



Water System Revenue Bonds, Series 2025

Wastewater System Revenue Bonds, Series 2025

Board of Directors

April 22, 2025

Robert Hannay, Treasury Manager

Water System Plan of Finance

Water System Revenue Bonds, issued in an amount not to exceed \$1,265 million to:

- Fund \$275 million in capital improvement projects (CIP) on a reimbursement basis
- Refund \$528.4 million of callable 2015A, 2015B, and 2015C Bonds for debt service savings
- Refund \$400 million of callable 2010B Build America Bonds for de-risking
- Issued as three series: 2025A, 2025B, and 2025C Bonds

Wastewater System Plan of Finance

Wastewater System Revenue Bonds, issued in an amount not to exceed \$255 million to:

- Fund \$30 million in CIP on a reimbursement basis
- Refund \$54.8 million of callable 2015A-1 Bonds for debt service savings
- Refund \$150 million of callable 2010B Build America Bonds for de-risking
- Issued as two series: 2025A and 2025B Bonds

New Money to be Issued as Green Bonds

- Water and Wastewater systems new money bonds will be labeled “Green Bonds”
 - Water, Series 2025A providing \$275 million in CIP funding
 - Wastewater, Series 2025A providing \$30 million in CIP funding
- “Guidance for Issuing Green Bonds” adopted by the Board in March 2022
 - First adopted in 2015
- Proceeds from issues will be used for environmentally beneficial projects
 - Projects are funded on a reimbursement basis

Refundings for Debt Service Savings

- Water, Series 2025B Bonds
 - Refund \$528.4 million of callable Water Series 2015A, 2015B and 2015C Bonds
- Wastewater, Series 2025B Bonds
 - Refund \$54.8 million of callable Wastewater Series 2015A-1 Bonds
- Net present value savings threshold of at least 3 percent of the refunded par

Refundings for De-Risking

- Water, Series 2025C
 - Refund \$400 million of callable Water Series 2010B Build America Bonds (BABs)
- Wastewater, Series 2025B
 - Refund \$150 million of callable Wastewater Series 2010B BABs
- BABs callable under the extraordinary optional redemption provisions
- Net present value savings threshold is at least \$0 for de-risking

Build America Bonds (BABs)

- Issued under the American Recovery and Reinvestment Act of 2009
 - Taxable municipal bonds that provided Federal tax credits or subsidies for local government issuers
 - District's BABs were issued with Federal subsidy equal to 35% of the interest payments
- Congress began to reduce the BABs subsidy through a process called "sequestration" in 2013
 - Reductions have ranged from 5.7% to 8.7% of the subsidy payment
 - Possibility that subsidy could be further reduced or eliminated in future years
- BABs generally issued with an extraordinary optional redemption ("EOR") feature which is less costly than the make-whole optional redemption
 - Available for use if an "Extraordinary Event" results in a material adverse change to the Federal tax code or the cash subsidy payment to be reduced or eliminated under certain circumstances
 - To utilize the EOR, the District's proposed resolutions make a determination that an "Extraordinary Event" has occurred

Recommended Actions for the Authorization of the 2025 Water System Bonds

- Authorize and approve the issuance of the Water System Revenue Bonds, Series 2025
 - To be issued in one or more series
- Aggregate principal amount not to exceed \$1,265 million
- True interest cost not to exceed 5.75%
- Negotiated sale
- Debt service costs are expected to remain within budgeted estimates
- Approve execution of bond documents

Recommended Actions for the Authorization of the 2025 Wastewater System Bonds

- Authorize and approve the issuance of the Wastewater System Revenue Bonds, Series 2025
 - To be issued in one or more series
- Aggregate principal amount not to exceed \$255 million
- True interest cost not to exceed 5.75%
- Negotiated sale
- Debt service costs are expected to remain within budgeted estimates
- Approve execution of bond documents

Questions?



