NEW ISSUE – BOOK ENTRY ONLY

Ratings: S&P: "AAA"
Moody's: "Aaa"
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 2025 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 2025 Bonds is exempt from State of California personal income tax. See "TAX MATTERS" with respect to certain tax consequences relating to the Series 2025 Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

EBMUD

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

$259,455,000
Water System Revenue Bonds,
Series 2025A (Green Bonds)

$478,995,000
Water System Revenue
Refunding Bonds, Series 2025B

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 2025A (Green Bonds) and its Water System Revenue Refunding Bonds, Series 2025B (collectively, the "Series 2025 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 trustee (the "Trustee"), as amended, restated and supplemented, including by the Thirty-Third Supplemental Indenture relating to the Series 2025A Bonds and Series 2025B Bonds, dated as of May 1, 2025, by and between the District and the Trustee (as so amended, restated and supplemented, the "Indenture").

The Series 2025 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 2025 Bonds. Beneficial ownership interests in the Series 2025 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 2025 Bonds is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2025. 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 2025 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 2025 Bonds. See APPENDIX E – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The Series 2025 Bonds are subject to redemption prior to maturity as more fully described herein. See "THE SERIES 2025 BONDS – Redemption."

The Series 2025 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 a portion of certain Series of the District's outstanding Water System revenue bonds, and (iii) pay costs of issuance of the Series 2025 Bonds, as described herein. See "PLAN OF FINANCE."

The Series 2025 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 2025 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 2025 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 2025 Bonds or the interest thereon.**

Purchasers of the Series 2025 Bonds will be deemed to have consented to certain amendments to the Indenture. See "AMENDMENTS TO THE INDENTURE TO TAKE EFFECT IN THE FUTURE."

The Series 2025 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 Kutak Rock LLP. Montague DeRose and Associates, LLC is serving as municipal advisor to the District in connection with the Series 2025 Bonds. It is anticipated that the Series 2025 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 May 15, 2025.

Wells Fargo Securities **BofA Securities**

Morgan Stanley **Ramirez & Co., Inc.**

Dated: April 30, 2025

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

MATURITY SCHEDULES

$259,455,000
Water System Revenue Bonds,
Series 2025A (Green Bonds)

$74,595,000 Serial Series 2025A Bonds

Maturity Date (June 1)	*Principal Amount*	*Interest Rate*	*Yield*	*CUSIP*†
2040	$10,970,000	5.000%	3.730% C	271014S52
2041	11,515,000	5.000	3.840 C	271014S60
2042	12,090,000	5.000	3.940 C	271014S78
2043	12,695,000	5.000	4.000 C	271014S86
2044	13,330,000	5.000	4.060 C	271014S94
2045	13,995,000	5.000	4.100 C	271014T28

$81,210,000 5.000% Term Series 2025A Bonds due June 1, 2050, Yield 4.310% C; CUSIP†: 271014T36

$103,650,000 5.000% Term Series 2025A Bonds due June 1, 2055, Yield 4.390% C; CUSIP†: 271014T44

C Yield to the par call date of June 1, 2035.

† 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 2025A 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 2025A Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2025A 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 2025A Bonds.

$478,995,000
Water System Revenue Refunding Bonds,
Series 2025B

Maturity Date (June 1)	*Principal Amount*	*Interest Rate*	*Yield*	*CUSIP*[†]
2026	$28,770,000	5.000%	2.740%	271014T51
2027	42,985,000	5.000	2.770	271014T69
2028	36,085,000	5.000	2.790	271014T77
2029	37,880,000	5.000	2.810	271014T85
2030	29,780,000	5.000	2.840	271014T93
2031	30,590,000	5.000	2.890	271014U26
2032	32,115,000	5.000	3.000	271014U34
2033	32,610,000	5.000	3.070	271014U42
2034	34,240,000	5.000	3.140	271014U59
2035	35,930,000	5.000	3.230	271014U67
2036	33,930,000	5.000	3.330 [C]	271014U75
2037	35,645,000	5.000	3.460 [C]	271014U83
2038	6,840,000	5.000	3.570 [C]	271014U91
2039	7,210,000	5.000	3.640 [C]	271014V25
2040	7,600,000	5.000	3.730 [C]	271014V33
2041	8,470,000	5.000	3.840 [C]	271014V41
2042	8,885,000	5.000	3.940 [C]	271014V58
2043	9,335,000	5.000	4.000 [C]	271014V66
2044	9,800,000	5.000	4.060 [C]	271014V74
2045	10,295,000	5.000	4.100 [C]	271014V82

C Yield to the par call date of June 1, 2035.

† 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 2025B 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 2025B Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2025B 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 2025B 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 2025 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 2025 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 2025 Bonds.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2025 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

Marguerite Young, *President*
April Chan, *Vice President*
Luz Gómez
Andy Katz
Valerie D. Lewis
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Management

Clifford C. Chan, *General Manager*
Derek T. McDonald, *General Counsel*
Sophia D. Skoda, *Director of Finance*
Michael T. Tognolini(1), *Director of Water and Natural Resources*
Serge V. Terentieff, *Director of Engineering and Construction*
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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(1) Mr. Tognolini has announced his retirement, which is expected to occur by the end of May 2025. The District expects to name a successor to this position prior to Mr. Tognolini's retirement.

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OFFICIAL STATEMENT

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

$259,455,000	**$478,995,000**
Water System Revenue Bonds, Series 2025A (Green Bonds)	**Water System Revenue Refunding Bonds, Series 2025B**

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 2025 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 $259,455,000 Water System Revenue Bonds, Series 2025A (Green Bonds) (the "Series 2025A Bonds") and its $478,995,000 Water System Revenue Refunding Bonds, Series 2025B (the "Series 2025B Bonds" and, together with the Series 2025A Bonds, the "Series 2025 Bonds"). The Series 2025 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 trustee (the "Trustee"), as amended and restated pursuant to the Thirty-First Supplemental Indenture, dated as of March 1, 2024 (the "Water System Revenue Bond Indenture"), and as otherwise supplemented and amended, including by the Thirty-Third Supplemental Indenture, dated as of May 1, 2025, by and between the District and the Trustee, relating to the Series 2025A Bonds and Series 2025B Bonds (the Water System Revenue Bond Indenture as so amended, restated and supplemented, the "Indenture"). See also "AMENDMENTS TO THE INDENTURE TO TAKE EFFECT IN THE FUTURE."

The Series 2025 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 a portion of certain Series of the District's outstanding Water System revenue bonds, and (iii) pay costs of issuance in connection with the Series 2025 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."

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 2025 Bonds are not payable from or secured by the revenues of the Wastewater System of the District.

Security for the Series 2025 Bonds

The Series 2025 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 2025 BONDS – Pledge of Adjusted Net Water Revenues."

The Series 2025 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 incurred in accordance with the Indenture. See "SECURITY FOR THE SERIES 2025 BONDS – Outstanding Water System Revenue Obligations," and "– Issuance of Additional Water System Revenue Bonds and Parity Debt; Junior and Subordinate Obligations." As of March 1, 2025, the District had Outstanding $2,424,265,000 aggregate principal amount of Water System Revenue Bonds and $27,015,549 aggregate principal amount of State Loans constituting Parity Debt. A portion of the Outstanding Water System Revenue Bonds in the aggregate principal amount of $528,395,000 are being refunded in connection with the issuance of the Series 2025 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 2025 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 2025 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 – 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 2025 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 2025 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 2025 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 2024-25, 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 2025 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 Kutak Rock LLP, Irvine, 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 2025 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 2025 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, 2024 AND 2023."

PLAN OF FINANCE

Series 2025A Bonds

Purposes of the Series 2025A Bonds. The proceeds of the Series 2025A 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 2025A Bonds. See also "ESTIMATED SOURCES AND USES OF FUNDS."

Series 2025A Bonds Designation as Green Bonds. The Series 2025A 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 2025A 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's Board of Directors (the "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 2025A 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 2025A Bonds. Proceeds of the Series 2025A 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 2025A 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 2025A 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 2025A Bonds.

There can be no assurance that the green projects funded with the proceeds of the Series 2025A 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 2025A 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 2025A 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 2025A Bonds are not conditioned on the completion of any particular project or the satisfaction of any certification relating to the status of the Series 2025A 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 2025A Bonds may be updated or changed in the future at the Board's discretion.

The Series 2025A 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").

Series 2025B Bonds

Purposes of the Series 2025B Bonds. The proceeds of the Series 2025B Bonds will be applied, together with certain other available funds of the District, to (i) refund a portion of the District's (a) Outstanding Water System Revenue Refunding Bonds, Series 2015A (the "Series 2015A Bonds"), (b) Outstanding Water System Revenue Bonds, Series 2015B (the "Series 2015B Bonds"), and (c) Outstanding Water System Revenue Bonds, Series 2015C (the "Series 2015C Bonds," and together with the Series 2015A Bonds and the Series 2015B Bonds, the "Series 2015 Bonds"), and (ii) pay costs incidental to the issuance of the Series 2025B Bonds. See also "ESTIMATED SOURCES AND USES OF FUNDS."

Refunding of Series 2015 Bonds. The refunding by the District of a portion of the Outstanding Series 2015 Bonds is being undertaken in order to achieve net present value and debt service savings. The following table details the Series, maturity dates and principal amounts of the Series 2015 Bonds to be refunded. Such Series 2015 Bonds to be refunded are sometimes referred to herein as the "Refunded Series 2015 Bonds."

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Refunded Series 2015 Bonds

Water System Revenue Bonds Series Designation and Issue Date	CUSIP (Base No. 271014)	Maturity Date (June 1)	Outstanding Principal Amount to be Redeemed	Interest Rate	Redemption Date
Water System Revenue Refunding Bonds, Series 2015A (Issued March 3, 2015)					
	YT3	2026	$ 26,375,000	5.00%	June 16, 2025
	YU0	2027	39,400,000	5.00	June 16, 2025
	YV8	2028	32,325,000	5.00	June 16, 2025
	YW6	2029	33,935,000	5.00	June 16, 2025
	YX4	2030	25,635,000	5.00	June 16, 2025
	YY2	2031	26,235,000	5.00	June 16, 2025
	YZ9	2032	27,550,000	5.00	June 16, 2025
	ZA3	2033	27,810,000	4.00	August 13, 2025
	ZB1	2034	28,925,000	4.00	August 13, 2025
	ZC9	2035	30,085,000	5.00	June 16, 2025
	ZD7	2036	27,765,000	5.00	June 16, 2025
	ZE5	2037	29,150,000	5.00	June 16, 2025
Sub-Total:			$355,190,000		
Water System Revenue Bonds, Series 2015B (Green Bonds) (Issued June 17, 2015)					
	ZN5	2026	$ 2,145,000	5.00%	June 16, 2025
	ZP0	2027	2,250,000	5.00	June 16, 2025
	ZQ8	2028	2,365,000	5.00	June 16, 2025
	ZR6	2029	2,480,000	5.00	June 16, 2025
	ZS4	2030	2,605,000	5.00	June 16, 2025
	ZT2	2031	2,735,000	5.00	June 16, 2025
	ZU9	2032	2,870,000	5.00	June 16, 2025
	ZV7	2033	3,015,000	5.00	June 16, 2025
	ZW5	2034	3,165,000	4.00	August 13, 2025
	ZX3	2035	3,290,000	4.00	August 13, 2025
	ZY1	2036	3,425,000	4.00	August 13, 2025
	ZZ8	2037	3,560,000	4.00	August 13, 2025
	A28	2038	3,705,000	4.00	August 13, 2025
	A36	2045	30,415,000	4.00	August 13, 2025
Sub-Total:			$68,025,000		

(Table continued on next page)

Refunded Series 2015 Bonds (continued)

Water System Revenue Bonds Series Designation and Issue Date	CUSIP (Base No. 271014)	Maturity Date (June 1)	Outstanding Principal Amount to be Redeemed	Interest Rate	Redemption Date
Water System Revenue Bonds, Series 2015C (Issued June 17, 2015)					
	A69	2026	$ 3,185,000	5.00%	June 16, 2025
	A77	2027	3,345,000	5.00	June 16, 2025
	A85	2028	3,510,000	5.00	June 16, 2025
	A93	2029	3,685,000	5.00	June 16, 2025
	B27	2030	3,870,000	5.00	June 16, 2025
	B35	2031	4,065,000	5.00	June 16, 2025
	B43	2032	4,265,000	5.00	June 16, 2025
	B50	2033	4,480,000	5.00	June 16, 2025
	B68	2034	4,705,000	5.00	June 16, 2025
	B76	2035	4,915,000	4.00	August 13, 2025
	B84	2036	5,135,000	4.00	August 13, 2025
	B92	2037	5,365,000	4.00	August 13, 2025
	C26	2038	5,600,000	4.00	August 13, 2025
	C34	2039	5,855,000	4.00	August 13, 2025
	C42	2040	6,115,000	4.00	August 13, 2025
	C59	2045	37,085,000	4.00	August 13, 2025
Sub-Total:			$105,180,000		
TOTAL			$528,395,000		

The refunding of the Refunded Series 2015 Bonds will be effected by depositing a portion of the proceeds of the Series 2025B Bonds, together with other available moneys, into an escrow fund for the Refunded Series 2015 Bonds (the "Escrow Fund") created and established under the terms of an Escrow Agreement, dated as of May 1, 2025 (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 2025B 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 (i) on June 1, 2025, the interest coming due on the Refunded Bonds on such interest payment date, and (ii) the redemption price (*i.e.*, 100% of the principal amount) of the Refunded Series 2015 Bonds to be redeemed on the applicable redemption date therefor, plus accrued interest thereon to such redemption date.

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 Series 2015 Bonds will cease, terminate and be completely discharged and satisfied and the owners of the Refunded Series 2015 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 2025B 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, together with any cash amounts held therein, to pay the redemption price of the Refunded Series 2015 Bonds, and accrued interest thereon, on the applicable redemption date therefor. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Series 2025 Bonds, rounded to the nearest dollar, are as follows:

	Series 2025A Bonds	***Series 2025B Bonds***	***Total***[1]
Sources			
Principal Amount	$259,455,000	$478,995,000	$738,450,000
Original Issue Premium	16,026,560	49,209,296	65,235,855
Other Available Funds	--	12,338,050	12,338,050
Total[1]	$275,481,560	$540,542,346	$816,023,905
Uses			
Series 2025A (Green Bonds) Water System Fund[2]	$275,000,000	--	$275,000,000
Deposit to Escrow Fund for Refunded Series 2015 Bonds	--	$539,655,583	539,655,583
Underwriters' Discount	273,394	504,729	778,123
Costs of Issuance[3]	208,166	382,033	590,199
Total[1]	$275,481,560	$540,542,346	$816,023,905

(1) Totals may not sum due to rounding.
(2) Includes previous expenditures to be reimbursed to the District.
(3) Includes legal, financing and consulting fees, rating agency fees, printing costs and other miscellaneous expenses.

THE SERIES 2025 BONDS

General Description

The Series 2025 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 2025 Bonds of each Series will be issued in denominations of $5,000 principal amount or any integral multiple thereof. The Series 2025 Bonds of each Series will be dated, and shall bear interest from, their date of delivery. Interest on the Series 2025 Bonds of each Series is payable on each June 1 and December 1, commencing on December 1, 2025, and will be computed on the basis of a 360-day year of twelve 30-day months. The Series 2025 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 2025 Bonds. So long as DTC, or its nominee, Cede & Co., is the registered owner of the Series 2025 Bonds, all payments of principal or redemption price of, and interest on, the Series 2025 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 2025 Bonds. See APPENDIX E – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Redemption

Series 2025A Bonds

Optional Redemption. The Series 2025A Bonds 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, 2035, at a redemption price equal to the principal amount of Series 2025A Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

Mandatory Redemption. The Series 2025A Bonds maturing on June 1, 2050 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, 2046, at the principal amount of each Series 2025A Bond so redeemed plus accrued interest thereon to but not including the date fixed for redemption, without premium.

