swap agreement has been entered into by the District with respect to Bonds or Parity Debt providing for the payment of a fixed rate of interest to maturity or for a specific term under such interest rate swap agreement with respect to such Bonds or Parity Debt by the District, the interest on such Bonds or Parity Debt shall be included in the calculation of payments (but only during the period the interest rate swap agreement is in effect) by including for each period of calculation an amount equal to the amount of interest payable at the fixed interest rate pursuant to such interest rate swap agreement.

Notwithstanding any other paragraph of this definition of Debt Service, except as set forth in this paragraph (e), no amounts payable under any interest rate swap agreement (including termination payments) shall be included in the calculation of Debt Service;

(f) if any Bonds or Parity Debt are Variable Rate Indebtedness subject to tender for purchase and funds for the purchase price may be provided by a letter of credit, line of credit, revolving credit agreement, standby bond purchase agreement or other liquidity facility which, if drawn upon, could create a repayment obligation which has a lien on Adjusted Net Wastewater Revenues on parity with the lien of the Bonds or Parity Debt, then for purposes of determining the amounts of principal due in any Fiscal Year on such Bonds or Parity Debt, (i) the options or obligations of the owners of such Bonds or Parity Debt to tender the same for purchase or payment prior to the stated maturity or maturities shall be ignored and not treated as a principal maturity; and (ii) any repayment obligations of the District to the provider of such letter of credit, line of credit, revolving credit agreement, standby bond purchase agreement or other liquidity facility, other than its obligations on such Bonds or Parity Debt, shall be treated as Excluded Principal Payments; and

(g) if interest on any Bonds or Parity Debt is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code, or any future similar program, then interest payments with respect to such Bonds or Parity Debt shall be

reduced by the amount of such interest reasonably anticipated to be paid or reimbursed by the United States of America.

“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 District determines on a date not later than the date of issuance thereof that the District intends to pay with moneys which are not Wastewater Revenues or Adjusted Net Wastewater Revenues but from the proceeds of future debt obligations of the District and the Trustee may rely conclusively on such determination of the District.

“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 selected and designated as the official fiscal year period of the District, which designation shall be provided to the Trustee in a certificate of the District.

“Indenture” means the Wastewater System Revenue Bond Indenture, dated as of April 1, 1990, by and between the Trustee and the District, as originally executed or as it may from time to time be supplemented or amended by any Supplemental Indenture delivered pursuant to the provisions thereof.

“Information Services” means the Electronic Municipal Market Access (EMMA) system operated by the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or no such services, as the District may designate in a Request of the District delivered to the Trustee.

“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) 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 their 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) 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) 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) 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 shall be purchased directly from such a bank, trust company or national banking association and shall 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 shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall 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 shall 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 shall 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) 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) 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) 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) and Standard & Poor's (if Standard & Poor's is then rating the Bonds) in their respective four highest short-term rating categories or 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 shall have a market value (exclusive of accrued interest and valued at least monthly) at least equal to the principal amount of such investment and shall 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 shall 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 shall 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) 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) a guaranteed investment contract with a financial institution or insurance company which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated not lower than their respective ratings on the Bonds by Moody's (if Moody's is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds);

(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) 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; and

(xiv) any investment approved by the Board for which confirmation is received from each rating agency then rating any of the Bonds that such investment will not adversely affect such agency's rating on such Bonds.

“Mandatory Sinking Account Payment” means the amount required to be deposited by the District in a sinking account for the payment of term Bonds.

“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 calculated 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 shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District and not objected to by the Trustee.

“Opinion of Bond Counsel” means a written opinion of a law firm of national standing in the field of public finance selected by the District and not objected to by the Trustee.

“Outstanding,” when used at any particular time with reference to Bonds, means (subject to the provisions relating to disqualified bonds) 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 District shall have been discharged under the Indenture; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

“Owner” or “Bondholder” or “Bondowner,” whenever used with respect to a Bond, means the person in whose name such Bond is registered.

“Parity Debt” means any indebtedness, installment sale obligation, lease obligation or other obligation of the District for borrowed money or interest rate swap agreement having an equal lien and charge upon the Adjusted Net Wastewater Revenues and therefore payable on a parity with the Bonds (whether or not any Bonds are Outstanding).