Flowing
into the
Future



2025 Water Supply Availability & Deficiency Report

Board of Directors

April 22, 2025

Ginger Chen, Associate Civil Engineer

2025 Water Supply Availability and Deficiency Report

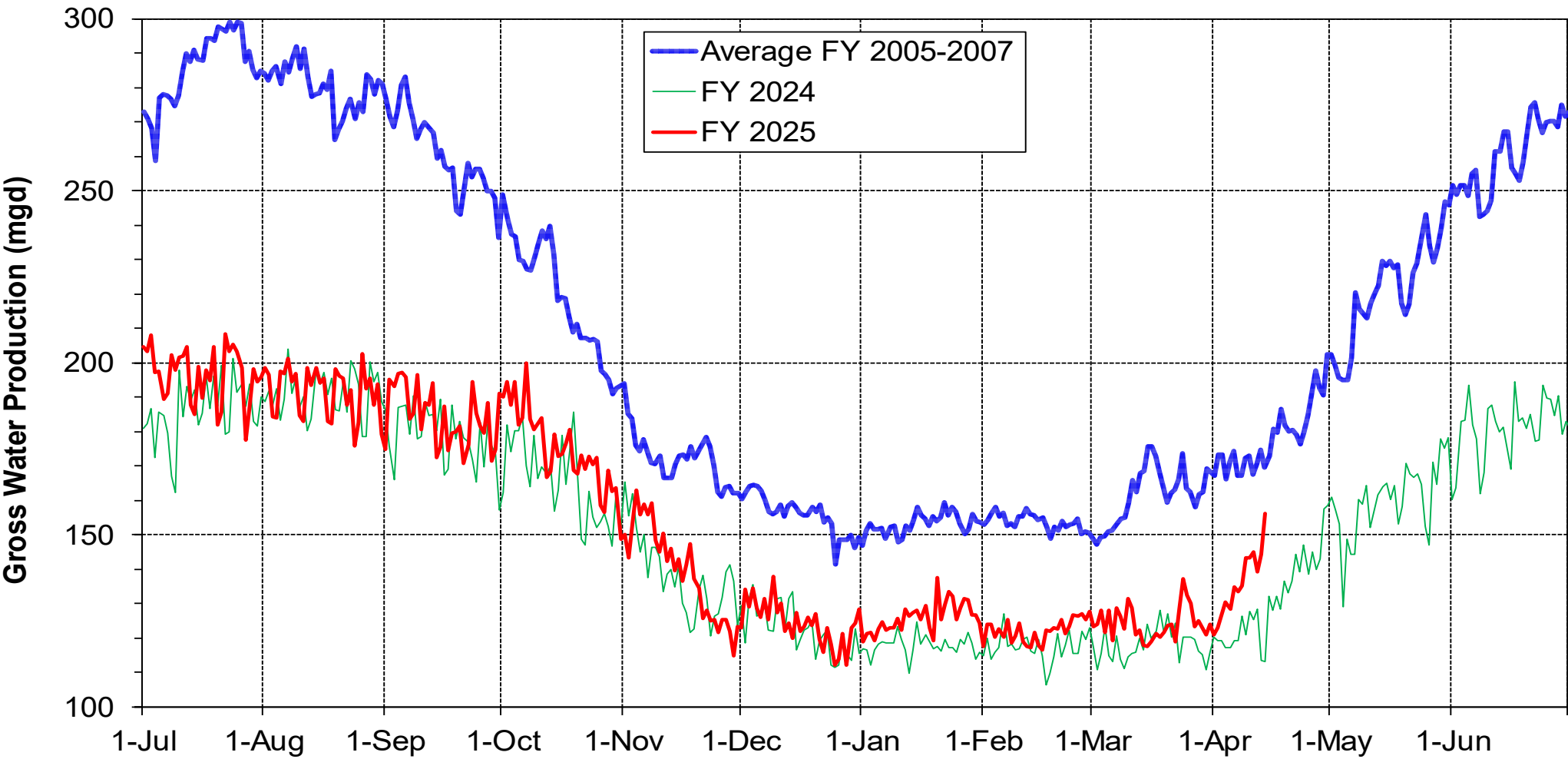
- Status of District Water Demands
- Status of Current Water Supplies
- Anticipated Water Flow Obligations
- Recommended Actions



