

RESOLUTION NO. 35455-25

APPROVING AND ADOPTING THE BUDGET OF THE EAST BAY MUNICIPAL UTILITY DISTRICT WATER AND WASTEWATER SYSTEMS FOR FISCAL YEAR 2026 AND FISCAL YEAR 2027, ESTABLISHING THE TERMS AND CONDITIONS FOR THE PAYMENT OF DEMANDS AGAINST THE DISTRICT, DELEGATING AUTHORITY FOR CERTAIN BUDGET IMPLEMENTATION ACTIONS, AND EXPRESSING THE DISTRICT'S INTENTION TO ISSUE TAX EXEMPT DEBT OBLIGATIONS FOR REIMBURSEMENT OF EXPENDITURES FOR CERTAIN CAPITAL IMPROVEMENT PROJECTS

Introduced by Director Smith

; Seconded by Director Katz

WHEREAS, the General Manager has prepared an estimate of all expenditures necessary and advisable for the proper conduct of the activities of the East Bay Municipal Utility District (District) and submitted the estimate to the Board of Directors (Board) in the Fiscal Year 2026 (FY 2026) and Fiscal Year 2027 (FY 2027) Biennial Budget (Biennial Budget), which is reflected in the Proposed Biennial Budget Fiscal Years 2026 and 2027, Volumes 1 and 2; and

WHEREAS, workshops were held on January 28, 2025 and March 25, 2025, at which time the Board and members of the public were provided an opportunity to review and ask questions about the Biennial Budget; and

WHEREAS, adoption of this Resolution does not constitute a project under the California Environmental Quality Act (CEQA) Guidelines section 15378(b)(4) because approving and adopting the budget of the District's Water and Wastewater Systems for FY 2026 and FY 2027, establishing the terms and conditions for the payment of demands against the District, delegating authority for certain budget implementation actions, and expressing the District's intention to issue tax exempt debt obligations for reimbursement of expenditures for certain capital improvement projects, involve the creation of a government funding mechanism or other government fiscal activities and do not involve any commitment to any specific project which may result in a potentially significant impact on the environment; and

WHEREAS, the Board has considered all the oral and written information presented to it; and

WHEREAS, the Board desires to adopt a budget for FY 2026 and FY 2027, to appropriate funds for expenditure consistent with the adopted budget, and to delegate certain limited authority, as specified in this Resolution, to incur obligations, to provide for payment of demands against the District, to make certain transfers of appropriated funds, and for other purposes specified herein; and

WHEREAS, the District expects to finance, from time to time, a portion of the costs of the District's capital improvement program for its Water and Wastewater Systems through the issuance and sale of obligations, the interest upon which is excluded from gross income for federal income tax purposes, and the Board desires to establish, at this time, the District's intention to reimburse itself from the proceeds of such tax-exempt obligations for certain expenditures incurred by the District in connection with its capital improvement program prior to

the issuance of the debt obligations;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the East Bay Municipal Utility District as follows:

Section 1. The Biennial Budget is hereby approved and adopted as the FY 2026 and FY 2027 budget for the District. The Director of Finance is directed to prepare final budget documents in accordance with such approval and adoption, which shall be kept on file in the Office of the Secretary. The final budget documents may incorporate minor modifications to the Biennial Budget provided such modifications do not result in a change to any amounts stated in Section 2 of this Resolution. The adopted budget may be further modified without further action of the Board only to the extent authorized by another provision of this Resolution.

Section 2. For the purposes of complying with section 11891.5 of the Public Utilities Code, the FY 2026 and FY 2027 budget is expressed in major groups of accounts as indicated below. The following amounts are hereby appropriated for expenditure:

| WATER SYSTEM: | <u>FY 2026</u> | <u>FY 2027</u> |
|-------------------------|--------------------|--------------------|
| Operating Budget | \$456,433,205 | \$478,498,390 |
| Debt Service | 269,710,000 | 289,380,000 |
| <u>Capital Budget</u> | <u>729,154,266</u> | <u>394,444,383</u> |
| Total Water System | \$1,455,297,471 | \$1,162,322,773 |
| WASTEWATER SYSTEM: | | |
| Operating Budget | \$118,937,574 | \$123,682,296 |
| Debt Service | 36,925,000 | 36,790,000 |
| <u>Capital Budget</u> | <u>90,315,931</u> | <u>120,779,370</u> |
| Total Wastewater System | \$246,178,505 | \$281,251,666 |

Section 3. The General Manager is authorized to approve the payment of demands against the District in FY 2026, without further Board authorization, so long as the demands are incurred for purposes and within the amounts set forth in Section 2 of this Resolution, and as said amounts may be amended, with respect to FY 2026. Projection of the District's operations with respect to FY 2027 will be resubmitted to the Board in June 2026 for review and approval, consistent with Public Utilities Code section 11891.5.