Term Series 2025A Bonds due June 1, 2050

Mandatory Sinking Account Payment Dates (June 1)	***Mandatory Sinking Account Payments***
2046	$14,695,000
2047	15,430,000
2048	16,205,000
2049	17,015,000
2050†	17,865,000

† Final Maturity.

The Series 2025A Bonds maturing on June 1, 2055 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, 2051, at the principal amount of each Series 2025A Bond so redeemed plus accrued interest thereon to but not including the date fixed for redemption, without premium.

Term Series 2025A Bonds due June 1, 2055

Mandatory Sinking Account Payment Dates (June 1)	***Mandatory Sinking Account Payments***
2051	$18,760,000
2052	19,695,000
2053	20,680,000
2054	21,715,000
2055†	22,800,000

† Final Maturity.

Upon an optional redemption of a portion of any term Series 2025A 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 2025A Bond after such redemption as specified by the District in such schedule to reflect such redeemed portion.

Series 2025B Bonds

Optional Redemption. The Series 2025B Bonds maturing on or before June 1, 2035 are not subject to optional redemption prior to maturity. The Series 2025B Bonds maturing on and after June 1, 2036 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, 2035, at a redemption price equal to the principal amount of Series 2025B Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

Notice of Redemption

Notice of redemption of the Series 2025 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 2025 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 2025 Bonds to which such notice relates, the redemption date, the redemption price and in the case of Series 2025 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 2025 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 2025 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 2025 Bonds, the maturities of the Series 2025 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 2025 Bonds of any maturity, the Trustee will select the Series 2025 Bonds of such maturity to be redeemed from all Series 2025 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 2025 Bonds (or portions thereof) so called for redemption is held by the Trustee, then on the redemption date designated in such notice, the Series 2025 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 2025 Bonds so called for redemption will cease to accrue, the Series 2025 Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture and the owners of the Series 2025 Bonds (or portions thereof) will have no rights in respect thereof except to receive payment of the redemption price plus accrued interest.

AMENDMENTS TO THE INDENTURE TO TAKE EFFECT IN THE FUTURE

The Thirty-Second Supplemental Indenture, dated as of March 1, 2024, executed and delivered by the District and the Trustee in connection with the issuance of the District's Water System Revenue Bonds, Series 2024A (Green Bonds) and Water System Revenue Refunding Bonds, Series 2024B, includes certain material amendments to the Water System Revenue Bond Indenture which purchasers of the Series 2025 Bonds are deemed to consent to by their purchase of the Series 2025 Bonds. Set forth in APPENDIX H – "PROPOSED CHANGES TO THE 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 2025 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 2025 Bonds as contemplated under "PLAN OF FINANCE" herein, the District estimates that it will have received consent to the proposed amendments in the Thirty-Second Supplemental Indenture of approximately 44% of the outstanding Bonds.

By the purchase and acceptance of the Series 2025 Bonds, the Owners and Beneficial Owners of the Series 2025 Bonds will be deemed to have consented to the proposed amendments to the Indenture contained in the Thirty-Second Supplemental Indenture by their purchase of the Series 2025 Bonds. The District will not be requesting separate written consent from the purchasers of the Series 2025 Bonds for the proposed amendments included in the Thirty-Second Supplemental Indenture before the Amendments Effective Date.

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 currently outstanding 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.

See also APPENDIX H – "PROPOSED CHANGES TO THE INDENTURE."

SECURITY FOR THE SERIES 2025 BONDS

General

The Series 2025 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 2025B 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 2025 Bonds and any Parity Debt, all Adjusted Net Water 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 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 ("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 March 1, 2025 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 2025 Bonds are not payable from or secured by the revenues of the Wastewater System of the District.

The Series 2025 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 2025 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 are no bond reserve funds established in connection with any of the District's Water System Revenue Bonds Outstanding as of the date of this Official Statement. No bond reserve fund is being established in connection with the Series 2025 Bonds. See "– No Bond Reserve Fund for Series 2025 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 2025 Bonds

There is no bond reserve fund being established in connection with the Series 2025 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 2025 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 "AMENDMENTS TO THE INDENTURE TO TAKE EFFECT IN THE FUTURE" and Appendix H for a discussion of certain changes to the foregoing covenant that will take effect at a later date.

Outstanding Water System Revenue Obligations

Outstanding Water System Revenue Bonds and Parity Debt. As of March 1, 2025, the District had Outstanding $2,424,265,000 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 Series 2010B BABs 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 cash subsidy payments being sometimes 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 2025 (which began on October 1, 2024 and ends on September 30, 2025), 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 "SWRCB") 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 2025 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 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 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 March 1, 2025, the District had outstanding borrowings under existing State Loans aggregating approximately $27,015,549. 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 March 1, 2025, the District had outstanding $261,000,000 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 "AMENDMENTS TO THE INDENTURE TO TAKE EFFECT IN THE FUTURE" and Appendix H for a discussion of certain changes to the provisions of the Indenture relating to the issuance of additional Bonds and Parity Debt that will take effect at a later date.

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 2025 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 2025 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 2025 Bonds, and the obligations incurred by the District under the Series 2025 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 2025 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 XIIIA of the State Constitution, known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIIIA 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 XIIIA 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 XIIIA 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 XIIIA 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 XIIIA, 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 XIIIA 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 XIIIA 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 XIIIA.

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 XIIIB to the California Constitution. Under Article XIIIB, 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 XIIIB 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 XIIIB 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 XIIIA, (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 XIIIC and XIIID 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 XIIID. Article XIIID 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 XIIID 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 XIIID 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 XIIID 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 XIIID 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 XIIID 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 XIIID, 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 XIIID 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, in connection with its proposed water rates for Fiscal Years 2026 and 2027, which are scheduled for consideration for adoption by the District's Board on June 10, 2025, the District intends to follow the administrative remedy procedure established under California Government Code Sections 53759.1 and 53759.2 for the submission by ratepayers, and evaluation and consideration or resolution by the District, of any ratepayer objections related to such Fiscal Year 2026 and 2027 water rates.

In addition to the procedural requirements of Article XIIID, under Article XIIID 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 XIIID (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 XIIID 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. In May 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.

On July 15, 2024, the California Fourth District Court of Appeal issued a decision in *Coziahr v. Otay Water District,* 103 Cal.App.5th 785 (2024), upholding the judgment of the lower court that Otay Water District's tiered water rates were not compliant with Proposition 218. In its decision, the court affirmed that water service rates subject to Proposition 218, including tiered water structures, must adhere to the proportionality requirement in Proposition 218. The court agreed with the opinion of the trial court that promoting water use conservation through water rates did not provide a basis for setting rates that exceed the proportional cost of service. In its analysis, the court also noted the principle established in *City of Palmdale v. Palmdale Water District*, 198 Cal. App. 4th 926 (2011), that rate differentials between groups, whether customers or tiers, support an inference of disproportionality and, to be constitutional, must be supported by evidence of costs justifying the differences. The court also noted that the use of non-specific data and assumptions to support such factors as peaking costs, rather than data and other evidence supporting the actual costs of service to each parcel, did not provide adequate evidence to support Otay Water District's tiered rates. Otay Water District filed a petition to the California Supreme Court requesting review of the appellate court's decision and also filed a request for de-publication of the Court of Appeal's opinion. On October 23, 2024, the Supreme Court denied the petition and request. Similar water rate challenges under Proposition 218 have been filed against other public agencies in California and are currently pending. The District is unable to predict the outcome of any such ongoing litigation or any future litigation under Proposition 218 that may follow.

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 XIIID. The plaintiff requested that the court find the District in violation of Article XIIID 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 XIIID. 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 remained. In January 2024, the court granted the District's motion for judgment on the pleadings, dismissing the complaint as moot because the District had adopted new rates since the complaint was filed. The plaintiff has appealed.

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 XIIID 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 the ongoing litigation described above 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 XIIID 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 XIIIC. Article XIIIC 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 XIIIC 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 XIIIC 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 XIIIC 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 XIIIC and Article XIIID 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 2025 Bonds.

Proposition 26

Proposition 26, which amended Articles XIIIA and XIIIC 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 XIIIA, XIIIC and XIIID 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 XIIID." 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 XIIID. 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 XIIIA, XIIIB, XIIIC and XIIID 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.

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 2025 Bonds. The ability of the District to pay principal of and interest on the Series 2025 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 2025 Bonds and/or lead to a decrease in the market price and/or in the marketability of the Series 2025 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 2025 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 2025 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 2025 Bonds or the interest thereon. The Series 2025 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 2025 BONDS."

The ability of the District to generate Adjusted Net Water Revenues in amounts sufficient to pay principal of and interest on the Series 2025 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 2025 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 2025 Bonds. See "SECURITY FOR THE SERIES 2025 BONDS."

Water Supply and Demand; Drought

The District's water supply and the availability thereof is impacted by, among other things, weather conditions. Droughts have occurred in California with some frequency and periodic drought conditions can be expected to occur in the future. Further, the hydroclimate of the State is naturally variable and 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 and quality 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. Warmer, drier conditions also increase the risk of wildfires on and adjacent to the District's watersheds, which could impact watershed health and potentially affect water quality. Sea level rise may pose a threat to infrastructure by raising groundwater levels, which can impact pipelines in the water distribution system by making soils more saline and creating a more corrosive environment. Extreme storm events can also increase risks of potential structural and operational failures of levees, reservoirs and aqueducts. The District has incorporated potential impacts of 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 2025 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 XIIIC and XIIID 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 Year 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 part of the District's biennial budget planning process and capital improvement program update, the District prepares a capital expenditure forecast. The District's most recent capital expenditure forecast was prepared in connection with the development of its proposed biennial budget for Fiscal Years 2026 and 2027. Based upon this forecast, the District's capital improvement program for the Water System is projected to require cash expenditures of approximately $2.86 billion for the five Fiscal Years 2026 through 2030. 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 2025A 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."

Natural Disasters and 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. Primary hazards to which the service area of the District is most vulnerable include, but are not limited to, earthquakes, wildfires, floods, landslides, and drought. Natural disasters, severe weather-related events (which have become increasingly common), or man-made disasters or accidents, may occur and 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 private property is damaged by a public use), California courts have imposed liability on public agencies in legal actions brought by private property holders for damages, where the inherent risks in the public agency's infrastructure are determined to be a substantial cause of damage to the property. Thus, if certain facilities of the District, such as its water storage or conveyance facilities, as deliberately designed, constructed or maintained, 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 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 conflicts in Ukraine and the Middle East. 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 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

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 were 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*."

Federal Policy Risks Generally

Federal policies involving taxation, appropriations, borrowing (including the federal debt ceiling), climate change and other environmental matters, clean energy, trade (including tariffs), and other topics can shift, sometimes dramatically, from one Administration or Congress to another and such policy shifts may be inconsistent with the policy priorities of the State and/or the District. Recently, the new federal Administration has begun implementing several such policy shifts, including, among other things, through the revocation of certain policy initiatives of the prior federal administration, delays in appropriations, and instructing the Attorney General to identify and take certain action to limit the enforcement of State and local laws, regulations, causes of action, policies, and practices burdening the development, production or use of domestic energy resources that are determined to be unconstitutional, preempted by federal law or otherwise unenforceable, prioritizing those relating to climate change, environmental, social and governance initiatives, environmental justice, carbon or greenhouse gas emissions. Such policy shifts have been proposed or promulgated through presidential executive orders and other official and unofficial actions at the federal level. Certain of these actions have been the subject of judicial challenges. In addition to shifts in federal policy, the federal government has recently begun conducting large-scale layoffs across federal agencies, which may also impact the work and function of such entities. While the District does not generally rely upon or receive significant federal funding, the work of various federal agencies does affect the conduct of its operations. As one example, the United States Environmental Protection Agency, among other things, is responsible for, developing federal standards for water quality, and provides regulatory compliance guidance and testing protocols in connection therewith. The District is unable to predict with certainty the outcome of the recent federal executive orders, proposals or other policy actions, nor the potential impact (positive or negative) any such changes in federal policy may have on the District's future operations.

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 2025 Bonds, and the obligations incurred by the District under the Series 2025 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 2025 Bonds, there can be no assurance that the available legal remedies will be adequate to protect the interests of the owners of the Series 2025 Bonds. See "SECURITY FOR THE SERIES 2025 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 2025 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 2025A 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 2025A 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 2025A Bonds is entitled to any additional security other than as provided in the Indenture. The Series 2025A 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 2025A Bonds will meet an investor's expectations regarding sustainability performance. The purpose of labeling the Series 2025A Bonds as "Green Bonds" is, as noted, to allow owners of the Series 2025A 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 2025A Bonds – *Series 2025A 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 2025 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 2025 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 2025 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2025 Bonds might be affected as a result of such an audit of the Series 2025 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 2025 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 2025 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 2025 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 2024-25, 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 2025 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 XIIID*" 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 and the District. See APPENDIX A – "THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – THE WATER SYSTEM" for a discussion of certain of such matters relating to the Water System. In addition to other matters, in June 2023, a judgment awarding damages of $7.99 million to two former employees of the District was rendered in litigation filed by such former employees alleging certain racial discrimination and retaliation claims against the District. The District has appealed the trial court judgment. The District is unable to assess at this time the likelihood of success of the pending appeal. In the event of an unfavorable decision, any judgment to be paid by the District would include post-judgment interest and an award of attorneys' fees in addition to the damages award.

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 2025 Bonds.

RATINGS

S&P Global Ratings ("S&P") and Moody's Investors Service, Inc. ("Moody's") have assigned the Series 2025 Bonds the ratings of "AAA" and "Aaa," respectively. Each of S&P's and Moody's rating outlook with respect to the Series 2025 Bonds is "stable." No application has been made to any other rating agency for the purpose of obtaining any additional rating on the Series 2025 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 2025 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 on the Series 2025 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, 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 2025 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 on the Series 2025 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 on the Series 2025 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 2025 Bonds to assure that interest on the Series 2025 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 on the Series 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025 Bonds. The District has covenanted to comply with all such requirements.

The difference between the issue price of a Series 2025 Bond (the first price at which a substantial amount of the Series 2025 Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Series 2025 Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Series 2025 Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Series 2025 Bond Owner will increase the Series 2025 Bond Owner's basis in the applicable Series 2025 Bond. The amount of original issue discount that accrues to the Owner of a Series 2025 Bond is excluded from the gross income of such Series 2025 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 amount by which a Series 2025 Bond Owner's original basis for determining loss on sale or exchange in the applicable Series 2025 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 2025 Bond Owner's basis in the applicable Series 2025 Bond (and the amount of tax-exempt interest received with respect to the Series 2025 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 2025 Bond Owner realizing a taxable gain when a Series 2025 Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2025 Bond to the Owner. Purchasers of the Series 2025 Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

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 2025 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2025 Bonds might be affected as a result of such an audit of the Series 2025 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 2025 Bonds to the extent that it materially adversely affects the exclusion from gross income of interest on the Series 2025 Bonds or their market value.

It is possible that subsequent to the issuance of the Series 2025 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 2025 Bonds or the market value of the Series 2025 Bonds. The introduction or enactment of any of such changes could adversely affect the market value or liquidity of the Series 2025 Bonds. No assurance can be given that subsequent to the issuance of the Series 2025 Bonds such changes (or other changes) will not be introduced or enacted or interpretations will not occur. Before purchasing any of the Series 2025 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 2025 Bonds.

Bond Counsel's opinion with respect to the Series 2025 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 2025 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 for federal income tax purposes with respect to any Series 2025 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 on the Series 2025 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 2025 Bonds and the accrual or receipt of interest on the Series 2025 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 2025 Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series 2025 Bonds.

A copy of the form of the opinion of Bond Counsel relating to the Series 2025 Bonds is included in APPENDIX D hereto.

