EAST BAY MUNICIPAL UTILITY DISTRICT

Fiscal Year 2022 Financing Plan

Finance/Administration Committee

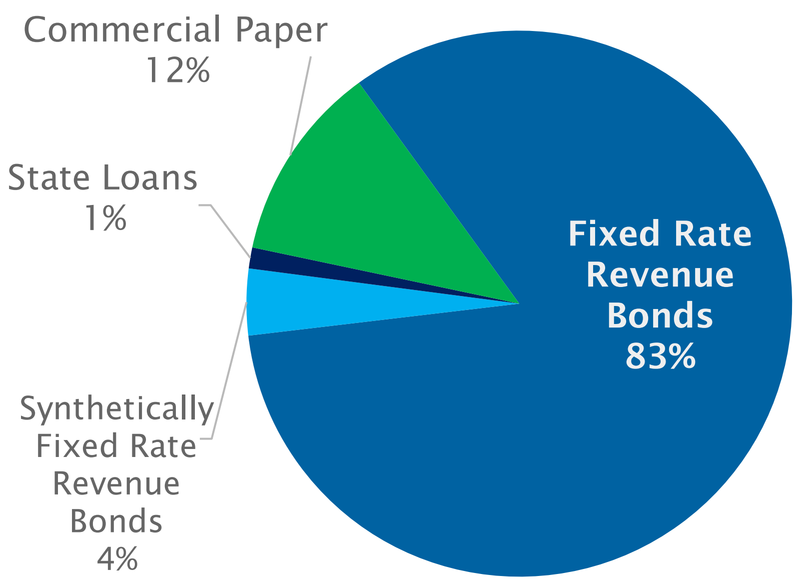
June 22, 2021

Agenda

- Debt Overview
- FY21 Financing Activity
- FY22 Proposed Financing Plan
- Recommendation

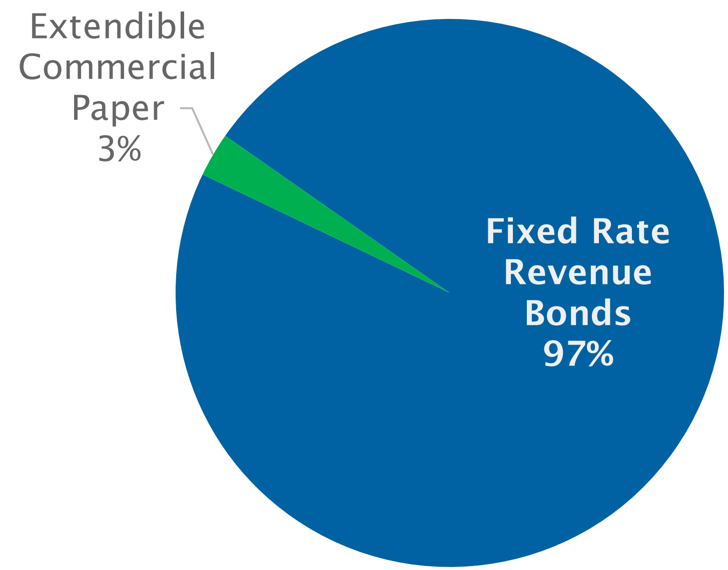
Overview of District's Debt
(as of June 4, 2021)

Water System
$2.7 billion in debt outstanding



Rating Agency	Long-Term Rating
S&P	AAA
Fitch	AA+
Moody's	Aa1

Wastewater System
$357 million in debt outstanding



Rating Agency	Long-Term Rating
S&P	AAA
Fitch	AA+
Moody's	Aa1

FY21 Financing Activity

Date of Action	Description
Paid as of April 30, 2021	**Repaid Upper San Leandro State Loan** of $400,000 early for $12,000 in interest savings. Also allowed for the return of $150,000 in a reserve fund.
Board approval April 27, 2021	**Board authorized short-term indebtedness** up to allowed limits under Municipal Utility District Act; allows for continuation of commercial paper programs.
Paid on May 28, 2021	**District paid down Wastewater Extendible Commercial Paper by $700,000**, which reduces outstanding debt and increases financial flexibility.
Paid on June 4, 2021	**District paid down Water Commercial Paper by $23 million**, which reduces outstanding debt and increases financial flexibility.
Expected on June 22, 2021	**Extending two liquidity agreements** for combined savings of about $24,000 per year based on proposed fees.