Section 4. The General Manager is authorized for FY 2026 and FY 2027 to transfer funds between the Capital Budget and the Operating Budget within each of the Water and Wastewater Systems' respective budgets as required, but not to exceed a variance of 5.0 percent of the affected Capital or Operating Budgets, whichever is higher in dollar terms, and provided that the total budget for each of the two systems remains unchanged.

Section 5. Subject to compliance with section 12751 of the Public Utilities Code, authority is hereby delegated to incur obligations for the purposes and within the amounts specified for such purposes in the budget hereby approved under such terms and conditions as the General Manager shall establish.

Section 6. In order to provide for completion of work authorized but not completed as of the close of the fiscal year, balances remaining at the close of FY 2025 and FY 2026, respectively, are hereby appropriated for expenditure in the subsequent fiscal year, in addition to the applicable fiscal year appropriations for capital and operating expenditures.

Section 7. The Director of Finance is hereby authorized and directed to distribute the FY 2026 and FY 2027 appropriations to the various accounts of the District in accordance with generally accepted accounting principles and consistent with the purposes and objectives identified in the approved budget. The Director of Finance is further authorized to apply surplus revenues above the targeted reserve levels identified in the approved budget to retire currently outstanding bonds where it is cost-effective to do so, fund capital expenditures in FY 2026 and FY 2027, or set aside revenues in a restricted fund to fund capital expenditures. Department directors and department managers are authorized, with approval of the Office of Budget and Performance, to transfer unexpended funds to other approved operations or capital projects, provided that the total Capital Budget and Operating Budget for the Water and Wastewater Systems remain unchanged. An annual report of the transferred capital unexpended funds will be submitted by the Office of Budget and Performance to the General Manager. This Section 7 does not modify or limit the authority given to the General Manager by Section 4.

Section 8. Notwithstanding Section 2 of this Resolution, any appropriations necessary to fulfill the purposes of a grant duly accepted by the District are hereby appropriated for the purposes for which the grant has been approved. Such appropriation includes authorization for the General Manager to expend such monies and for the Director of Finance to make payments therefor in accordance with the terms and conditions and for the purposes of the grant.

Section 9. The Board hereby declares the District's intent to reimburse itself with the proceeds of one or more issues of tax-exempt bonds, commercial paper notes, or other indebtedness (Obligations) for a portion of the costs of the District's capital improvement program for its Water and Wastewater Systems, as set forth above in the District's planned capital expenses in the Biennial Budget. The maximum principal amount of the Obligations expected to be issued from time to time to finance the costs of such capital improvement program, as set forth in the District's planned capital expenses is in aggregate \$1,178,375,000 for the Water System (\$579,531,000 for FY 2026 expenditures, and \$598,844,000 million for FY 2027 expenditures), and in aggregate \$170,771,000 for the Wastewater System (\$82,912,000 for FY 2026 expenditures, and \$87,859,000 for FY 2027 expenditures). The District reasonably expects on the date hereof that it will reimburse certain expenditures paid pursuant to the District's planned capital expenses in the Biennial Budget with the proceeds of the Obligations.

Section 10. Proceeds of the Obligations to be used to reimburse for costs are not expected to be used within one year of reimbursement, directly or indirectly to pay debt service with respect to any obligation (other than to pay current debt service coming due within the next succeeding one year period on any tax-exempt obligation of the District (other than the Obligations)) or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the District or any entity related in any manner to the District, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

Section 11. This Resolution is consistent with the budgetary and financial circumstances of the District as of the date hereof. No monies from sources other than the Obligations are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the District or any related party pursuant to their budget or financial policies with respect to the costs to be reimbursed from the Obligations.

Section 12. Among other purposes, this Resolution is adopted as an official action of the District in order to comply with Treasury Regulation section 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of the District expenditures incurred prior to the date of issue of the Obligations, is part of the District's official proceedings, and will be available for inspection by the general public at the main administrative office of the District.

ADOPTED this 10th day of June, 2025 by the following vote:

AYES: Directors Chan, Katz, Lewis, Oddie, Smith, and President Young.

NOES: None.


ABSENT: None.

ABSTAIN: Director Gómez.




President

ATTEST:



Secretary

APPROVED AS TO FORM AND PROCEDURE:



General Counsel