UNDERWRITING

Purchase of the Series 2025 Bonds

The Series 2025 Bonds are being purchased by Wells Fargo Bank, National Association, on behalf of itself and as representative of BofA Securities, Inc. Morgan Stanley & Co. LLC and Samuel A. Ramirez & Co., Inc., as the underwriters for the Series 2025 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 $802,907,731.98 (equal to the $738,450,000.00 aggregate principal amount of the Series 2025 Bonds, plus original issue premium of $65,235,855.15, less an Underwriters' discount of $778,123.17. The bond purchase contract provides that the Underwriters will purchase all of the Series 2025 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 2025 Bonds to certain dealers (including dealers depositing Series 2025 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.

Retail Brokerage Arrangements

The following paragraphs have been provided by and are being included in this Official Statement at the request of the respective Underwriters. The District does not assume any responsibility for the accuracy or completeness of such statements or information.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including WFBNA, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association (hereinafter, "WFBNA"), acting through its Municipal Finance Group, an underwriter of the Series 2025 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2025 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2025 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2025 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

BofA Securities, Inc., an underwriter of the Series 2025 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2025 Bonds.

Morgan Stanley & Co. LLC, an underwriter of the Series 2025 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2025 Bonds.

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 2025 Bonds are subject to the approval of legality by Stradling Yocca Carlson & Rauth LLP, 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, Kutak Rock LLP. The form of the approving opinion to be delivered by Bond Counsel in connection with the issuance of the Series 2025 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 2025 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 OF MATHEMATICAL COMPUTATIONS

Upon delivery of the Series 2025 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 amounts of the maturing principal of and interest on the Federal Securities deposited in the Escrow Fund for the Refunded Series 2015 Bonds, together with any amounts held as cash therein, to pay (i) on June 1, 2025, the interest coming due on the Refunded Series 2015 Bonds on such interest payment date, and (ii) the redemption price of and accrued interest on the Refunded Series 2015 Bonds to be redeemed on the applicable redemption dates therefor. See "PLAN OF FINANCE."

INDEPENDENT ACCOUNTANTS

Included as APPENDIX B – "EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023" to this Official Statement are the audited financial statements of the District for the Fiscal Years ended June 30, 2024 and 2023. The District's financial statements for the Fiscal Years ended June 30, 2024 and 2023 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 2025 Bonds. The delivery and distribution of this Official Statement have been duly authorized by the District.

EAST BAY MUNICIPAL UTILITY DISTRICT

By: /s/ Clifford C. Chan
General Manager

APPENDIX A

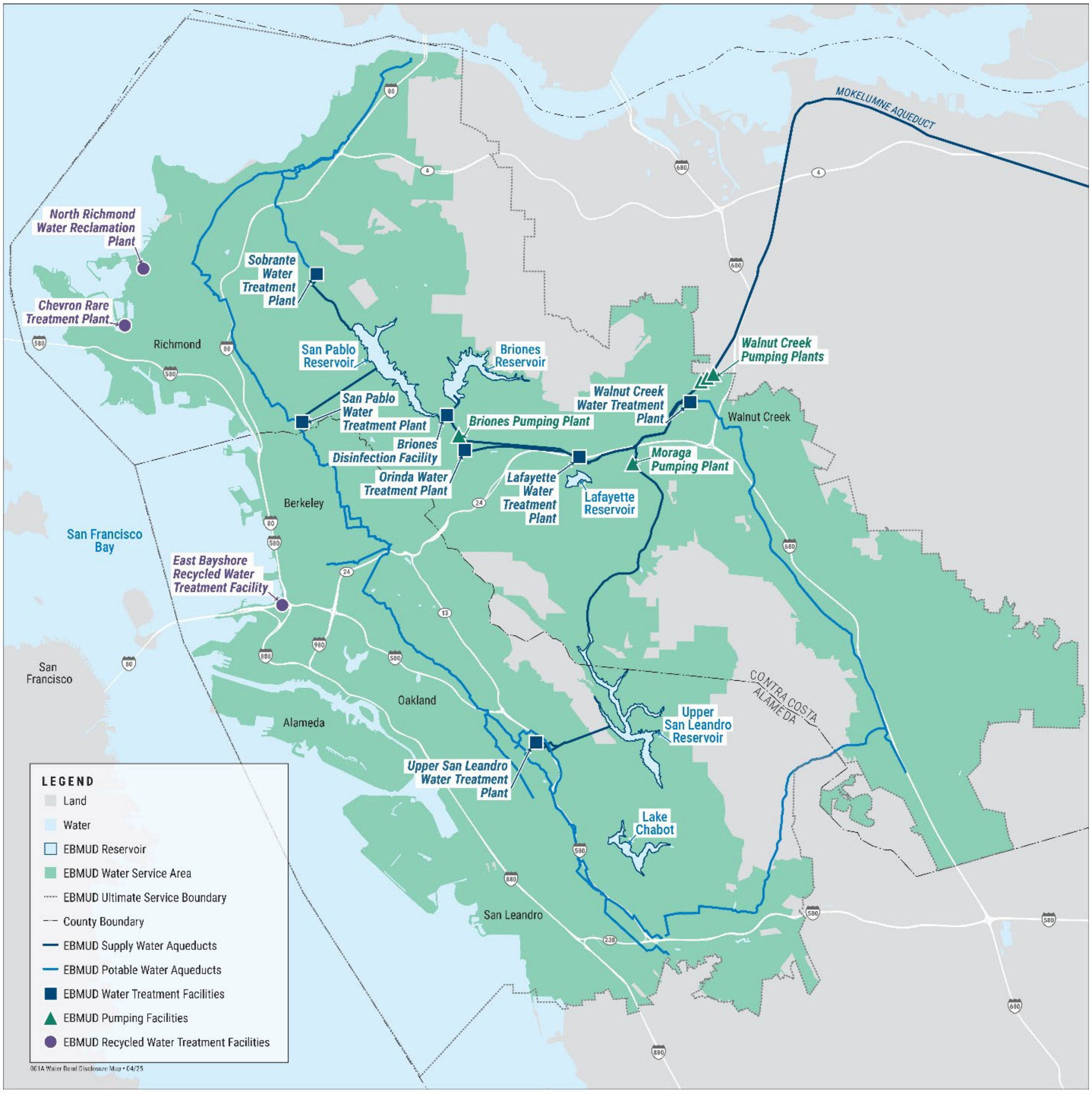
THE EAST BAY MUNICIPAL UTILITY DISTRICT

(THE WATER SYSTEM)

EBMUD

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.

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.

The District's Water System Revenue Bonds are not payable from or secured by the revenues of the Wastewater System of the District.

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). Board members that have served for multiple terms have each served one or more years as an officer of the Board and have each 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:

> **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 cities of Orinda and El Sobrante, the Town of Moraga, and portions of Pinole and Richmond. Ms. Young is currently President of the Board. She also serves on the District's Retirement Board. Ms. Young is the principal of Riverstream 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. 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. As California Director of Clean Water Action, her work 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 Microbial and 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's degree in natural resource economics from the University of California, Berkeley. Her current term expires on December 31, 2026.

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, San Lorenzo, and Hayward in Alameda County, and a portion of San Ramon in Contra Costa County. Ms. Chan is currently Vice President of the Board. Ms. Chan represents the District at the Special Districts Association of Alameda 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 Advisory 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.

Luz Gómez was initially appointed by the Board in April 2024 and was subsequently elected in the November 2024 general election. Ms. Gómez represents Ward 2, which includes Alamo, Lafayette, the Town of Danville, the communities of Blackhawk and Diablo, and portions of Pleasant Hill, San Ramon, and Walnut Creek in Contra Costa County. Ms. Gómez represents the District on the governing boards of the Freeport Regional Water Authority ("FRWA") and DERWA. Ms. Gómez is chair of the Contra Costa County Sustainability Commission with more than 20 years of experience in public health, air quality, lead poisoning prevention and community engagement. Ms. Gómez has managed programs for Contra Costa Public Health and the Bay Area Air Quality Management District and was Chief of Staff to Contra Costa County Supervisor John Gioia. Ms. Gómez also was a lecturer at University of California, Berkeley and co-founded the San Ramon Valley Climate Action Coalition. Ms. Gómez has a bachelor's degree in community nutrition from the University of California, Davis, and a Master of Public Health degree from the University of California, Berkeley. Her 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, and is a lecturer at the University of California, Berkeley, School of Law. He is former Chair of the Berkeley Community Health Commission and 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's 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.

Valerie D. Lewis was elected to the Board in the November 2024 general election. Ms. Lewis 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. Ms. Lewis is a practicing attorney and retired Assistant Vice President and Assistant Secretary, Legal, for Safeway Inc./The Albertsons Companies. She is a former trustee of the Alameda Health System and a member of the Executive Leadership Council, International Women's Forum, Oakland branch of the NAACP, Oakland African-American Chamber of Commerce, Oakland-Bay Area Chapter of the Links, Inc., and Delta Sigma Theta Sorority, Inc. Ms. Lewis has a bachelor's degree from the University of Virginia, and a law degree from the University of Virginia School of Law. Her current term expires on December 31, 2028.

James H. Oddie was elected to the Board in the November 2024 general election. Mr. Oddie 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. Oddie represents the District on the governing board of FRWA. He also serves as a representative for the Oakland Chamber of Commerce. Mr. Oddie served as a member of the Alameda City Council from 2014 through 2020. He also spent over six years as District Director for then-Assemblymember Rob Bonta, serving the communities in Ward 5. Mr. Oddie is the Vice President and General Counsel of a small technology company. Mr. Oddie has a bachelor's degree from Indiana University, a Master of Business Administration degree from Loyola University of Chicago, and a law degree from the University of San Francisco Law School. His current term expires on December 31, 2028.

Joey D. Smith was elected to the Board in the November 2024 general election. Ms. Smith represents Ward 1, which includes Crockett, Hercules, Rodeo and San Pablo; portions of Richmond and Pinole, and the communities of North Richmond and Selby in Contra Costa County. Ms. Smith represents the District at the Special Districts Association of Contra Costa County and on the governing board of the Upper Mokelumne River Watershed Authority ("UMRWA"). Ms. Smith recently retired from the District following more than 30 years of service in the water industry. During the course of her career, Ms. Smith participated as a tradeswoman in the District's plumber series, managed staff, worked in the division responsible for water loss mitigation and energy conservation, and was Emergency Response Team/Incident Base Commander and President of AFSCME Local 2019. Ms. Smith serves on the Contra Costa County Commission for Women and Girls, and the City of Richmond Recreation and Parks Commission. She is also a member of Black Women Organized for Political Action, the Richmond branch of the NAACP, the Sierra Club, and the Association of Women in Water, Energy and Environment. Her current term expires on December 31, 2028.

District Management

Clifford C. Chan joined the District in 1997 and was appointed General Manager in 2020. Mr. Chan has over 27 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 as a Board member and Member-At-Large for the Water Research Foundation; Board member and Secretary/Treasurer for the California Urban Water Agencies; Board member for WateReuse California; and Board member for the Bay Area Council. He also serves on committees for the American Water Works Association and the California Urban Water Agencies. He has a bachelor's 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's degree in civil engineering from Stanford University and a master's degree in civil engineering from the University of California, Berkeley.

Serge V. Terentieff joined the District in 1999 and was appointed Director of Engineering and Construction in 2024. In this position, Mr. Terentieff is responsible for planning, design and construction of water system infrastructure. Prior to his current appointment, he served as the Engineering Manager of the Design Division, where he was responsible for overseeing the District's capital improvement program to upgrade the District's water system facilities. He has 35 years of experience in the engineering field. Prior to joining the District, Mr. Terentieff worked for the Marin County Public Works Department and CH2M Hill. He has a bachelor's degree in civil engineering and a master's degree in geotechnical engineering, both from the University of California, Berkeley. He is a licensed Professional Civil Engineer and Geotechnical 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 35 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.

Mr. Tognolini has announced his retirement, which is expected to occur by the end of May 2025. The District expects to name a successor to the Director of Water and Natural Resources position prior to Mr. Tognolini's retirement.

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 was the Deputy Director, Wastewater Management at the San Jose-Santa Clara Regional Wastewater Facility for the City of San Jose for six years. In that position, he 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. He has a bachelor's degree in civil engineering from the Indian Institute of Technology, Chennai, India, and a master's 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 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's 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's degree in English from the State University of New York at Albany and a master's 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's 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 previous 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's degree in business economics from the University of California, Santa Barbara.

Employees and Employee Relations

As of January 1, 2025, the District had 1,776 employees in the Water System and 284 employees in the Wastewater System.

The District has four unions representing approximately 1,895 workers out of a total workforce of 2,060 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 extended through April 20, 2025. The term of the MOU with Local 2019 began on April 26, 2021 and extends through July 13, 2025. Negotiations for successor MOUs to replace the expiring MOUs are ongoing. The terms of the current MOUs will continue to govern until successor contracts are executed. 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."

Over the next five years, approximately 42% of the District's workforce will be eligible for retirement, including 42% of employees in the Water System and 38% in the Wastewater System. As the workforce evolves, the District is committed to preparing for the future by investing in workforce development and sustainability. To support career growth, the District offers employees opportunities for advancement through programs like tuition reimbursement, skills training, and leadership development. Additionally, the District is dedicated to building a strong talent pipeline by offering a variety of paid internships and training programs designed to attract, recruit, and retain a diverse, skilled workforce. These programs provide high school, college, and graduate students with hands-on experience in fields such as engineering, water conservation, wastewater management, human resources, communications, skilled trades, administration, and information technology. The District also offers direct internships, where individuals are hired into part-time or limited-term positions, as well as sponsored internships, which allow participants to gain experience at the District while being employed by a community-based organization. These sponsored opportunities include both skilled trades and non-trades roles, such as information technology and ranger/naturalist positions. Beyond technical training, the District strives to foster a culture of professional development by providing ethics training, diversity and inclusion workshops, management development programs, environmental management system training, and fraud prevention and awareness education. Through these efforts, the District's goal is to prepare the next generation of skilled professionals while ensuring long-term workforce sustainability.

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 60 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 93 square miles within the ultimate service area boundary are 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 approximately 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 their own sewer collection system that discharges into the District's intercepting sewers. Waste received from the participating agencies' sewer collection systems is treated by the District. The District also 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 through the electric grid.

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 San Lorenzo and a portion of Hayward, encompassing the major cities of Oakland and Berkeley, and eastward from San Francisco Bay to Walnut Creek, and south through the San Ramon Valley, including Alamo, Danville and San Ramon.

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 Ridge, 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 below shows the population trends for the six largest cities in the District, Alameda and Contra Costa Counties, and the State for the five years 2020 to 2024. As reflected in Table 1, over the five-year period 2020 through 2024, the California state population declined by approximately 1.0%, while the population of Alameda County declined by approximately 2.4%, and the population of Contra Costa County declined by approximately 1.7%. 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, 2024 population estimates.

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Table 1
SIX LARGEST DISTRICT CITIES,
ALAMEDA AND CONTRA COSTA COUNTIES, AND CALIFORNIA
Population Trends(1)

	2020	2021	2022	2023	2024
Oakland	433,148	431,843	422,071	427,305	425,093
Berkeley	127,560	120,950	124,054	125,181	125,327
Richmond	115,900	115,187	114,143	113,122	112,735
San Leandro	90,924	90,174	87,998	87,984	87,098
Alameda	78,397	77,811	76,924	77,237	78,071
Walnut Creek	70,306	70,520	69,394	69,010	69,433
Total Six Cities	916,235	906,485	894,584	899,839	897,757
Alameda County	1,682,353	1,666,341	1,643,683	1,650,656	1,641,869
Contra Costa County	1,165,927	1,162,336	1,149,841	1,145,274	1,146,626
California	39,538,223	39,327,868	39,114,785	39,061,058	39,128,162

(1) As of January 1 of each year for 2021-2024; 2020 Benchmark as of April 1, 2020.
Source: State of California, Department of Finance, *E-4 Population Estimates for Cities, Counties, and the State, 2021-2024, with 2020 Census Benchmark*. Sacramento, California, May 2024.