Pardee Reservoir Observation Point

Status of District Water Demands/Production

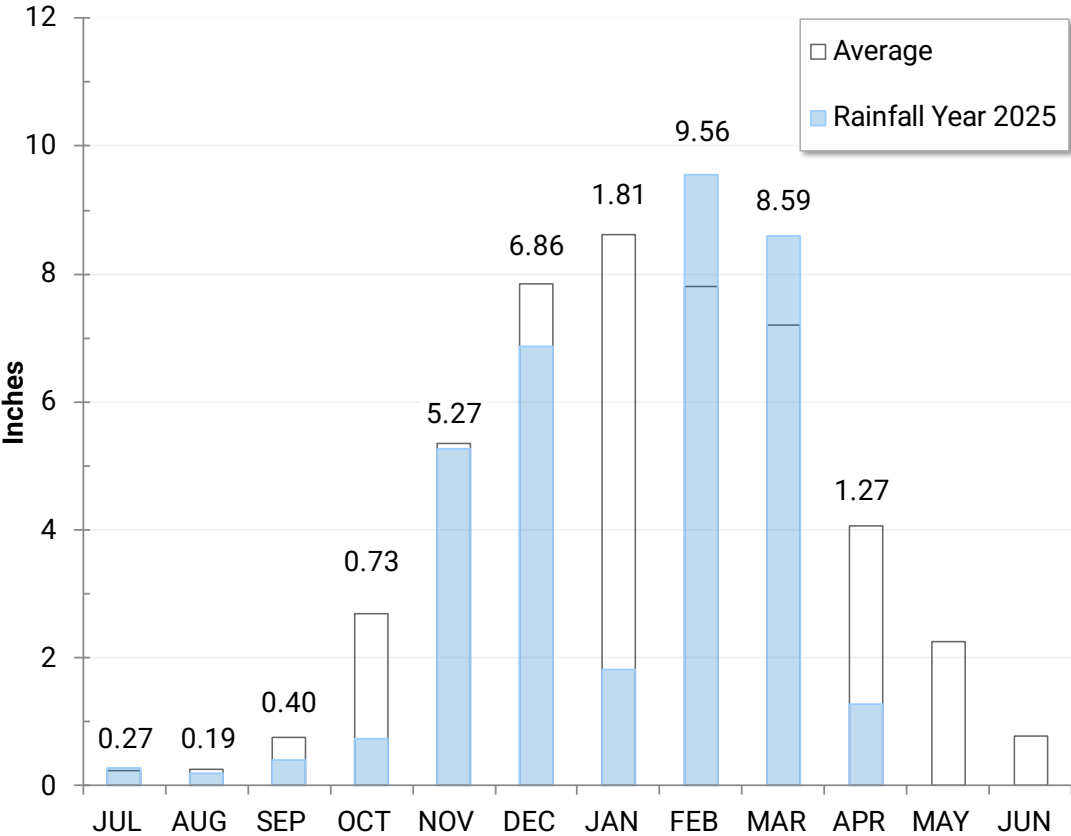
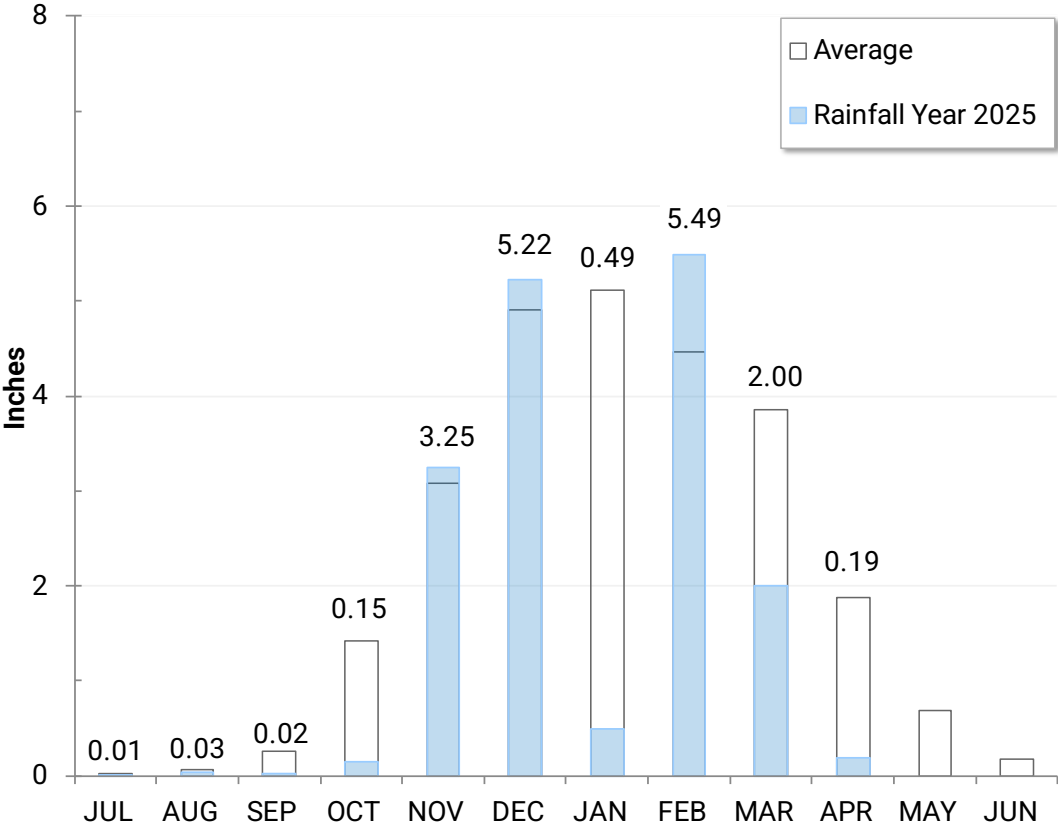
Gross Water Production for Fiscal Year (FY)