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

“Rate Stabilization Fund” means the Rate Stabilization Fund initially created under Resolution No. 30051 of the District, adopted on January 26, 1982, as amended and supplemented from time to time; it being understood that all obligations of the District under such Resolution No. 30051 have ceased and been discharged, provided that, the Rate Stabilization Fund created thereunder has been continued for purposes of the Indenture.

“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.

“Redemption Price” means with respect to any Bond (or portion thereof) the principal amount 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.

“Revenue Fund” means the fund held in trust by the District to which the Adjusted Net Wastewater Revenues are required to be deposited.

“Series” whenever used 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.

“SIFMA Municipal 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 & Financial Markets Association (formerly the Bond Market Association) (“SIFMA”) or by any Person acting in cooperation with or under the sponsorship of SIFMA and effective from such date.

“Standard & Poor’s” means Standard & Poor’s Corporation, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District and not objected to by the Trustee.

“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.

“Wastewater Operation and Maintenance Costs” means the reasonable and necessary costs of maintaining and operating the Wastewater System, calculated on sound accounting principles, including (among other things) the reasonable expenses of management, repair and other expenses necessary to maintain and preserve the Wastewater System in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes and other similar costs, but excluding in all cases depreciation and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, and excluding all costs paid from the proceeds of taxes received by the District.

“Wastewater Revenues” means, all charges received for, and all other income and receipts derived by the District from, the operation of the Wastewater System, or arising from the Wastewater System, together with income from the investment of any moneys in any fund or account established under the Indenture; provided, however, there shall be excluded therefrom any amounts reimbursed to the District by the United States of America pursuant to Section 54AA of the Code, or any future similar program.

“Wastewater System” means the entire sewage disposal system of Special District No. 1 of the District and all of the facilities thereof, including all facilities for the disposal of sewage, sewage treatment works, wastewater disposal facilities, sludge treatment facilities, intercepting and outfall sewers, power generation facilities, and other facilities necessary or convenient for the collection, treatment or disposition of sewage and wastewater for Special District No. 1 of the District, together with all additions, betterments, extensions and improvements to said system or any part thereof.

Pledge of Revenues

The Bonds are revenue obligations of the District and are payable as to both principal and interest, and any premium upon redemption thereof, exclusively from the Adjusted Net Wastewater Revenues and other amounts held by the Trustee (except for amounts held in the Rebate Fund). The Adjusted Net Wastewater Revenues are pledged to the payment of Bonds and Parity Debt without priority or distinction of one over the other. Said pledge constitutes a first lien on the Adjusted Net Wastewater Revenues and such other amounts referred to in this paragraph.

Allocation of Adjusted Net Wastewater Revenues

The District is to transfer the moneys in the Revenue Fund, into the following respective funds, in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Adjusted Net Wastewater Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority.

(1) Interest Fund. The District shall transfer to the Trustee and the Trustee shall set aside in the Interest Fund on or before the Business Day prior to each interest payment date therefor an amount equal to the interest becoming due and payable on the Outstanding Bonds which are Current Interest Indebtedness (excluding any interest for which there are moneys on deposit in the Interest Fund from the proceeds of any Series of Bonds or other source to pay such interest).

(2) Principal Fund; Sinking Accounts. The District shall transfer to the Trustee and the Trustee shall set aside in the Principal Fund on or before the Business Day prior to each principal or Sinking Account payment date therefor an amount equal to (a) the amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds, plus (b) the Mandatory Sinking Account Payments to be paid into the respective Sinking Accounts for the Term Bonds; provided that if the District certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from excess amounts on deposit in a bond reserve fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid. All of the aforesaid Mandatory Sinking Account Payments shall be made without priority of any payment into any one such Sinking Account over any other such payment.

(3) Bond Reserve Funds. Upon the occurrence of any deficiency in any Bond Reserve Fund established under the Indenture for any Series of Bonds, the District shall transfer to the Trustee and the Trustee shall set aside in such Bond Reserve Fund an amount equal to the aggregate amount of each unreplenished prior withdrawal from the Bond Reserve Fund until there is on deposit in such Bond Reserve Fund an amount equal to the respective reserve requirement.

Any Adjusted Net Wastewater Revenues remaining after the foregoing transfers shall be held free and clear of the Indenture by the District and it may use and apply such Adjusted Net Wastewater Revenues for any lawful purpose of the District, including the redemption and purchase of Bonds.