The total civilian labor force in Alameda and Contra Costa Counties, representing all people who work or are seeking work, totaled 1,448,700 in 2024. In 2024, the unemployment rate approximated 4.5% in both Alameda County and Contra Costa County. In comparison, the unemployment rate averaged 5.3% in the State of California and 4.0% 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 2020 to 2024.

Table 2
ALAMEDA COUNTY AND CONTRA COSTA COUNTY
Labor Force and Employment
Calendar Years 2020 through 2024[1]

Year and Area	Civilian Labor Force[2]	Employment	Unemployment	Unemployment Rate
2020				
Alameda County	860,300	787,400	73,000	8.5%
Contra Costa County	565,100	516,000	49,100	8.7
California	18,956,600	17,039,800	1,916,800	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
Alameda County	846,500	796,900	49,600	5.9%
Contra Costa County	567,500	532,600	34,900	6.1
California	18,954,600	17,564,900	1,389,700	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
Alameda County	856,600	829,100	27,500	3.2%
Contra Costa County	575,400	555,700	19,700	3.4
California	19,218,300	18,393,900	824,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
Alameda County	866,300	833,200	33,100	3.8%
Contra Costa County	582,200	559,600	22,600	3.9
California	19,471,000	18,551,800	919,200	4.7
United States	167,116,000	161,037,000	6,080,000	3.6
2024				
Alameda County	866,300	827,700	38,600	4.5%
Contra Costa County	582,300	556,000	26,300	4.5
California	19,644,100	18,600,900	1,043,100	5.3
United States	168,106,000	161,346,000	6,761,000	4.0

(1) Revised annual averages. March 2024 benchmark.
(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 exceeded $119,000 in Alameda County and $122,000 in Contra Costa County in 2023 (the most recent calendar year information available). This compares to a median household income in 2023 of approximately $95,500 in California and just over $77,700 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 2019 to 2023.

Table 3
ALAMEDA COUNTY AND CONTRA COSTA COUNTY
Median Household Income
Calendar Years 2019 through 2023[1]

	Year and Area	Median Household Income[2]
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
2023		
	Alameda County	$119,931
	Contra Costa County	122,794
	California	95,521
	United States	77,719

(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 carryover 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 621-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 times of drought, the District has access to substantial supplemental supplies from the Sacramento River via the Freeport Regional Water Project (the "FRWP") and has secured and is seeking to secure additional supplemental water supply under contractual arrangements such as water transfers. The District also plans to utilize water stored within various aquifers.

The Water Year begins on October 1 and ends on the following September 30. The District began Water Year 2025 with a provisional estimate of 669,660 acre-feet in Total System Storage (Pardee, Camanche and East Bay terminal reservoirs), representing 87% of capacity or 117% of average, which meets the District's carryover storage target. Water Year 2024 was slightly below average for runoff, with 42 inches of precipitation received in the Mokelumne River watershed. This followed Water Year 2023, which was the third highest runoff year since 1930. The prior 2022, 2021 and 2020 Water Years combined ranked as the fourth driest period in the District's 95-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 provide 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. 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. (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 five single-family homes with average water consumption.)

In the last ten fiscal years (2015 through 2024), annual water production in the District to serve its customers has been below 190,000 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 used in the treatment process and for fighting fires, and water lost through evaporation, leaks in the transmission and distribution system, and other miscellaneous causes. These losses represent approximately 10% of gross production, or approximately 30 gallons per customer-connection per day, which is consistent with the median percentile performance indicator for the industry.

Annual water production in the District since Fiscal Year 2015 is shown in Table 4 below.

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Table 4
WATER PRODUCTION BY FISCAL YEAR[1]

Fiscal Year	*Annual Production (Acre-Feet)*	*Annual Production (Thousands of Ccf[2])*	*Annual Production (Million Gallons)*	*Average Production Per Day (Million Gallons)*
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
2024	169,359	73,773	55,186	151

(1) 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 used in the treatment process and for fighting fires, and water lost through evaporation, leaks in the transmission and distribution system, and other miscellaneous causes.
(2) A Ccf (centum cubic feet) represents one hundred cubic feet of water or approximately 748 gallons.
Source: The District.

Average water production, as reflected in the table above, in the last ten fiscal years (2015 through 2024) is approximately 17% lower than the prior ten fiscal years (2005 through 2014) due to factors that include increased water conservation, and reduced consumption during drought, and post-drought periods.

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. See also "– Water Supply Operations." During the ten-year period from 2015 to 2024, 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 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 UWMP 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. Riparian landowners' water rights have priority over appropriators. The most senior appropriative water rights are those of appropriators who diverted water prior to 1914, including Amador County and Woodbridge Irrigation District ("Woodbridge"). Senior water rights are also 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 is entitled to receive a regulated base supply of 60,000 acre-feet in years when the estimated flow of the Mokelumne River into Pardee Reservoir is equal to or above 375,000 acre-feet; in all other years, Woodbridge's base supply entitlement is 39,000. 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 after the District has exercised its water rights. The City of Lodi has a prior right to 3,600 acre-feet. 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 that follows this discussion.

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 SWRCB 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 and above," "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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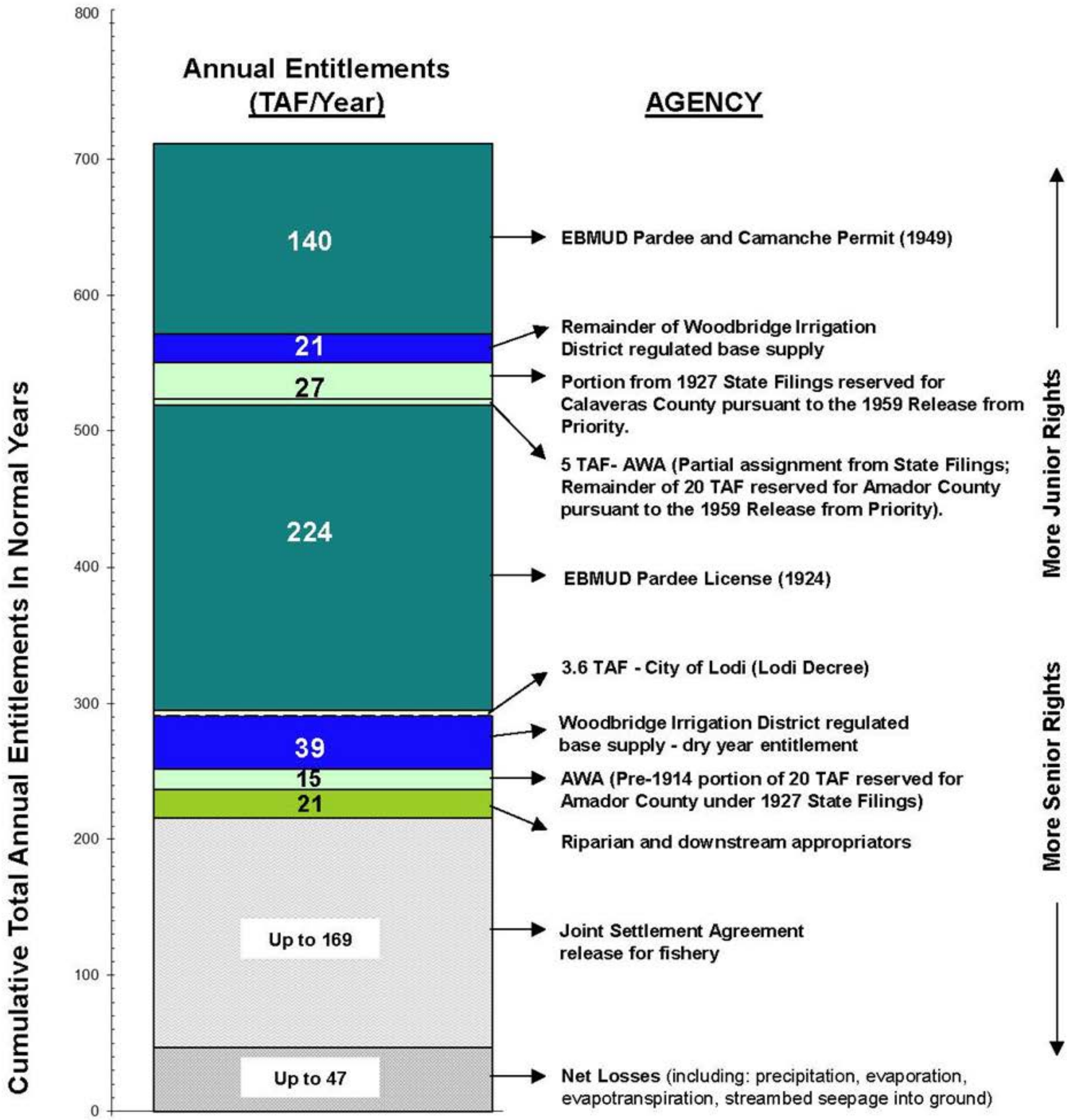
Hierarchy Of Mokelumne River Water Rights
And Other Flow Commitments



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 Non-potable Water Policy was originally adopted by the District Board on April 9, 1996, and has been subsequently updated and amended. The Non-potable Water Policy requires customers of the District to use non-potable water (recycled water and other non-potable 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 December 2024, the District updated its recycling goal of 20 MGD to the year 2050 through its 2024 Recycled Water Strategic Plan Update. In furtherance of this goal, the District has undertaken, or will undertake in the future, several water recycling project expansions and will also consider the potential of potable reuse in the future to meet that goal. Based on the District's 2024 Recycled Water Strategic Plan Update, the buildout non-potable recycled water demand is projected to be approximately 13 MGD due to reduced demands. Therefore, the District may need to plan for potable reuse in the future to meet the 20 MGD by 2050 water recycling goal. See also "– Long-Term Water Supply Planning."

<u>DERWA SRVRWP</u>. 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 (referred to herein as 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 is also made available under a temporary wastewater diversion agreement (August 2019) with Central Contra Costa Sanitary District ("Central San") that extends to January 2026 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 meet peak summer demands in the near term while efforts for long-term supplies and demand management are underway. Central San has indicated interest and initiated development of a long-term wastewater diversion agreement with DERWA. Central San, DERWA, DSRSD, and the District are working on the terms for the long-term wastewater diversion agreement.

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 that the member agencies implement a connection moratorium beyond the District's Phase 2 connections and also implement additional demand management practices to reduce 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 2.4 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. Under the agreement, 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) to supply refinery uses. The first project was the North Richmond Recycled Water Project, which provides up to 4 MGD of recycled water on an annual average basis 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 and Chevron are interested in exploring an expansion of recycled water use at the refinery by an additional 0.5 MGD through RARE, however an additional supply of wastewater 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 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 requirements to improve recycled water quality for use in commercial cooling systems so the system can serve additional customer types. Future system expansion could include additional sites in Oakland and Emeryville as well as Alameda. When fully implemented, the East Bayshore Recycled Water Project is designed to provide up to 0.9 MGD of recycled water for delivery to customers. The project priority was revised to focus on the more cost-effective expansion into Alameda instead of expansions into other cities.

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 "1970 CVP Contract") with the United States Bureau of Reclamation (the "Bureau"), entitling the District to take American River water from the Folsom-South Canal Unit of the Bureau's Central Valley Project ("CVP"). The 1970 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 (*i.e.*, a year when the District's March 1st projection, as updated monthly through May 1, of its October 1 Total System Storage is less than 500,000 acre-feet), and no more than 165,000 acre-feet over the course of any three consecutive dry-years. Any water delivered to the District from sources outside the District's Mokelumne River and East Bay watersheds, such as CVP water delivered under the CVP Repayment Contract, is referred to herein 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 drought conditions. Due to the severity of the drought and reduced storage levels in federal reservoirs, in 2021 and 2022, the Bureau reduced allocations of CVP water. 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 period of March 1, 2021 through 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). For the contract year period of March 1, 2022 through February 28, 2023, the District's water allocation under its CVP Repayment Contract was reduced to the amount necessary to meet public health and safety needs which could not be met by other water sources available to the District. Since the District had sufficient supplies for public health and safety needs from water sources other than the CVP, 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 CVP construction costs allocated to the District as estimated at the time of the contract's execution, 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 after the end of 2030. The 2020 Final Cost Allocation is now complete, and as of November 2024, the Bureau estimates the District owes approximately $1,500,000 in addition to the amount already paid. The additional payment is not due until after 2030, and the precise amount is subject to further adjustment because it will be based on actual CVP water deliveries to the District by the end of 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. Under California law, the District is entitled to recover "fair compensation" from any other party which uses the District's water conveyance facilities to wheel water, which may include reasonable capital, operation, maintenance, and replacement costs incurred by the District. See "– Water Facilities – *Freeport Regional Water Project*" for a description of the FRWP.

Supplemental Supply–Water Transfers and Other Arrangements. As outlined in its UWMP, 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 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 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, could 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 considering options on proceeding with the implementation of the water project. The next steps of the project could 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 multi-year water transfer project that, if implemented, could deliver up to 25,000 acre-feet per year during dry years. The environmental review is based on the Yuba Accord, a set of multi-agency agreements pursuant to which water in the lower Yuba River is managed. The Yuba Accord water transfer program, adopted as part of the Yuba Accord, is scheduled to expire in 2025. In September 2024, Yuba Water Agency approved a supplemental environmental impact report for the extension of the Yuba Accord water transfer program to 2050. Yuba Water Agency has also submitted a change petition to the SWRCB to authorize the extension of the transfer program. Yuba Water Agency's environmental review for the extension of water transfer program and its petition to the SWRCB includes the long-term water transfer partnership with the District and CCWD, which will be provided with an option to take water offered pursuant to the Yuba Accord during the summer that the District does not opt to purchase. The extension of the Yuba Accord water transfer program is subject to finalization of extended agreements with the involved agencies and approval of the water rights change petition by the SWRCB. The District is working on finalizing the extension of the water transfer agreement between the District, CCWD and Yuba Water Agency to 2050.

Current Water Conditions

Hydrologic conditions in California have varied significantly in recent years. Water Years 2020 through 2022 ranked as the fourth driest three-year period in the District's 95-year precipitation record. Water Year 2023 was the third highest runoff year since 1930, with more than 76 inches of precipitation and over 1.5 million acre-feet of runoff in the Mokelumne River watershed. Runoff in Water Year 2024 was slightly below average, with 42 inches of precipitation and approximately 677,000 acre-feet of runoff in the Mokelumne River watershed. The District began Water Year 2025, which commenced on October 1, 2024, with a provisional estimate of 669,660 acre-feet in Total System Storage (*i.e.*, Pardee, Camanche and East Bay terminal reservoirs), representing 87% of capacity and 117% of average.

The District monitors precipitation and reservoir levels daily. As of April 15, 2025, Total System Storage was 655,130 acre-feet, representing 85% of capacity, and approximately 104% of average (based on the average from 2009-2019). Season-to-date precipitation in the Mokelumne basin was 34.96 inches, or approximately 81% of average (based on the 82-year average from 1930-2012, which is the period of record utilized for the District's long-term precipitation statistics). See also "–Water Supply Operations."

Table 5 sets forth the capacity and water storage levels at the District's water reservoirs as of April 15, 2025. 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

Data as of April 15, 2025	Capacity (acre-feet)	Current Storage (acre-feet)	% of Capacity	% of Average[1]
Mokelumne				
Pardee	203,795	182,990	90%	97%
Camanche	417,120	335,090	80	111
Total Mokelumne	**620,915**	**518,080**	**83**	**105**
Terminal Reservoirs				
Briones	58,960	58,070	98	102
Upper San Leandro	38,905	38,790	100	111
San Pablo	37,915	28,280	75	83
Chabot	10,178	9,020	87	96
Lafayette	4,250	2,890	68	74
Total Terminal Reservoirs	**150,208**	**137,050**	**91**	**98**
Total System Storage	**771,123**	**655,130**	**85**	**104**

(1) Based on 11-year average from 2009-2019.
Source: The District.