Status of Current Water Supplies

Precipitation as of April 14

East Bay: 16.8" (68% of average) Mokelumne: 35.0" (81% of Average)



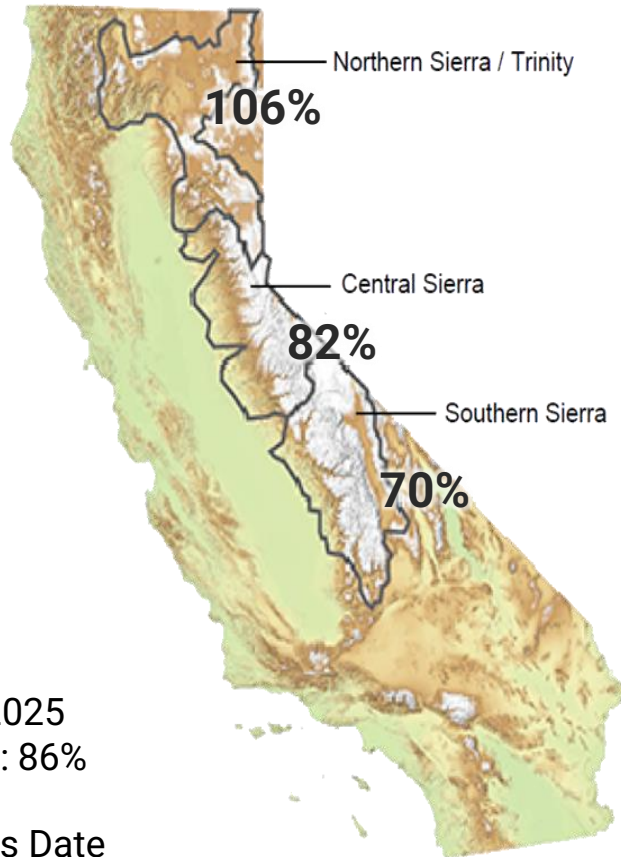
Snowpack as of April 14

Snow Water Equivalent:
82% of Normal in Central Sierra