If on any principal payment date, interest payment date or mandatory redemption date the amounts on deposit in the Interest Fund and Principal Fund, including the Sinking Accounts therein are insufficient to make such payments, the Trustee shall immediately notify the District of such deficiency and direct that the District transfer the amount of such deficiency to the Trustee on such payment date. The District covenants and agrees to transfer to the Trustee from any Adjusted Net Wastewater Revenues

in its possession the amount of such deficiency on the principal, interest or mandatory redemption date referenced in such notice.

Investments

All moneys in any of the funds and accounts held by the Trustee shall be invested, as directed by the District, solely in Investment Securities.

The District may and the Trustee shall, upon the Request of the District, enter into a financial futures or financial option contract with an entity the debt securities of which are rated in their respective highest short-term Rating Categories by Moody's and Standard & Poor's.

The District may and the Trustee shall, upon the Request of the District, 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 District or the Trustee, if any, pursuant to such a swap agreement may be applied to the deposits required hereunder; in which case, the entity with which the District 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 and Standard & Poor's. If the District so designates, amounts payable under the interest rate swap agreement shall be secured by Adjusted Net Wastewater Revenues and other assets pledged hereunder to the Bonds on a parity basis therewith and, in such event, the District shall pay to the Trustee for deposit in the Interest Fund, at the times and in the manner provided in 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 shall pay to the other party to the interest rate swap agreement, to the extent required thereunder, amounts deposited in the Interest Fund for the payment of interest on the Bonds with respect to which such agreement was entered into.

Additional Bonds; Parity Debt

The District may issue Bonds and Parity Debt payable from Adjusted Net Wastewater Revenues and secured equally and ratably with Bonds previously issued, subject to the following specific conditions precedent to the issuance of any such additional Bonds or Parity Debt:

- (a) No Event of Default shall have occurred and then be continuing.
- (b) The aggregate principal amount of Bonds or Parity Debt shall not exceed any limitation imposed by law or by any Supplemental Indenture.
- (c) The District shall have placed on file with the Trustee a Certificate of the District certifying that the sum of: (1) the Adjusted Net Wastewater Revenues for any period of 12 consecutive months during the 18 months immediately preceding the date on which such additional Bonds or Parity Debt will become Outstanding; plus (2) 90% of the amount by which the District projects Adjusted Net Wastewater Revenues for such period of 12 months 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 District projects Adjusted Net Wastewater Revenues will increase during the period of 12 months commencing on the date of issuance of such additional Series of Bonds due to improvements to the Wastewater System under construction (financed from any source) or to be financed with the proceeds of such additional Series of Bonds, shall (4) have been at least equal to 1.1 times the

amount of Maximum Annual Debt Service on all Bonds and Parity Debt then Outstanding and the additional Bonds or Parity Debt then proposed to be issued.

Refunding Bonds

Refunding Bonds may be authorized and issued by the District without compliance with the provisions described above under “Additional Bonds; Parity Debt,” provided that Maximum Annual Debt Service on all Bonds and Parity Debt Outstanding following the issuance of such refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds and Parity Debt Outstanding prior to the issuance of such refunding Bonds.

Covenants

Among other covenants the District has agreed as follows:

The District will not create any pledge, lien or charge upon any of the Adjusted Net Wastewater Revenues having priority over or having parity with the lien of the Bonds except only as described in the Indenture. The District will not issue any additional bonds under Resolution No. 30051 of the District, adopted on January 26, 1982.

The District 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, if applicable. The District will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the District, or take or omit to take any action that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code, if applicable. To that end, the District will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds.

The District will, at all times while any of the Bonds remain Outstanding, fix, prescribe and collect rates, fees and charges in connection with the services and facilities furnished by the Wastewater System so as to yield Wastewater Revenues in each Fiscal Year sufficient so that the sum of the Adjusted Net Wastewater Revenues for such year shall be at least equal to 1.1 times the amount of Debt Service on all Wastewater Bonds, Bonds and Parity Debt Outstanding for such Fiscal Year.