Long-Term Water Supply Planning

General. In 2012, the District updated its long-range planning with its Water Supply Management Program, extending the planning horizon from 2020 to 2040 ("WSMP 2040"). The WSMP 2040 had provided an assessment of the supplemental supply portfolio looking out to 2040. The District's UWMP, which is updated every five years in compliance with State regulatory requirements, provides updated assessments of supply and demand and the actions to consider and implement as part of the long-term water resources planning. 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 reassess progress. The WSMP 2040 and UWMP describe 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 UWMP 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 also prepared a Climate Action Plan that focuses on sustainability and resilience, and identifies 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 inform the implementation process for projects and programs in the UWMP. See also "– Climate Change."

The District is able 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 in the future.

Ongoing Supplemental Supply Activities. As described in the UWMP, the District is undertaking efforts to identify and secure sources of supplemental water supply. Water supplies are 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 described under "– Water Supply – *Supplemental Supply–Water Transfers and Other Arrangements,*" 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 greater Sacramento River watershed, with a view toward utilizing the FRWP to move supplies as secured via water transfers. 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.

Regional Groundwater Banking Options. The District has been exploring groundwater resource development in San Joaquin County for more than a decade. 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.

A Demonstration Recharge, Extraction, and Aquifer Management ("DREAM") pilot project was completed in April 2024. The DREAM pilot project provides North San Joaquin Water Conservation District ("NSJWCD") with up to 1,000 acre-feet of District surface water from the Mokelumne River that participating landowners can 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, minus five percent for losses, for use within its service area. Operation of the pilot project enabled potential project proponents and participants (NSJWCD, San Joaquin County and/or other local water agencies) to evaluate the feasibility of a permanent groundwater banking project in San Joaquin County.

The development and completion of the DREAM pilot project occurred over a number of years: 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 2013; a cost-sharing agreement with project partners, San Joaquin County and NSJWCD, was developed and executed to share the expenses associated with the preliminary engineering, planning and environmental review of the demonstration project in 2014; environmental documentation was completed in 2017; San Joaquin County issued the groundwater export permit for the pilot project in 2017, which allowed up to 500 acre-feet of groundwater to be extracted from a well in the service area of the NSJWCD and conveyed to the District's Mokelumne Aqueducts for use in the District's service area; and the District executed funding and operations agreements with San Joaquin County and the NSJWCD in October 2017.

The District released water to the NSJWCD as part of the DREAM pilot project in 2018, 2019, and 2023. Construction of extraction facilities were completed in February 2023 and allowed groundwater delivery into the Mokelumne aqueducts for delivery to the District's service area. Groundwater extraction was conducted in February 2023 and from January to April of 2024. Groundwater extraction operations were successful with groundwater levels remaining unimpacted during extraction operations. The DREAM pilot project operations were conducted effectively, and the District is working with partner agencies to develop the project concept for a future expanded project.

Bay Area Regional Reliability Partnership. Over the last several years, the District, along with the San Francisco Public Utilities Commission (referred to herein as SFPUC), CCWD, 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.

Following the completion of the BARR SWAP Strategy Report, BARR partners continue to meet bi-monthly to share experiences with agency projects and initiatives and identify future opportunities for collaboration.

Local Dry Year Supply–Bayside Groundwater Project. The Bayside Groundwater Project is a local supplemental supply project. It consists of facilities designed to store treated drinking water in a deep aquifer during wet years for future extraction, re-treatment and distribution to customers during a drought. The Bayside Groundwater Project is located in Alameda County, in the unincorporated community of San Lorenzo, on property leased to the District by the Oro Lomo Sanitary District. The District completed Phase 1 of the Bayside Groundwater Project in December 2009. The Bayside Groundwater Project Phase 1 was designed to provide a modest, locally available supplemental water supply to help reduce the need for rationing in the event of a prolonged drought or an emergency (*e.g.*, earthquake on the Hayward fault). Phase 1 provided the ability 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. Injection into the basin is regulated under a Statewide General National Pollutant Discharge Elimination System ("NPDES") Permit for Drinking Water System Discharges. Storage operations take place when water can be made available. 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 Water Treatment Plant. The District first stored (injected) water in 2011. The estimated volume of water stored was 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. For extraction, the facility was 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. In 2024, the Oro Loma Sanitary District opted not to extend the long-term lease with the District but will accommodate a two-year lease extension to 2026 to allow the District to demolish the injection/extraction well and associated facilities and salvage any reusable parts located on Oro Loma property. In the future, the District will explore locating a new well on the adjacent District property. If undertaken, the District could potentially extract the previously injected water pending the need and receipt of the required regulatory approval.

Water Conservation

The District completed its first Water Conservation Master Plan in 1994 to guide the development of District's conservation program. The 2021 update, which renamed the plan the Water Conservation Strategic Plan, includes existing and new efforts to support meeting long-term water conservation planning goals to the year 2050. It presents a phased approach for the implementation of conservation measures, taking into account projected supply and demand, with the understanding that the expansion of some programs may be accelerated in order to respond to droughts or regulatory mandates. The Water Supply Conservation Plan is 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 or 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. 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 also describes how the District will 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 directed the SWRCB to adopt water use efficiency standards for all residential water use and outdoor commercial, industrial, and institutional water use. The framework also identified performance measures for indoor commercial, industrial, and institutional water use. On July 3, 2024, the SWRCB adopted a new regulation, termed "*Making Conservation a California Way of Life*," which requires urban retail water suppliers, such as the District, to calculate their water use objective annually, beginning January 1, 2025, based on the characteristics of the supplier's service area, and beginning January 1, 2027, to demonstrate compliance with the objective, implement established performance standards, and submit annual progress reports. 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

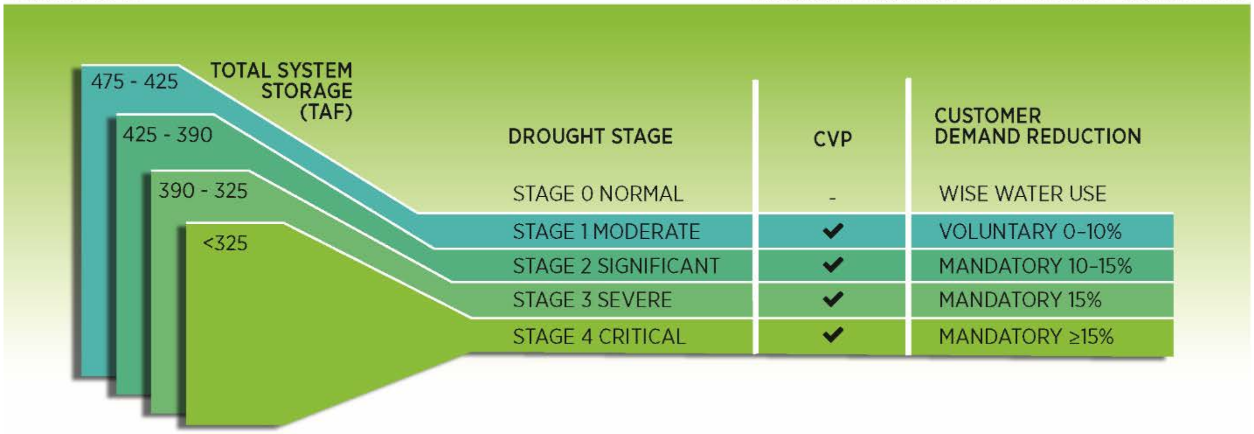
Droughts are common in California and have occurred several times in the last several decades including in 1976-1977, 1987-1992, 2007-2009, 2012-2016, and 2020-2022. During droughts, the District will meet demands by implementing various measures described in the District's Drought Management Program (the "DMP") which includes a combination of voluntary water conservation efforts, utilization of available storage (not below certain threshold levels) and supplemental supply resources (including the District's 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 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.

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 while continuing to meet all stream flow obligations on the lower Mokelumne River. The DMP guided the District in managing the 2014-2016 drought years when mandatory and voluntary rationing were imposed. During that drought, the District faced unanticipated constraints and updated and implemented measures to assist with demand and supply management. The DMP was revisited in 2020 to reflect lessons learned from the 2014-2016 drought period.

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 guide District staff in evaluating the District's annual water supply as part of the Water Supply Availability and Deficiency Report prepared for the Board each spring. The revised DMP Guidelines provide parameters for the level of rationing the District may consider and the amount of supplemental supply that the District may require based on the 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. See "WATER SYSTEM FINANCES – Drought Surcharges."

The District adopted its updated Water Shortage Contingency Plan on June 22, 2021. The Water Shortage Contingency Plan provides additional flexibility to consider earlier drought actions and 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 Total System Storage at the end of the Water Year. The Water Shortage Contingency Plan defines the 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 programs and actions that the District might undertake at each stage of drought and the targeted level of voluntary or mandatory water use reduction. 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 excess use penalties.

The District has made capital investments and planned for decades 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 2012-2015 drought period, the driest four-year period in the District's history, 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. 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 allows 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. These costs include: (i) the purchase cost of the water, payable to the Bureau for CVP water or to another party in connection with a water transfer or other contractual arrangement for supplemental supply 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 inline 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, 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. Both appropriative water rights also authorize the District to divert water to storage in Pardee and Camanche Reservoirs. The District's license and permit for its Mokelumne River water rights are issued by the SWRCB. The license does not expire. 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 primary water rights described above, the District has a series of rights for the production of hydroelectric power at Pardee and Camanche Dams, and holds rights associated with its local reservoirs. The District also holds water rights to support its fish hatchery on the Mokelumne River.

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 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 vary depending on the time of year and type of JSA Water Year. 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, the Mokelumne River experienced a record return of Fall Run Chinook Salmon in JSA Water Year 2024, reaching over 28,000 salmon returning to the Mokelumne. See also "– Water Supply – *Mokelumne River Watershed*."

Bay-Delta Water Quality Control Plan Proceedings. The Mokelumne River is a relatively 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 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 do not address the Sacramento River and Delta eastside tributaries, including the Mokelumne River, which are being addressed in the "Phase 2" plan amendment process described below. 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 filed suit against the SWRCB challenging these amendments. On March 15, 2024, the Sacramento County Superior Court ruled in favor of the SWRCB on all claims; this decision is being appealed by affected water agencies and environmental groups.

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 unimpaired flow requirements for the Sacramento River and its salmon-bearing tributaries, that would be proposed by the SWRCB through plan amendments and supporting environmental documents unless it approves an alternative.

The SWRCB 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 the California Department of Water Resources ("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 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 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, 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 "Staff Report") relating to the potential Phase 2 updates to the WQCP. The 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 Staff Report describes certain proposed Phase 2 plan amendments, which include a 55% unimpaired flow Delta inflow water quality objective identified in the 2018 framework document; the SWRCB has not made a decision yet and all options described in the Staff Report remain under consideration. The SWRCB sought public comment on the draft Staff Report to help inform the SWRCB's planning process. The public comment period closed on January 19, 2024. In October 2024, the SWRCB released draft revisions to the Phase 2 WQCP for public review. The SWRCB accepted general comments on the draft plan update until January 10, 2025, and comments on certain specified topics by January 30, 2025. The District submitted two comment letters and also participated in a series of SWRCB workshops and working meetings on the draft plan update. The SWRCB will consider public comments and is expected to finalize the Staff Report in calendar year 2025.

Based on the District's review of the Staff Report, if the SWRCB were to 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 included in the Staff Report, one alternative with a water quality objective of maintaining 55% of unimpaired flow (within a range of 45-65%), together with a cold water habitat objective which would limit the volume of water the District could maintain in reservoir storage, 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 less 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 unimpaired flow alternatives or the voluntary agreement alternative, could result in further 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 Staff Report acknowledges the proposed unimpaired flow alternative may cause a significant impact to the District's water supply. The Staff Report proposes that impact could be mitigated if the District develops an alternative supply portfolio. The District believes the 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 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 on January 18, 2024 in response to the draft Staff Report describing the District's serious concern with the proposed unimpaired flow alternatives. In addition, the District is continuing to pursue a voluntary agreement alternative (now referred to as the "Healthy Rivers and Landscapes" proposal) 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. In April 2024, the District and other water users advancing the Healthy Rivers and Landscapes alternative submitted draft legal agreements and plans to the SWRCB for this alternative for public review in advance of the SWRCB public workshops focused on the Healthy Rivers and Landscapes proposal as a potential pathway for updating the Bay-Delta WQCP.

On October 25, 2024, the SWRCB released for public review draft Phase 2 revisions to the WQCP including a draft Program of Implementation ("POI"). The draft POI includes several options: an option for implementing the Healthy Rivers and Landscapes program; options for modifying the Healthy Rivers and Landscapes program to provide for more SWRCB oversight; and a regulatory pathway based on percent of unimpaired flow and cold water habitat objectives as described in the draft Staff Report. The draft POI indicates that, in the event that such alternative is ultimately selected, the SWRCB would expect to implement the described unimpaired flow and cold water habitat objectives through the adoption of curtailment regulations that would identify specific curtailment procedures and requirements that would be imposed. The SWRCB solicited public comment on the draft POI.

The District is unable to predict the outcome of the ongoing WQCP proceedings, including whether the SWRCB will ultimately select the Healthy Rivers and Landscapes 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 through curtailment regulations, if it chooses that alternative. The eventual consideration by the SWRCB of adoption of Phase 2 plan amendments to the WQCP is expected to occur in calendar year 2025 or later.

Water Facilities

The District captures rain and snow melt within the 621-square mile protected watershed of the Mokelumne River in Pardee Reservoir, approximately 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. Water is transported from Pardee Reservoir west via three parallel aqueducts to East Bay water treatment plants or terminal reservoirs, and after treatment, to approximately 170 local treated water reservoirs and approximately 4,200 miles of distribution pipeline. The District can convey water from the Sacramento River in dry years 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's service area 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, both Pardee and Camanche Reservoirs are managed to provide necessary flood control storage. These reservoirs and the river flow requirements are operated 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 for fisheries, recreation, and power generation.

Terminal Reservoirs. Five terminal reservoirs located within the District's service area combine for a storage capacity of approximately 150,208 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 10,178 acre-feet).

Aqueducts. Raw water is transported from Pardee Reservoir through Pardee Tunnel and the Mokelumne Aqueducts to the District's service area. Within the District's service area, water is transported through the Lafayette Aqueducts and stored in terminal reservoirs or delivered directly to treatment plants prior to distribution. The Pardee Tunnel is a 2.2 mile long, 8-foot high horseshoe structure. 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 approximately 83 miles from the Pardee Tunnel to the east end of the two Lafayette Aqueducts in Walnut Creek. Approximately nine miles of the Mokelumne Aqueducts is above-ground and the balance is below-ground.

Lafayette Aqueduct No. 1 is a 9-foot in diameter circular concrete pipe and extends approximately 7 miles from Walnut Creek to the Orinda Water Treatment Plant. Lafayette Aqueduct No. 2 is a 9-foot in diameter concrete pipe extending approximately 7.3 miles from the Walnut Creek Water Treatment Plant to the Briones Diversion Works near Orinda. The supply can be pumped through a 7-foot, 6-inch diameter steel Briones Aqueduct into Briones Reservoir, discharged into San Pablo Reservoir, or diverted through a 7-foot, 6-inch diameter steel pipe to Orinda Water Treatment 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 purchase emergency supplies, with the District providing an \$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, 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 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 aqueduct in operation across the Delta. The District also 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 is designed to 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 (referred to herein as FRWA) under a joint powers agreement to develop the FRWP. 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 FRWP can 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 FRWP system was placed into commercial operation in November 2011.