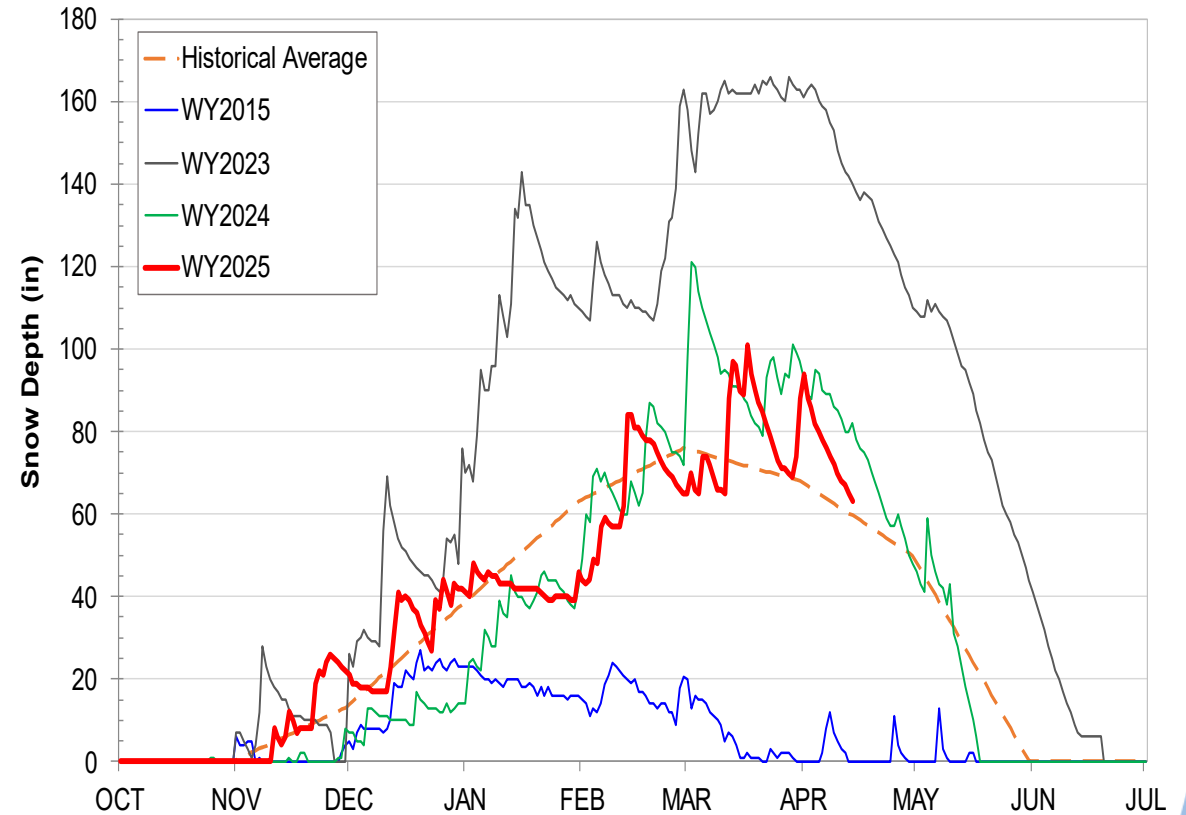


Data for: 14-April-2025
Statewide Average: 86%

% of Normal for this Date



Caples Lake Snow Depth



WY = Water Year

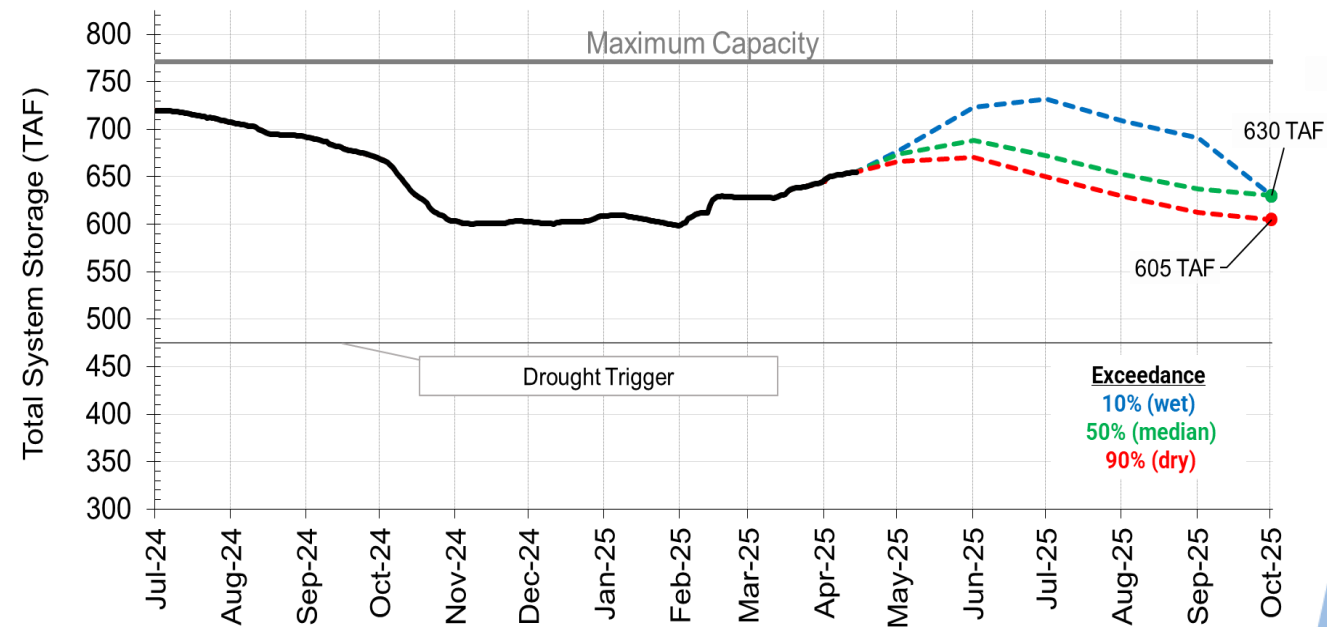
End of Season Storage as of April 14

Current: 655 TAF (85% of Average)