The District will maintain and preserve the Wastewater System in good repair and working order at all times, and will operate the Wastewater System in an efficient and economical manner. Subject in each case to the condition that insurance is obtainable at rates deemed reasonable by the District and upon terms and conditions deemed reasonable by the District, the District will procure and maintain at all times: (a) insurance on the Wastewater System against such risks as and in such amounts as the District deems prudent taking into account insurance coverage for similar utilities, and (b) public liability insurance in such amounts as the District deems prudent taking into account insurance coverage for similar utilities.

Events of Default; Remedies

The following events are Events of Default under the Indenture:

(a) default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise, or default in the

redemption from any Sinking Account of any Bonds 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 shall become due and payable;

(c) if the District shall fail 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), for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, has been given to the District by the Trustee; except that, if such failure can be remedied but not within such sixty (60) day period and if the District has taken all action reasonably possible to remedy such failure within such sixty (60) day period, such failure shall not become an Event of Default for so long as the District shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Trustee;

(d) if any default shall exist under any agreement governing any Parity Debt and such default shall continue beyond the therein stated grace period, if any, with respect to such default;

(e) [reserved];

(f) if the District files 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 makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself;

(g) if a court of competent jurisdiction shall enter an order, judgment or decree declaring the District insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the District, or approving a petition filed against the District seeking reorganization of the District under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days from the date of the entry thereof; and

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the Adjusted Net Wastewater Revenues, and such custody or control shall not be terminated within 60 days from the date of assumption of such custody or control.

If an Event of Default shall occur and be continuing, the District is to immediately transfer to the Trustee all Adjusted Net Wastewater Revenues held by it and received thereafter and the Trustee shall apply all Adjusted Net Wastewater 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 Bondholders 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;

(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 shall 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 shall 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 principal amount of the Bonds at the time Outstanding shall be entitled, upon notice in writing to the District, 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 shall become and shall be immediately due and payable.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, the District shall pay to or shall 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 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) shall have been made good or cured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, by written notice to the District 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 shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

The Trustee is appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) to represent the Owners in the matter 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, the Act and applicable provisions of any other law. Upon any default or other occasion, giving rise to a right in the Trustee to represent the Bondholders, the Trustee may take such action as may seem appropriate and, upon the request in writing of Owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Owners by such appropriate actions as it shall deem most effectual to protect and enforce any such right.

No remedy conferred 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, shall 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.

Amendments

The Indenture and the rights and obligations of the District, the Owners of the Bonds and the Trustee may be modified or amended at any time by a Supplemental Indenture, with the written consent of the Owners of a majority in the aggregate amount of Bonds then Outstanding. No such modification or amendment shall (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 Account Payment provided for the payment of any Bonds, 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, 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 Adjusted Net Wastewater Revenues and other assets pledged under the Indenture, or deprive the Owners of the Bonds of the lien created by the Indenture on such Adjusted Net Wastewater Revenues and other assets, without the consent of the Owners of all of the Bonds then Outstanding.

The Indenture may also be modified or amended at any time with the written consents of each provider of a letter of credit or a policy of bond insurance for the Bonds, provided that at such time the payment of all the principal of and interest on all Outstanding Bonds shall be insured by a policy or policies of municipal bond insurance or payable under a letter of credit the provider of which shall 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, rated not lower than the respective ratings on the Bonds by Moody's (if Moody's is then rating the Bonds) or Standard & Poor's (if Standard & Poor's is then rating the Bonds).

The Indenture and the rights and obligations of the District, of the Trustee and the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Bondholders 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 District or to surrender any right or power reserved to or conferred upon the District;
- (2) to make such provisions for the purpose of curing any omission or ambiguity, or of curing or correcting any defective provision contained in the Indenture, or in regard to questions arising under the Indenture, as the District may deem necessary or desirable, and which shall not materially and adversely affect the interests of the Owners of the Bonds;
- (3) to modify the Indenture in such manner as to permit qualification 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 statutes and which shall not materially and adversely affect the interests of the Owners of the Bonds;
- (4) to make modifications or adjustments necessary 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 District 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 such provisions shall not materially and adversely affect the interest of the Owners of the Bonds;

(6) if the District 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

Bonds may be paid by the District in any of the following ways:

(a) by paying or causing to be paid the Bond Obligations of and interest on such Outstanding Bonds, as and when the same become due and payable;

(b) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount to pay or redeem such Outstanding Bonds; or

(c) by delivering to the Trustee, for cancellation by it, such Outstanding 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 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 shall have been given or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the District in respect of such Bond shall cease, terminate and be completely discharged, provided that the Owner thereof shall thereafter be entitled to the payment of the principal of and premium, if any, and interest on the Bonds, and the District shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payments.