The District 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 is 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 the 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 supplies 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 several significant components, including 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, 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 raw water system is gravity-supplied, with seasonal pumping when demand is high. 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 capacity of 105 MGD; however, the configuration of the existing outlet limits delivery to a maximum of 62 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 supply Briones Reservoir with Mokelumne River water. The four pumps in the Briones No. 2 Pumping Plant can deliver up to a 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 approximately 4,200 miles of pipe, 130 pumping plants and approximately 170 neighborhood reservoirs, having an operating capacity of 610 million gallons. The District's service area is divided into 120 pressure zones, ranging in elevation from sea level to 1,450 feet. About 60% of treated water is distributed to customers by gravity flow.

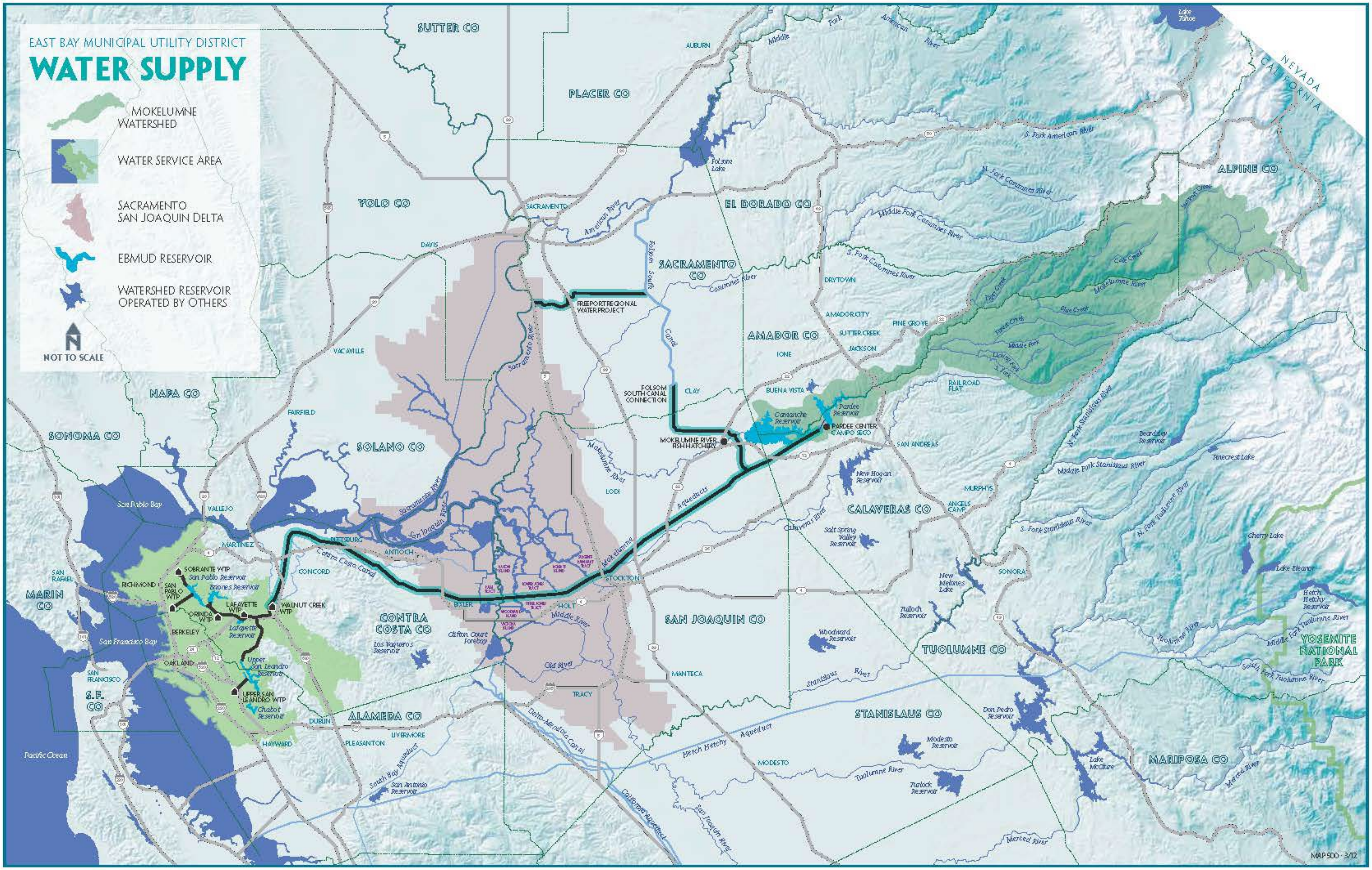
Pardee and Camanche Hydropower Plants. The District operates hydropower plants at Pardee and Camanche Reservoirs pursuant to a Federal Energy Regulatory Commission ("FERC") license. The District's Pardee and Camanche hydropower plants are licensed as one project, the Lower Mokelumne River Project No. 2916. The current FERC license for these hydropower plants expires on March 31, 2031. These plants generate an average of approximately 125 million kilowatt hours per year. 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." The District issued a request for proposals in February 2025 for a long-term power purchase agreement to succeed the power purchase agreement with MCE. The long-term agreement is expected to be executed in Fiscal Year 2025.

Regional Intertie. In 2007, the District, the City of Hayward ("Hayward") and SFPUC completed an intertie with a capacity of 30 MGD that can convey treated water between the District and SFPUC water systems via Hayward's distribution system. This project was funded by the participating agencies and the State through a Proposition 50 grant. 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 consists 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 and the development of its next biennial update to its capital plan for the maintenance and improvement of its infrastructure and facilities.

Water Supply Operations

General. 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 the Mokelumne River watershed in the Sierra Nevada, across the San Francisco Bay/Sacramento-San Joaquin Delta, to the East San Francisco Bay Area. A map depicting the District's water supply system facilities is on the following page.


EAST BAY MUNICIPAL UTILITY DISTRICT
WATER SUPPLY
MOKELUMNE WATERSHED
WATER SERVICE AREA
SACRAMENTO SAN JOAQUIN DELTA
EBMUD RESERVOIR
WATERSHED RESERVOIR OPERATED BY OTHERS
N
NOT TO SCALE
SUTTER CO
PLACER CO
YOLO CO
EL DORADO CO
ALPINE CO
SACRAMENTO CO
AMADOR CO
NAPA CO
SONOMA CO
SOLANO CO
CALAVERAS CO
MARIN CO
CONTRA COSTA CO
SAN JOAQUIN CO
TUOLUMNE CO
ALAMEDA CO
STANISLAUS CO
S.F. CO
MARIPOSA CO
YOSEMITE NATIONAL PARK
NEVADA
CALIFORNIA
AUBURN
SACRAMENTO
DAVIS
VACAVILLE
FAIRFIELD
VALLEJO
MARTINEZ
CONCORD
PITTSBURG
ANTIOCH
RICHMOND
BERKELEY
OAKLAND
SAN FRANCISCO
SAN RAFAEL
HAYWARD
DUBLIN
PLEASANTON
LIVERMORE
TRACY
MANTECA
MODESTO
STOCKTON
LODI
CLAY
IONE
BUENA VISTA
JACKSON
SUTTER CREEK
AMADOR CITY
DRYTOWN
PINE GROVE
SAN ANDREAS
MURPHYS
ANGELS CAMP
SONORA
FREEPORT REGIONAL WATER PROJECT
FOLSOM SOUTH CANAL CONNECTION
MOKELUMNE RIVER FISH HATCHERY
PARDEE CENTER
CAMPO SECO
Pardee Reservoir
Camanche Reservoir
Folsom Lake
Lake Tahoe
SOBRANTE WTP
SAN PABLO WTP
ORINDA WTP
LAFAYETTE WTP
WALNUT CREEK WTP
UPPER SAN LEANDRO WTP
San Pablo Reservoir
Briones Reservoir
Lafayette Reservoir
Upper San Leandro Reservoir
Chabot Reservoir
Los Vaqueros Reservoir
Clifton Court Forebay
San Antonio Reservoir
San Pablo Bay
San Francisco Bay
Pacific Ocean
Sacramento River
San Joaquin River
American River
Mokelumne River
Calaveras River
Stanislaus River
Tuolumne River
Merced River
Cosumnes River
Middle River
Old River
Folsom South Canal
Mokelumne Aqueducts
Contra Costa Canal
Delta-Mendota Canal
California Aqueduct
South Bay Aqueduct
Hetch Hetchy Aqueduct
New Hogan Reservoir
Salt Spring Valley Reservoir
New Melones Lake
Tulloch Reservoir
Woodward Reservoir
Don Pedro Reservoir
Modesto Reservoir
Turlock Reservoir
Lake McClure
Cherry Lake
Lake Eleanor
Hetch Hetchy Reservoir
Beardsley Reservoir
Pinecrest Lake
BIXLER
HOLT
RAILROAD FLAT
MAP 500 - 3/12

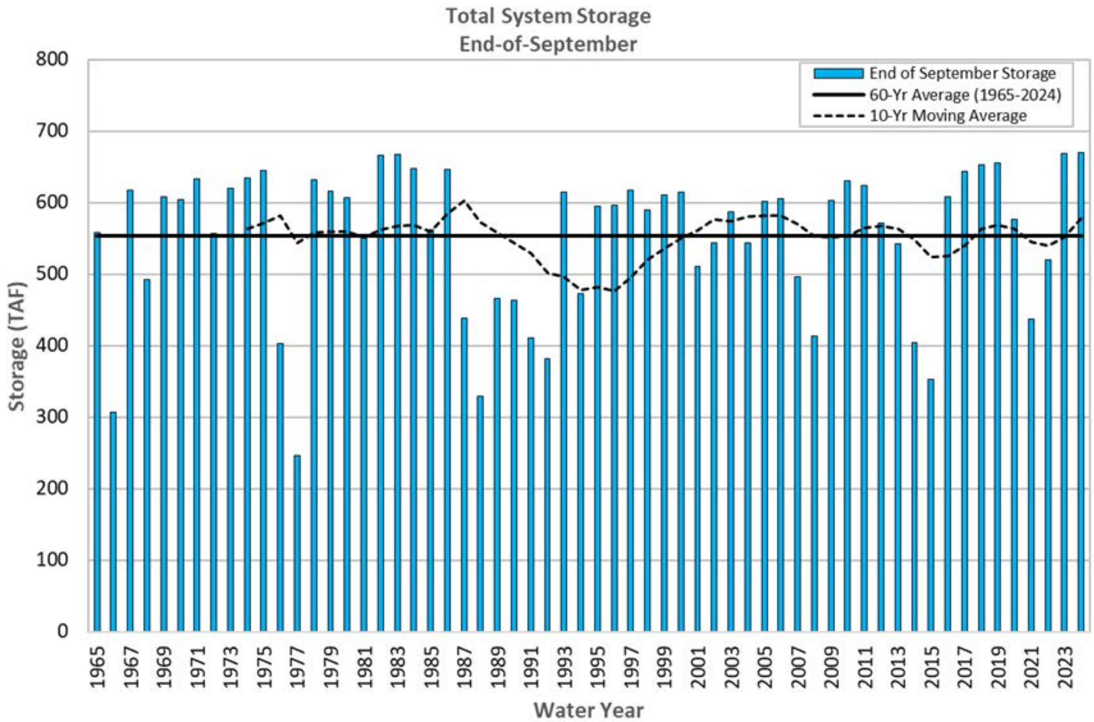
The District operates the Water System to achieve multiple objectives, including providing municipal water supply, stream flow regulation, fishery/public trust interests, flood control, recreation, temperature management, obligations to downstream diverters, and hydropower. All of the components of the 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 used to determine 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.

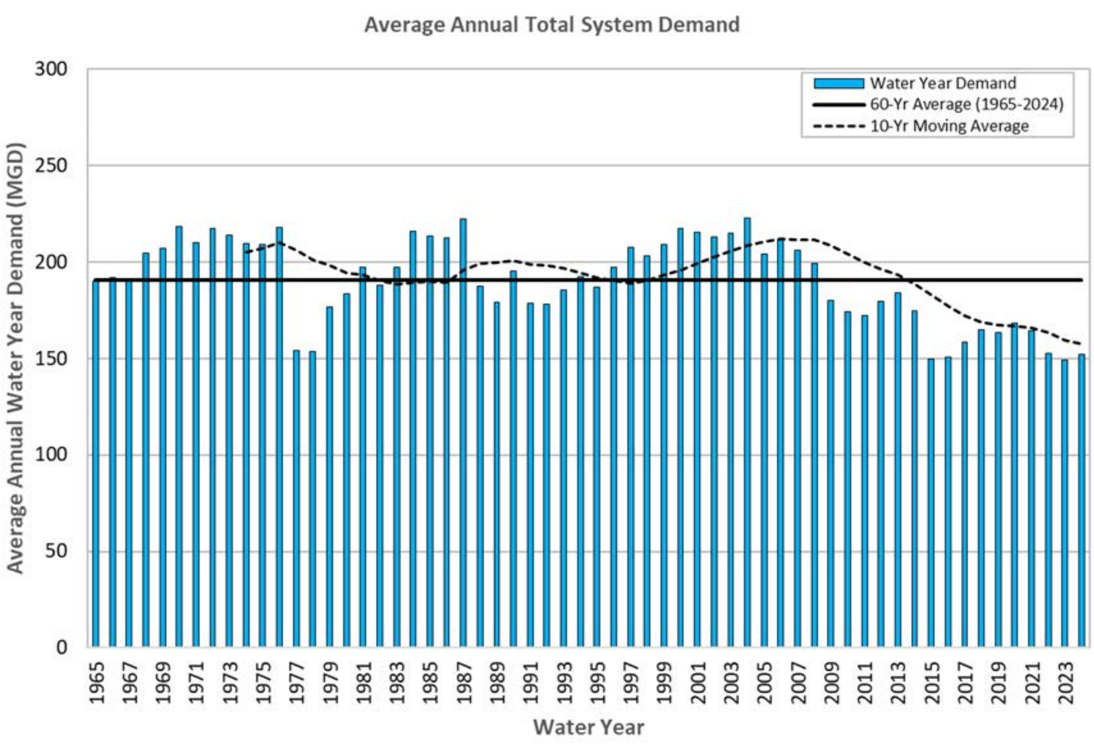
The District begins the Water Year committed to provide the required minimum fish flows, associated with the projected November 5th storage levels for Pardee and Camanche Reservoirs, for the period October through March. Through fall and winter, the District tracks rainfall, runoff, storage and demand 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 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. The forecast is used to determine if drought management measures are needed 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 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 2024. The driest period for the District was 1976 to 1977. The longest dry period was the extended drought from 1987 to 1992. The highest runoff volume in the Mokelumne River watershed on record occurred in 2017.



The graph below shows the average annual Water System demand from Water Year 1965 to 2024. Average annual total Water System demand shown below differs from annual water production reflected in Table 4. 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 used in the treatment process and for fighting fires, and water lost through evaporation, leaks in the transmission and distribution system, and other miscellaneous causes.



The District was able to provide water to its customers during the extended five-year drought from 1987 to 1992, without supplemental supplies, 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. The FRWP facilities, completed in 2011, can provide the District with supplemental supplies during dry periods up to 165,000 acre-feet of water over a three-year period under its CVP supply 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 with negotiated water transfer arrangements. In 2022, although the District was contractually eligible to receive CVP water, its CVP allocation was reduced to a "public health and safety" level due to the insufficiency of available CVP water. Based upon the 2022 CVP allocation, the District's available CVP supplies for 2022 was zero. The District supplemented supplies by purchasing 20,000 acre-feet of transfer water from PCWA. 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 (the "SDWA") 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. The SWRCB can, and often does, set drinking water regulatory standards that are more stringent than the federal standards.

Currently, the State and the federal government regulate over 100 compounds. 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 are present in amounts far below limits permitted by State and federal drinking water standards.