Proposed FY22 Financing Plan

Timing	Description
End of FY22	**Continue to pay down commercial paper programs** Budgeted $10 million for Water, $1 million for Wastewater
Spring 2022	**Issue new money Water revenue bonds of $150 million** based on FY22 budget
Spring 2022	**Issue new money Wastewater revenue bonds of $10 million** based on FY22 budget
Winter 2021	**Close on Water Infrastructure Finance and Innovation Act (WIFIA) Loan** for $209 million – $300 million
Spring 2022	**Consider refunding callable 2012 bonds from both the Water and Wastewater systems**
Based on market opportunities	**Other refunding and de-risking financings based on market opportunities**

Next Steps

- Board consideration to approve FY22 Financing Plan

EAST BAY MUNICIPAL UTILITY DISTRICT

Extend Revolving Credit Agreement for Commercial Paper Notes (Water Series) Subseries A-2

Finance/Administration Committee

June 22, 2021

Liquidity Providers for Water Commercial Paper (CP)

- Commercial Paper (Water Series) program consists of two subseries – Subseries A-1 and Subseries A-2
- Water CP requires backup liquidity
- Current liquidity agreements are with Sumitomo Mitsui Banking Corporation (SMBC) and Bank of America, N.A. (BANA)

Subseries	Notes Outstanding (as of June 4, 2021)	Liquidity Provider	Agreement Type	Term End
A-1	$176,000,000	SMBC	Standby Letter of Credit	May 6, 2024
A-2	$137,000,000	BANA	Revolving Credit Agreement	Nov. 30, 2021

Extension Process

- Requested extension terms from BANA (4/21)
  - Extending saves $120,000 compared to a new agreement as many costs are avoided
- Negotiated 29 basis points (0.29%) for 3 years
  - Lower than the current rate, saving about $14,000 annually
  - Fee increases incrementally if District's credit ratings decline during the term of the facility
- Due to higher upfront costs, a counter-proposal would need to be 26 basis points in order to be less expensive

Next Steps

- Board consideration to authorize execution of legal documents associated with extending the Revolving Credit Agreement with Bank of America, N.A.

EAST BAY MUNICIPAL UTILITY DISTRICT

Extend Standby Bond Purchase Agreement for Water Revenue Bonds 2008A-2 and 2008A-3

Finance/Administration Committee

June 22, 2021

Liquidity Providers for Series 2008A Bonds

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- Water System Series 2008A bonds are variable rate demand bonds (VRDBs) backed by liquidity facilities known as Standby Bond Purchase Agreements (SBPAs)
- Current SBPA providers are Wells Fargo and U.S. Bank

Subseries	SBPA Provider	Principal Outstanding	Term End
2008 A-1	Wells Fargo	$32,395,000	Dec. 9, 2022
2008 A-2	U.S. Bank	$24,285,000	Nov. 24, 2021
2008 A-3	U.S. Bank	$24,285,000	Nov. 24, 2021
2008 A-4	Wells Fargo	$24,285,000	Dec. 9, 2022

Extension Process

- Requested extension terms from US Bank (4/21)
  - Extending saves $105,000 compared to new agreement due to one-time costs
- Negotiated 30 basis points (0.30%) for 3.5 years
  - Lower than the current rate saving about $10,000 annually
  - Fee increases incrementally if District's credit ratings decline during the term of the facility
- Due to higher upfront costs, a counter-proposal would need to be 24 basis points in order to be less expensive

Next Steps

- Board consideration to authorize execution of legal documents associated with extending the Standby Bond Purchase Agreement with U.S. Bank