The District may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

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 shall 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 shall have been given or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) Investment Securities described in clauses (i), (ii) or (v) of the definition thereof, the principal of and interest on which when due will, in the opinion of an independent certified

public accountant 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 shall have been given as required by the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Request of the District) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

Upon the delivery of the Series 2024A Bonds, Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, proposes to render its final approving opinion with respect to the Series 2024A Bonds in substantially the following form:

[Closing Date]

East Bay Municipal Utility District
Oakland, California

\$ _____
EAST BAY MUNICIPAL UTILITY DISTRICT
(Alameda and Contra Costa Counties, California)
WASTEWATER SYSTEM REVENUE BONDS, SERIES 2024A (GREEN BONDS)

Ladies and Gentlemen:

We have acted as bond counsel to the East Bay Municipal Utility District (the “District”) in connection with the issuance of its \$ _____ aggregate principal amount of Wastewater System Revenue Bonds, Series 2024A (Green Bonds) (the “Series 2024A Bonds”). The Series 2024A Bonds are being issued pursuant to the Municipal Utility District Act (constituting Division 6 of the Public Utilities Code of the State of California, as amended), and the Revenue Bond Law of 1941, as amended, as made applicable by Article 6a of Chapter 6 of Division 6 of the Municipal Utility District Act (collectively, the “Act”), and a Wastewater System Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as amended and supplemented, including as amended and restated by a Twenty-First Supplemental Indenture, dated as of March 1, 2024, and as supplemented by a Twenty-Second Supplemental Indenture, dated as of March 1, 2024, providing for the issuance of the Series 2024A Bonds (as so amended, restated and supplemented, the “Indenture”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In our capacity as bond counsel, we have reviewed the Act, the Indenture, the Tax Certificate executed and delivered by the District in connection with the issuance and delivery of the Series 2024A Bonds (the “Tax Certificate”), certifications of the District, the Trustee, and others, opinions of counsel to the District and the Trustee, and such other documents, opinions and instruments as we deemed necessary to render the opinions set forth herein.

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, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause the interest (and original issue discount) on the Series 2024A Bonds to be included in gross income for federal income tax purposes. With respect to the opinions expressed herein, we call attention to the

fact that the rights and obligations under the Series 2024A Bonds and the Indenture are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles, to the possible unavailability of specific performance or injunctive relief, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California. Furthermore, the imposition of certain fees and charges by the District relating to the Wastewater System is subject to the provisions of Articles XIIC and XIID of the California Constitution.

By delivering this letter, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Series 2024A Bonds or the Indenture, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any assets thereunder.

Based upon the foregoing and subject to the limitations and qualifications herein specified, as of the date hereof, we are of the opinion, under existing law, that:

1. The Series 2024A Bonds constitute the valid and binding special limited obligations of the District.

2. The Indenture has been duly authorized, executed and delivered by, and constitutes the valid and binding obligation of, the District. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Series 2024A Bonds, of the Adjusted Net Wastewater Revenues of the District, and certain other amounts held by the Trustee under the Indenture, as and to the extent set forth in the Indenture and subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

3. The Series 2024A Bonds are special limited obligations of the District and are payable exclusively from and are secured by a pledge of Adjusted Net Wastewater Revenues of the District and certain other amounts held by the Trustee under the Indenture, as and to the extent set forth in the Indenture and subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. The general fund of the District is not liable, and neither the credit nor taxing power of the District is pledged, for the payment of the Series 2024A Bonds or the interest thereon.

4. Other bonds and parity debt of the District have been and may from time to time hereafter be issued under the Indenture which are payable from Adjusted Net Wastewater Revenues on a parity basis with the Series 2024A Bonds.

5. Interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest with respect to the Series 2024A Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.

6. The interest (and original issue discount) on the Series 2024A Bonds is exempt from State of California personal income tax.

7. The difference between the issue price of a Series 2024A Bond (the first price at which a substantial amount of the Series 2024A Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Series 2024A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Series 2024A Bond owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Series 2024A Bond owner will increase the Series 2024A Bond owner's basis in the applicable Series 2024A Bond. Original issue discount that accrues for the Series 2024A Bond owner is excluded from the gross income of such Series 2024A Bond owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals (as described in paragraph 5 above) and is exempt from State of California personal income tax.