In recent years, federal and state agencies have undertaken a variety of efforts towards the development of legislation, laws and regulations regarding per- and poly-fluroalkyl substances ("PFAS"), focused on limiting levels of PFAS in drinking water. PFAS are synthetic chemical substances with properties that do not break down in the environment. Due to their water-resistant, stain resistant, and oil resistant properties, they are commonly used in cleaners, textiles, papers, paint, firefighting foam and insulation. SWRCB's DDW has established notification and response levels for the detection of certain PFAS in drinking water, and the California Office of Environmental Health Hazard Assessment has adopted public health goals for certain PFAS. In addition, in April 2024, the USEPA announced final regulations establishing the first national drinking water standards for six PFAS. The regulations set maximum allowable levels for five individual PFAS. In addition, the regulations require compliance with a hazard index, which is a calculation designed to address health risk associated with a mixture of identified PFAS in drinking water. The District is currently sampling its treated water for 29 PFAS compounds as part of a USEPA nationwide monitoring effort. Monitoring began in 2023 and will be completed in calendar year 2025. All samples from the District's treatment plants collected as part of this program have been below the SWRCB's notification levels and the USEPA's reporting limits for the six recently-regulated PFAS, although there have been some low level detections of some PFAS.

In October 2024, the USEPA issued a final rule revising the national primary drinking water regulation for lead and copper under the authority of the SDWA. The revisions, referred to as the "lead and copper rule improvements," are aimed at significantly reducing exposure to lead through drinking water. The adopted lead and copper rule improvements require the vast majority of water systems across the country to identify and replace lead pipes within 10 years. There is no lead detected in the water produced by the District's treatment plants, however lead can get into drinking water when the water is in contact with lead pipes. In the 1940s, the District installed thousands of lead service lines due to the unavailability of copper during the war; these have all been removed. The District continues to remove legacy lead materials (such as small lead fittings) whenever they are found. Under the new federal regulations, the District must identify all galvanized iron pipes that were formerly connected to lead pipes, and inform customer served by these galvanized lines. Annual notifications must continue until the galvanized iron pipe is replaced. The District also maintains an active corrosion control program to reduce lead leaching from distribution pipes and household and property plumbing.

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, California Urban 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 develop standards for direct and indirect additives to drinking water nationwide. The District was a founding member of the Water Research Foundation; with the Water Research Foundation, 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 performance data, and on optimizing performance, both at the treatment plants and in the distribution system. The Safe Water Partnership uses standardized tools to assess performance 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, and the District applied for coverage in June 2015. The permit was originally scheduled to be updated in 2020 and has been extended at this time. It is unknown when the SWRCB will update the 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. 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 may lead to administrative orders issued by federal or State regulators. Future compliance with such orders could impose substantial additional operating costs on the Water System.

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 regulates 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, 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; therefore, the District and Hayward will undertake several action over the next five years that include installing new monitoring wells and monitoring groundwater levels and quality. The District and Hayward are each responsible for actions within their respective service areas. The District estimates that implementing the GSP within its service area will cost approximately $2.2 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 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 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 single tunnel project known as the Delta Conveyance Project. The new conveyance facilities 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 filed its water rights petition for a change in point of diversion with the SWRCB in February 2024, the permitting process for which is ongoing. Additional permitting processes, including federal and State Endangered Species Act permits and the Delta Stewardship Council Delta Plan Consistency certification, are expected to continue through at least the end of 2026.

The Mokelumne River, the District's primary source of water supply, is a relatively 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 Delta Conveyance Project alignment would cross the District's right-of-way for its Mokelumne Aqueducts. The District submitted comments on CDWR's Draft EIR for the proposed Delta Conveyance Project, including comments regarding potential impacts to the District's aqueducts and the District's planned project to improve the resiliency of the Mokelumne Aqueducts (referenced in the projects described under "– Capital Improvement Program – *Raw Water System*"). On May 13, 2024, the District submitted to the SWRCB a protest to CDWR's water rights change petition for the Delta Conveyance Project. The District's protest asserted the Delta Conveyance Project may result in potential impacts to the District's existing and planned Delta infrastructure and to Mokelumne-origin anadromous fish which migrate through the Bay-Delta. On November 13, 2024, the District finalized a settlement with CDWR which resolves the District's concerns. In the settlement, CDWR agreed to provide adequate separation between the Delta Conveyance Project tunnel and existing and planned District water conveyance infrastructure and to coordinate with the District before and during construction. CDWR also agreed to further analyze Mokelumne-origin anadromous fish migration and the Delta Conveyance Project's potential to significantly impact that migration. If significant impacts are identified, CDWR has agreed to identify and implement mitigation measures. In return, the District has agreed to withdraw its protest and to forgo litigation absent a substantial change to the project. The District will continue to monitor the development of the Delta Conveyance Project to assure its interests in the Delta are not adversely impacted by any further modification of the Delta Conveyance Project or any related projects.

Invasive Species – Mussel Control Programs. In October 2024, the invasive freshwater species commonly known as Golden Mussel was discovered in the waters of the California Delta near Stockton. This was the first known occurrence of Golden Mussels in North America. Since their initial discovery, the mussels have been found throughout the southern Delta, extending as far south as San Luis Reservoir near Los Banos, which is jointly owned and operated by the CVP and the State Water Project. CDFW is coordinating surveys and sampling throughout the Delta to assess the speed and extent of the mussels' spread.

The District has been conducting sampling at its East Bay reservoirs, as well as Pardee and Camanche reservoirs, and to date, no mussels have been detected in either their adult or larval form. In response to the discovery of Golden Mussels within the Delta, the District has suspended boat launch activities at the Camanche, Pardee and San Pablo reservoirs. In addition, the District is implementing a number of actions to protect its fisheries, recreational facilities, and power and water supply infrastructure. These actions include: (i) increasing the frequency and locations of water sampling at its seven raw water reservoirs and surrounding facilities, including the Mokelumne River Hatchery; (ii) initiating long-term risk assessments and operational plans to protect connections between the District's Water System and other systems, such as the FRWP; (iii) coordinating with regional, national and international water managers, the CDFW and regional fish hatcheries on best practices for inspection, decontamination, reports and fish plants.

Mussels can reproduce quickly and, if left unmanaged, can reduce water flows by clogging intakes and raw water conveyance systems, alter or destroy fish habitats, and affect lakes and beaches. Additionally, large scale die-offs of mussel colonies can lead to water quality issues. Mussel management activities may require changes in water delivery protocols to reduce risks of spreading mussel populations and increase operation and maintenance costs.

Climate Change

General. Global climate change is expected to create greater uncertainty in water supplies and demands in the future. The District updated its Climate Action Plan in 2024. The update provides an overview of the state of the science of climate change and expected impacts to the District. It describes the District's plans for mitigation activities to help meet its goal of achieving carbon neutrality by 2030, as well as adaptation plans to respond to the effects of climate change. The Climate Action Plan draws the District's UWMP, and Climate Action, Energy, and Sustainability and Resilience policies.

The District's 2024 Climate Action Plan Update 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.

Energy Policy. The District adopted a policy (Policy 7.07) to promote energy efficient practices within the District's Water and Wastewater Systems, 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 neutral for direct and indirect greenhouse gas ("GHG") emissions. To support this policy, the District adopted GHG reduction goals of achieving carbon neutrality by 2030 for the Water System and the Wastewater System, by prioritizing actual emission reductions and applying emissions credits to residual emissions that cannot be eliminated or are outside of the District's control. Emerging GHG issues, such as process emissions related to wastewater treatment and discharge, are estimated and reported based on the most recent methodology available but are not included in District goals.

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, some of which are described below.

The District produces an average of approximately 125,000 megawatt-hours ("MWh") of renewable energy annually through hydropower at its Sierra Nevada foothills facilities. The District produces approximately 40,000 MWh of renewable energy annually by combusting biogas created through the wastewater treatment process. These sources of renewable energy produce more electricity in a typical year than the District consumes annually. The District also leverages its infrastructure and land to produce renewable energy through photovoltaic ("PV") projects. Since 2003, the District has partnered in the development of 11 PV projects on District property, providing almost two megawatts ("MW") of capacity and producing approximately 2,600 MWh of electricity annually. Construction of additional PV projects is underway. The largest PV project, a 4.6-MW project located on District-owned property in the City of Orinda, was developed under a power purchase agreement. This project is expected to produce an estimated 10,000 MWh of electricity annually, which will be credited to the District's energy load. The project began commercial operation on April 23, 2025. Two other PV projects are under construction and will offset a portion of the existing electrical loads at each location: the Stockton PV project (40 kW), and the Oakport PV project (170 kW). As part of the District's efforts to explore new technologies to improve its operations and reduce GHG, the District completed construction of an in-conduit hydroelectricity pilot in the City of Piedmont in 2023. The pilot produces approximately 145,000 kWh of electricity annually through existing water distribution system operations, and the electricity is credited to other District accounts to reduce operational costs and GHG. The District also purchases clean energy through various energy suppliers. In addition, the District will be piloting an energy management technology to reduce energy consumption from its distribution pumping stations. The pilot is planned to launch in the second quarter of 2025. The District continues to explore other opportunities for renewable energy projects in support of the District's energy policy described above.

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.

The District is also 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, diesel fuel for 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. The District recognizes that the impacts of climate change have 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 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 22% since 1995;

- recycled water projects currently that can reduce the use of potable drinking water by up to an estimated 9 MGD;

- 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 20 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 MGD of water savings by the year 2050; (ii) increased use of recycled water to a total of 20 MGD by 2040 (updated to 20 MGD by 2050 in the 2024 Recycled Water Strategic Plan); (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 (BARR) program.

Seismic and Wildfire Matters

In 2023, the District updated its Local Hazard Mitigation Plan that provides an assessment of the primary hazards, including those related to earthquakes, as well as those related to weather, such as wildfires, landslides, flooding, drought, and climate change, to which the District is most vulnerable, and identifies mitigation actions that the District has previously undertaken and that it may undertake in the future to reduce such risks.

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 service area 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 service area and the San Andreas Fault is located to the west. 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 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 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 customer rationing, 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 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; 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; completion of the Mokelumne Aqueducts interconnection project, which now interconnects the District's three aqueducts on both sides of the Delta to allow the District to bypass damaged segments of Mokelumne Aqueducts No. 1 and 2 in the Delta region (as a result of structural failure from a seismic event, or levee failures) to maximize water transmission capacity to the East Bay area by allowing full utilization of the hydraulic capacity of the aqueducts outside of the Delta; and completion of an Aqueduct Emergency Response and Recovery Plan aimed at ensuring that the District can repair damaged aqueduct sections within six months, before local storage is depleted, in response to a Delta levee failure and need to repair Mokelumne Aqueduct No. 3.

Since the completion of the SIP, 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 Country, were completed in 2018. Retrofits to the Chabot, Upper San Leandro, San Pablo and Briones reservoir towers have also been completed. 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 2025. Further detailed evaluations of structural and hydrologic conditions are underway, and if necessary, capital upgrades will be planned and implemented.

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. Wildland fires, particularly wildland/urban interface fires, have historically occurred in Alameda and Contra Costa Counties. In addition to the East Bay service area, wildland/urban interface fires and large forest fires have occurred in the Mokelumne watershed counties of Amador, Calaveras and Alpine. Catastrophic wildfire in these watershed areas and subsequent runoff of burnt materials into the reservoirs, could severely affect 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 properties both in the Mokelumne River watershed and in the East Bay. 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 within approximately 578 square miles of watershed above Pardee Reservoir. 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 (referred to herein as UMRWA). Through UMRWA, the District is participating in the implementation of an extensive forest rehabilitation program. UMRWA is implementing its Mokelumne Amador Calaveras Forest Health and Resilience Project on U.S. Forest Service lands in the El Dorado and Stanislaus National Forests. Phase 1, which is underway, includes 26,000 acres of forest rehabilitation and is expected to be complete by 2031. UMRWA is planning activities for Phase 2, which is expected to cover 225,000 acres of forest. Planning for Phase 2 is underway and will identify specific areas to be treated; an administrative draft environmental impact report is anticipated to be released in the summer of 2025. The District annually devotes resources on District-owned watershed lands in both the Sierra Nevada foothills and the East Bay to the reduction of fuel loading through grazing, prescribed burns, and tree and brush removal. This program aims to lessen the intensity and severity of wildfires in the watershed, consequently lessening the water quality impacts.

The District's service area includes thousands of forested acres that are bordered by residential communities. Many of these wildland-urban interfaces are in the hills and designated as "very high" severity zones by the California Department of Forestry and Fire Protection (CalFire). The District has a comprehensive approach to address wildfire concerns in the local watersheds. These actions include timely vegetation management, coordination with local fire departments, red flag operational readiness, hydrant maintenance, infrastructural improvements that include fire resistance exterior materials per building code, back-up electrical power equipment, mutual assistance agreements, staff training, community coordination, and research. The District has taken actions towards ensuring water operations during public safety power shutoff events implemented by the electric utility serving the District and its service area. The District has installed permanent generators at critical facilities and maintains a deployable fleet of portable generators and pumps. The District has also collaborated with other utilities and the Water Research Foundation to develop wildfire recovery plans to guide recovery efforts in the event of such occurrence.

In order to help mitigate the effects of potential water quality impacts as a result of a wildfire in the Mokelumne watershed, the District is currently in the process of implementing the Walnut Creek Water Treatment Plant Pretreatment Improvements Project. This project will add pretreatment facilities to the Walnut Creek Water Treatment Plant to more reliably treat a broader range of untreated Pardee and Briones water, including, among other things, during periods when water quality is impacted as a result of wildfires, algae blooms or high rainfall runoff or other effects of climate change. The Walnut Creek Water Treatment Plant Pretreatment Improvements Project is currently in design, and is scheduled for construction starting in 2029 with completion by 2034. The District also completed the Pardee Reservoir and Briones Reservoir Water Quality Improvement Study, which includes recommendations for mitigation measures in response to wildfire events and impacts on water quality, including post-fire response; this study is intended to provide a road map for reducing reservoir water quality impacts and building resilience against extended periods of poor water quality. Additionally, in 2024, the District installed a turbidity curtain (a flexible, impermeable barrier used to trap sediment in water bodies) at Pardee Reservoir. The turbidity curtain is designed to lower turbidity in the water, which will help maintain the ability of the water treatment plants to operate at capacity during periods of impacted water quality.

It should be noted, however, that notwithstanding wildfire preparedness and response measures, municipal water systems are not designed to fight wildfires, and during a conflagration (a large, destructive fire), municipal water systems, such as the District, are likely to face challenges like reduced water pressure, potential contamination, and damage to infrastructure, impacting the water system and firefighting efforts.

Dam Licensing and Safety Issues

As part of its Water System facilities, the District manages 23 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 terminal reservoirs. The remaining 18 dams are part of the potable distribution system, with two out of service and one that has been demolished and 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, which encompasses Pardee Reservoir and Camanche Reservoir facilities, is set to expire on March 10, 2031. The District will initiate the relicensing process with filing a Notice of Intent and a Preliminary Application Document by March 2026; the District is targeting October 2025 to make such submissions. It typically takes about six years to complete the relicensing process and entails significant consultation with local, State, federal and tribal parties. Relicensing requires an environmental review process (National Environmental Policy Act, CEQA), 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 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 ensure 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. In addition, engineers perform 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, the District conducts 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, South and San Pablo Clearwell 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 a security program that provides for a secure work place; maintains safe and reliable water supply and wastewater services; and prevents or mitigates 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), the Risk and Resilience Assessment required under the America's Water Infrastructure Act of 2018, 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 uses a centralized security system to monitor access controls, video cameras and recorders, and access alarms. The SOCC monitors alarms, assesses conditions using the security system, and dispatches security and law enforcement response, as needed, for alarms and reports of suspicious circumstances or crimes at District facilities. The SOCC monitors and controls access (for some facilities) at 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 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 are 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.