Reservoir	Current Storage (TAF)	Percent of Average	Percent of Capacity
Pardee	185	98%	91%
Camanche	333	110%	80%
East Bay	137	99%	91%
Total System	655	104%	85%

TAF = Thousand Acre Feet

Projected: 630 TAF by 9/30



Anticipated Water Supply Obligations

Water Supply Flow Release Obligations 2025

- JSA 'Below Normal' release schedule from Camanche Reservoir
 - DWR Bulletin 120 Runoff Forecast is 570 TAF (77% of Average)
 - End of September Total System Storage is full at 630 TAF

- Full entitlements and requests
 - Woodbridge Irrigation District base supply: 60 TAF
 - Jackson Valley Irrigation District: 3.85 TAF
 - North San Joaquin County Water Conservation District: 0 TAF

- No surplus water available based upon current projections

Recommended Actions

- File the Water Supply Availability and Deficiency Report, which determines that projected runoff equates to 'Below Normal' year flows for Joint Settlement Agreement and all other release obligations
- Declare the District's water supply is sufficient for meeting customer demands in 2025 current projections

Questions?



Flowing
into the
Future



Additional Proposed Revisions to Policy 4.14 – Reimbursement of Director Expenses

Board of Directors

April 22, 2025

Derek McDonald, General Counsel

Overview

November 2023 Board Retreat – Board asked staff to draft governance policies
Board provided comments/feedback on draft governance policies during various Committee and Board meetings starting in June 2024

- September 24 Finance/Administration Committee – final Board edits on three governance policies received (including Policy 4.14 – Reimbursement of Director Expenses)
- November 26 Board meeting – Board adopted Board Governance Manual and staff recommendation to finalize three governance policies (including Policy 4.14) through District's review process
- March 25, 2025 Finance/Administration Committee and Board – discussed Policy 4.14 and provided feedback and edits

Policy 4.14 edits (*received after November 2024*)

Key additional proposed edits discussed during March 25, 2025 meetings

Delete mileage reimbursement for attending regular, adjourned regular, special and committee meetings of the Board

Add *“Each Director may be reimbursed for attendance at only one conference per year, unless the Director’s attendance at a conference is necessary because the Director serves on a joint powers authority, regional committee or other body required to meet at the conference”*

Add *“Prior to the beginning of each fiscal year, the Secretary will provide the Board with a draft calendar of conferences and activities for the fiscal year that may require reimbursable lodging, registration or airfare. By June 10 of each year, each Director shall provide the Secretary with a written forecast of the Director’s planned event attendance for the fiscal year”*

Add language regarding Director ability to use District pool vehicles for District-related travel

Clarifying language re: travel cancellations not reported in time and approved by the Board President may result in the Director being responsible for any non-refundable costs borne by the District

Increasing Board President pre-approval expense cap from \$100 to \$250 to account for inflation

Additional Policy 4.14 edits and feedback

Received during March 25, 2025 meetings

- Finance/Administration Committee
 - **Delete** mileage reimbursement for Directors attending regular, adjourned regular, special and committee meetings of the Board; however, allow reimbursement for travel to meetings (including Board meetings) that are not located at the Administration Building
 - **Apply** “good cause” language from Board Resolution No. 35000-16 to travel cancellations for local events
 - **Remove** the one-conference-per-year reimbursement limit and approve conference reimbursements based on budget
 - **Increase** the Board President pre-approval expense cap from \$100 to \$250 to account for inflation
- Board of Directors
 - Provide conference policies and individual budgets from other water agencies
 - Event ticket pricing to support increasing Board President pre-approval expense cap to \$250

Next Steps

- Board discussion and feedback on additional edits proposed to Policy 4.14 (*received during March 25, 2025 meetings*)
- Update Policy 4.14 based on feedback
- Present updated policy to the Finance/Administration Committee for review and to the Board for consideration on May 27, 2025

Questions?