8. The amount by which a Series 2024A Bond owner's original basis for determining loss on sale or exchange in the applicable Series 2024A Bonds (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Series 2024A Bond owner's basis in the applicable Series 2024A Bonds (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Series 2024A Bond owner realizing a taxable gain when a Series 2024A Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2024A Bond to the owner.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Series 2024A Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Series 2024A Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024A Bonds. The District has covenanted to comply with all such requirements.

The opinions expressed and the statements made herein are based on an analysis of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. 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. The Indenture and the Tax Certificate permit certain actions to be taken or to be omitted if a favorable opinion of bond counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (or original issue discount) for federal income tax purposes with respect to any Series 2024A Bonds if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other provisions of the Code may give rise to adverse federal income tax consequences to particular Series 2024A Bond owners. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Series 2024A Bonds.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the official statement relating to the Series 2024A Bonds or other offering material relating to the Series 2024A Bonds and we expressly disclaim any duty to advise the owners of the Series 2024A Bonds with respect to matters contained in such official statement or other offering material.

This opinion is limited to the laws of the State of California and the federal laws of the United States. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

Respectfully submitted,

APPENDIX E

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix E concerning The Depository Trust Company, New York, New York (“DTC”), and DTC’s book-entry system has been obtained from DTC and the District and the Trustee take no responsibility for the completeness or accuracy thereof. The District and the Trustee cannot and do not give any assurances that DTC, Direct Participants (as defined below) or Indirect Participants (as defined below) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2024A Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Series 2024A Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2024A Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Appendix E. The District and the Trustee are not responsible or liable for the failure of DTC or any DTC Direct or Indirect Participant to make any payment or give any notice to a Beneficial Owner with respect to the Series 2024A Bonds or an error or delay relating thereto. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC’s Direct and Indirect Participants are on file with DTC.

DTC will act as securities depository for the Series 2024A Bonds. The Series 2024A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2024A Bonds, 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. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings’ rating of AA+. The DTC Rules applicable to Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such website is not incorporated herein by reference.

Purchases of Series 2024A Bonds under the DTC book-entry system must be made by or through Direct Participants, which will receive a credit for the Series 2024A Bonds on DTC’s records. The

ownership interest of each actual purchaser of each Series 2024A 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 Series 2024A 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 Series 2024A Bonds, except in the event that use of the book-entry system for the Series 2024A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024A 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 the Series 2024A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2024A 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 the Series 2024A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2024A Bond documents. For example, Beneficial Owners of the Series 2024A Bonds may wish to ascertain that the nominee holding the Series 2024A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2024A Bonds 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 Series 2024A 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 District 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 Series 2024A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the Series 2024A 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 District or the Trustee, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Direct or Indirect 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 District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the Series 2024A Bonds to Cede & Co. (or such other nominee as may be requested by an authorized

representative of DTC) is the responsibility of the District 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 securities depository with respect to the Series 2024A Bonds at any time by giving notice to the Trustee and the District. Under certain circumstances, in the event that a successor depository is not obtained, Series 2024A Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers for the Series 2024A Bonds through DTC (or a successor securities depository). In that event, Series 2024A Bond certificates will be printed and delivered as provided in the Indenture. In addition, the following provisions would apply: the principal or redemption price of the Series 2024A Bonds will be payable upon presentation thereof, at the principal corporate trust office of the Trustee, in San Francisco, California; interest on the Series 2024A Bonds will be payable by check mailed on each interest payment date to the registered owners thereof as shown on the registration books of the Trustee as of the close of business on the 15th day of the calendar month immediately preceding the applicable interest payment date (the “record date”), except that in the case of an owner of \$1,000,000 or more in aggregate principal amount of Series 2024A Bonds, upon written request of such owner to the Trustee received at least 10 days prior to the record date for the payment of interest, specifying the account or accounts to which such payment shall be made (which request shall remain in effect until revoked by such owner in a subsequent writing delivered to the Trustee), such interest shall be paid in immediately available funds by wire transfer to such account or accounts on the following interest payment date; and the Series 2024A Bonds will be transferable and exchangeable on the terms and conditions provided in the Indenture.

The information in this Appendix E concerning DTC and DTC’s book-entry system has been obtained from sources the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX F
FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX G

THE DISTRICT'S GREEN BOND GUIDANCE AND EXPECTED SERIES 2024A GREEN BOND PROJECTS

The District anticipates funding or reimbursing CIP expenditures for the Wastewater System projects identified in the table below using proceeds of the Series 2024A Bonds. These projects were selected using the District's Guidance for Issuing Green Bonds, which was last approved by the District's Board on March 22, 2022. A complete copy of the District's Green Bond Guidance as approved by the District Board on March 22, 2022 is attached hereto.

The District's criteria are presented below in a numbered list for easier reference in the table on the following page.

1. Maintain water quality
2. Improve water use efficiency, including conservation through reduced water loss
3. Improve biodiversity and ecosystem quality
4. Protect against flooding
5. Reduce pollution
6. Improve resilience (adaptation) to climate change
7. Reduce the combustion of fossil fuels
8. Reduce greenhouse gas emissions
9. Implement "reduce, reuse, recycle" practices in preference to raw materials
10. Adhere to sustainable purchasing guidelines

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**East Bay Municipal Utility District
Expected Series 2024A Green Bond Projects**

Project Name	Short Description	EBMUD Green Bond Criteria	Amount Funded
Interceptors and Pump Stations	Rehabilitate aging gravity interceptors, force mains, and pump stations that convey wastewater from the satellite agencies to the Main Wastewater Treatment Plant (MWWTP), as well as improve emergency access and response for such facilities.	1, 2, 4, 5	\$16.2 million
Secondary Treatment	Rehabilitate the Oxygen Production Plant, Reactors, and Secondary Clarifiers [at the MWWTP] in multiple phases to keep some units in service while the others are rehabilitated. Rehabilitation of the Oxygen Production Plant includes upgrading the control system, which is over 40 years old. Rehabilitation of the Oxygen Reactors includes concrete resurfacing of interior walls and columns, coating of the roof slabs, strengthening the interior support columns, recoating or replacing sections of piping, and refurbishing the aerator gear boxes. Rehabilitation of the Secondary Clarifiers includes concrete work, replacement of the clarifier mechanisms, resurfacing or replacing other mechanical components, and replacing the baffles to improve performance.	1, 3, 5	\$3.7 million
Power Generation and Biogas	The Power Generation Station and biogas system [at the MWWTP] provide[s] a means to utilize biogas produced in the digesters to generate renewable electricity and produce heat for the digesters. Maintaining these aging facilities provides a source of renewable electricity and reduces the need to flare biogas.	5, 6, 7, 9	\$4.7 million
Effluent Discharge	Maintain and upgrade infrastructure necessary for disinfection and dechlorination of MWWTP effluent and conveyance to its final discharge in the San Francisco Bay. This infrastructure is critical for meeting strict permit requirements and for maintaining flow-through capacity at the MWWTP.	3, 4, 5, 6	\$1.5 million
Digesters	This project is the rehabilitation of the Secondary Clarifiers associated with Secondary Treatment, which includes concrete work, replacement of the clarifier mechanisms, resurfacing or replacing other mechanical components, and replacing the baffles to improve performance.	5, 6, 7, 9	\$2.0 million
Total⁽¹⁾			\$28.2 million

⁽¹⁾ Totals may exceed the expected project fund deposit and may not add due to rounding.

Source: The District.

The proceeds of the Series 2024A Bonds(exclusive of the amounts applied to pay costs of issuance and other costs related to the issuance of the Series 2024A Bonds) are to be allocated to costs of the projects identified above. Because proceeds of the Series 2024A Bonds will be applied to reimburse the District for prior expenditures made in connection with the projects identified above, the District does not intend to undertake any further tracking of and reporting on the use of the proceeds of the Series 2024A Bonds. See also “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” in the front part of this Official Statement and “THE WASTEWATER SYSTEM – Capital Improvement Program” in APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WASTEWATER SYSTEM)” to this Official Statement.

The District’s Green Bond Guidance as most recently approved by the Board follows on the next page.

[Remainder of page intentionally left blank.]

[INSERT DISTRICT GREEN BOND GUIDANCE DOCUMENT]

APPENDIX H

PROPOSED CHANGES TO THE INDENTURE

[To come]