Cybersecurity. The District, like many other large public and private entities, relies on extensive and complex technologies to conduct its operations. Cybersecurity threats include, but are not limited to, hacking, phishing, executive impersonation, denial of service, malware, ransomware and other attacks on 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. Attacks directed at the District's 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 layered, 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 information technology (IT) and operational technology (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 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 current 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 $10.4 million for liability self-insurance and $8.5 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 current 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;

– $300 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.

Insurance limits maintained by the District are subject to change. The District's evaluates its insurance program annually in connection with the scheduled policy renewals (which generally occur on or about March 31 of each year). The District may modify the current configuration of commercial insurance and self-insurance retention limits as it deems appropriate depending on market conditions and assessments by the District as to risk exposure.

Capital Improvement Program

Since Fiscal Year 2002, the District has implemented a biennial budget. The 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. A series of master plans document the identified facilities needs by asset classes (*e.g.*, pipelines and reservoirs) 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 *(e.g.*, 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 previous 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 were estimated to aggregate approximately $2.5 billion.

An updated forecast of CIP expenditures has been developed in conjunction with the preparation of the proposed biennial budget for Fiscal Years 2026 and 2027. In undertaking the review of the projected long-term (10 years) facilities needs of the District and the associated infrastructure investment required, an updated process for the CIP development has been implemented. For each of the Water System and the Wastewater System, a capital steering committee was formed. The capital steering committee for the respective Water System and Wastewater System developed a new project prioritization framework and all capital projects were scored based on the new framework. It is expected that the capital steering committee for each system will also provide ongoing review and monitoring of all projects' budgets, consider potential adjustments to the project prioritization in order to manage the CIP between budget cycles, and provide input in addressing any major variances or unanticipated developments in connection with the management of large projects. In addition, in connection with the biennial update to the CIP, a capital expenditure forecast for the ensuing 10 fiscal years (rather than five years) will be considered.

The proposed biennial budget for Fiscal Years 2026 and 2027, including a 10-year capital expenditure forecast, was presented to the Board on March 25, 2025. The biennial budget for Fiscal Years 2026 and 2027 is expected to be presented for consideration by the Board on June 10, 2025. The following discussion about the updated CIP forecast, as developed in conjunction with the preparation of the proposed biennial budget for Fiscal Years 2026 and 2027, is preliminary and subject to change. The final proposed biennial budget for Fiscal Years 2026 and 2027, and capital expenditure forecast, that will be presented to the Board on June 10, 2025 could change to some extent from the initial proposed biennial budget for Fiscal Years 2026 and 2027 and capital expenditure forecast described below and elsewhere in this Official Statement. No assurance can be given that the proposed biennial budget for Fiscal Years 2026 and 2027 will be adopted in its current form.

In the CIP forecast developed in conjunction with the biennial budget, the District is continuing its focus on investments in infrastructure rehabilitation, repair and replacement. For the initial five-year period covering Fiscal Years 2026 through 2030, CIP cash expenditures are projected to aggregate approximately $2.9 billion, an increase of approximately 15% over the prior five-year 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 below summarizes the District's projected CIP cash expenditures for Fiscal Years 2026 through 2030 by major initiatives as forecast in the proposed biennial budget for Fiscal Years 2026 and 2027.

Table 6
Fiscal Years 2026-2030
Capital Improvement Program
Proposed FY 2026 and FY 2027 Biennial Budget
Forecast – Cash Expenditures[1]
(Thousands)

	2026	*2027*	*2028*	*2029*	*2030*	*Total[3]*	*% of Total*
Pipelines – Distribution System	$130,453	$144,972	$148,775	$164,800	$169,106	$ 758,106	27%
Water Treatment	145,912	135,450	125,660	30,508	35,110	472,642	17
Raw Water System	26,751	38,824	26,617	34,493	54,573	181,257	6
Reservoirs – Distribution	29,241	40,409	9,642	36,554	38,035	153,880	5
New Business Infrastructure	28,068	28,910	29,777	30,670	31,590	149,014	5
Process & System-Wide Improvements	24,750	31,666	39,897	24,571	21,867	142,751	5
Pumping Plants	29,613	21,524	16,884	31,179	35,360	134,560	5
District-Wide Building Facility Improvements	25,610	15,374	18,004	31,315	37,797	128,100	4
Environmental Resources and Remediation	12,267	14,820	23,965	19,384	17,154	87,591	3
Pipelines - Transmission	7,955	19,081	25,419	27,410	6,498	86,363	3
Vehicles, Equipment and Related Facilities	22,107	13,909	10,927	11,255	11,593	69,791	2
Water Recycling and Conservation	4,020	4,341	20,017	28,543	8,034	64,956	2
All Other	34,785	31,562	21,705	22,114	18,127	128,293	4
Capital Support[2]	58,000	58,000	59,740	61,532	63,378	300,650	11
Total[3]	$579,531	$598,843	$577,029	$554,330	$548,223	$2,857,955	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 CIP forecasts 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 2026 through 2030 as reflected in the proposed biennial budget for Fiscal Years 2026 and 2027 are set forth in Table 7:

Table 7
Fiscal Years 2026-2030
Proposed Fiscal Years 2026 and 2027 Biennial Budget
Estimated Sources of Funds for Capital
Improvement Program Expenditures

Funding Sources	***(Millions)***	***% of Total***
Revenues	$1,153.0	40%
Bond Proceeds[(1)]	1,390.0	49
Reimbursements and Grants[(2)]	315.0	11
Total	$2,858.0	100%

(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 CIP for Fiscal Years 2026 through 2030 as reflected in the proposed biennial budget for Fiscal Years 2026 and 2027 are the major endeavors described below:

Pipelines – Distribution System. Work in this category primarily focuses on pipeline projects to improve system reliability. CIP projects 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 provides for the replacement of more than 25 miles of pipeline annually in Fiscal Year 2026 and aims to increase the rate of replacement to up to 30 miles of pipeline annually by Fiscal Year 2029. This project is being undertaken as part of 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.

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. CIP work 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 Pardee Reservoir.

Reservoirs – Distribution. Projects in this category include ongoing improvements related to water quality in the District's distribution system. 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. CIP projects 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 CIP work includes 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.

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. CIP projects include activities related to the planned re-coating of various portions of Mokelumne Aqueduct No. 1 to provide protection from the corrosive Bay-Delta environment and the planned replacement of deteriorated cement lining in the Mokelumne Aqueducts that protect the steel pipeline from internal corrosion.

New Business Infrastructure. Work in this category is focused on the delivery of District services to new customers. 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.

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 approximately 130 distribution pumping plants across the system and the planned CIP work aims to rehabilitate at least two pumping plants annually.

Process & System-Wide Improvements. Work in this category includes 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 work in this category includes advancements in information technology assets, such as the replacement of the District's Human Resources Information Systems (HRIS) software, payroll software, and the transition from on-premise to cloud-based infrastructure.

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 is comprised of various projects that improve and upgrade District buildings. CIP projects include making security improvements at various facilities, certain heating, ventilation and air conditioning improvements, lighting, parking and paving improvements, and replacing vehicles and equipment as needed. One area of focus is 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 prepared 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 plan also provides 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 include continuing ongoing efforts to implement recommendations of the District's Trench Soils Management Plan to more efficiently and sustainably manage trench soils.

Pipelines – Transmission. Work in this category focuses on improving and replacing large diameter pipelines and updating cathodic protection. CIP projects include design and construction of Summit Pressure Zone Phase 2B, San Leandro Channel Crossing, and Crockett Aqueduct Relocation; and completion of design of Montana Pipeline, Summit Pressure Zone Phase 3 and 4, and the Tidal Canal Crossing. Additionally, the Large Diameter Pipelines Master Plan (LDPMP) is scheduled to be updated.

Vehicles, Equipment & Related Facilities. Work in this category focuses on the replacement of fleet vehicles and equipment in alignment with the District's Vehicle Study, which prioritizes operational efficiency and regulatory compliance. The District plans to replace over 330 vehicles and equipment over the next two Fiscal Years, maintaining compliance with California Air Resources Board regulations, including the Advanced Clean Fleet Rule. The project also supports evolving operational needs and reduced reliance on contracted services.

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. CIP work in this category is primarily related to the planned expansion or improvement of these recycled water projects and programs, including the EBRWF and the SRVRWP. In addition, CIP work in this category includes planned improvements 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. Replacement of key equipment at the RARE Water Project, undertaken in partnership with Chevron, was also anticipated in the CIP.

Other Projects. Notable planned work in this category includes: (a) improvements to recreational facilities at Camanche and East Bay Reservoirs, and the Mokelumne River fish hatchery; (b) planning, design and construction of improvements at existing rate control stations to move water between pressure zones at multiple locations; (c) 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; (d) 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 (e) sustainable energy projects, including upgrades to powerhouse controls. 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 CIP 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, underperformance, 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. Construction bids may also be higher than anticipated for budgeting purposes, including due to inflation, tariffs and supply chain issues. 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.

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 2024, approximately 79.7% of the Water System's $837.0 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 2024, the District's share of the countywide 1% *ad valorem* property tax levy contributed approximately 6.3%, or $52.8 million of the total sources of funds. In Fiscal Year 2024, the Water System's hydroelectric power plants produced power revenues of approximately $14.8 million and the District's income on investments was approximately $18.2 million. Capital contributions totaled $72.9 million, including $25.9 million of system capacity charges collected during such year, $43.1 million of contributions for facility relocations, main extensions and service installations (referred to as "earned contributions on construction"), and $3.9 million of grants and other reimbursements.

Table 8 summarizes the District's Water System sources of funds for the five most recent Fiscal Years ended June 30, 2024. 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 2025 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 ratios 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, 2024
(Millions)

	Fiscal Year Ending June 30				
	2020	***2021***	***2022***	***2023***	***2024***
Operating Revenue and Other Income:					
Water sales	$567.4	$620.5	$633.8	$623.9	$667.2
Power sales	6.3	4.6	7.2	20.4[5]	14.8
Interest[1]	12.3	2.1	2.3	13.6	18.2
Taxes	40.3	40.6	45.5	46.8	52.8
Other[2]	14.4	16.2	8.9	13.6	11.1
Total Operating Revenue and Other Income[6]	$640.7	$684.0	$697.8	$718.3	$764.1
Capital Contributions:					
System Capacity Charge[3]	$ 53.3	$ 50.4	$ 39.7	$ 40.8	$ 25.9
Earned contributions on construction[4]	17.8	21.3	9.8	24.0	43.1
Grants and reimbursements	0.8	1.8	3.5	2.1	3.9
Total Contributions[6]	$ 71.9	$ 73.4	$ 53.0	$ 66.9	$ 72.9
Total[6]	$712.6	$757.4	$750.8	$785.2	$837.0

(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 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, 2024, water sales to residential accounts provided approximately 54.5% 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 49.0% of consumption. The ten largest customers of the District’s Water System consumed approximately 14.8% of the District’s water in Fiscal Year 2024 and accounted for approximately 10.8% of water sales revenues. The largest account consumed 6.8% of the District’s water sold and contributed 4.5% of total water sales revenues and the smallest of the ten largest accounts consumed 0.31% of the total water sold and accounted for approximately 0.22% of water sales revenues.

Table 9 below sets forth water sales revenues, consumption and number of accounts by customer type for the Fiscal Year ended June 30, 2024.

Table 9
WATER SALES REVENUES, CONSUMPTION AND NUMBER OF ACCOUNTS BY CUSTOMER TYPE
Fiscal Year Ended June 30, 2024

Type of Customer	*Sales Revenues*	*Percent of Revenues*	*Consumption (MGD)*	*Percent of Consumption*	*Number of Accounts*[(1)]	*Percent of Accounts*
Residential	$363,940,519	54.5%	66.9	49.0%	351,899	90.8%
Commercial	211,707,257	31.7	45.1	33.0	31,837	8.2
Industrial	63,969,854	9.6	18.4	13.5	1,294	0.3
Public Authority	27,597,638	4.1	6.0	4.4	2,440	0.6
Total[(2)]	$667,215,269	100.0%	136.4	100.0%	387,470	100.0%

(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) 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.

As reflected in the table below, from Fiscal Year 2021 through Fiscal Year 2025, residential water rates have increased by an average of approximately 6.25% per Fiscal Year. The District's most recent enacted 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.

At a public hearing scheduled for June 10, 2025, the Board will consider for adoption proposed system-wide average rate increases of 6.50% and 6.50% for Fiscal Years 2026 and 2027, respectively. In Fiscal Year 2025, the District completed an updated cost of service study as a result of which certain adjustments were made to the various components of the District's water rates. Bills for individual customers may increase or decrease (and the magnitude of such increase or decrease will vary) depending on meter size, volume of water use and elevation zone location as a result of adjustments made in the District's rate structure reflecting the results of the updated costs of service study.

Table 10 sets forth the average residential and overall average rate increases enacted by the District for the five Fiscal Years 2021 through 2025, and the proposed overall average rate increases for Fiscal Years 2026 and 2027, which are expected to be considered for adoption by the Board on June 10, 2025, along with the District's proposed biennial budget for Fiscal Years 2026 and 2027. No assurance can be given that the proposed rate increases for Fiscal Years 2026 and 2027 will be approved at the proposed levels.

Table 10
WATER RATE INCREASES

Fiscal Year	***Average Residential Rate Increase***	***Overall Average Rate Increase***[1]
2021	6.24%	6.25%
2022	3.99	4.00
2023[2]	4.03[2]	4.00[2]
2024	8.49	8.50
2025	8.46	8.50
Proposed 2026[3]	--[4]	6.50[5]
Proposed 2027[3]	--[4]	6.50[5]

(1) Overall average rate increase includes water rates for all customer classes (including residential) and water rate components (including meter, volume, elevation charges, non potable (recycled) water and private fire service).
(2) Excludes drought surcharge that was implemented during the period of July 1, 2022 through February 28, 2023.
(3) A public hearing on the proposed water rates for Fiscal Years 2026 and 2027 is scheduled for June 10, 2025 at which time the Board will consider for adoption the proposed Fiscal Year 2026 and 2027 water rate changes. If adopted, the proposed rate changes for Fiscal Year 2026 will be effective on bills issued on or after July 1, 2025 and the proposed rate changes for Fiscal Year 2027 will be effective on bills issued on or after July 1, 2026.
(4) Average residential rate increase is not comparable to the calculation for prior years. The proposed water rates for Fiscal Years 2026 and 2027 reflect certain cost of service adjustments based upon the District's updated cost of service study and include a decrease in the service charge based on meter size and an increase in the volumetric charge for water delivered. See Table 11 below. In addition, water consumption levels of the District's residential customers have declined in recent years. Typical (median) water usage of a single-family residential customer in the District has been established to be approximately 5 Ccf per month in connection with the District's updated cost of service study. In prior years, the average residential rate increase was calculated based upon estimated water usage of approximately 8 Ccfs per month for a typical residential account.
(5) As a result of adjustments to individual components of the water rates made in connection with the implementation of the results of the District's updated cost of service study, bills for individual customers may increase or decrease (and the magnitude of such increase or decrease will vary) depending on meter size, volume of water use and elevation zone location. The proposed water rates for Fiscal Years 2026 and 2027 are designed to reflect proportional recovery of cost of service for each parcel served and produce an increase an overall increase in revenues received from water rates of approximately 6.50% in each of such Fiscal Years.
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 volumetric charge for water delivered. Single-family residential customers are billed on a three-tier inclining block rate structure. There are no tiers in the volumetric rate billed to multi-family residential and all other customer accounts.

Table 11 shows the rate schedule effective July 1, 2024 for Fiscal Year 2025 as approved by the Board on June 13, 2023, and the proposed rate schedule for Fiscal Year 2026 which, if approved by the Board, will be effective July 1, 2025. As noted above, the Board will consider for adoption the proposed water service rates and charges for Fiscal Years 2026 and 2027 on June 10, 2025. If adopted, the proposed water rates for Fiscal Years 2026 will become effective on July 1, 2025. See also Table 21 under "– Projected Operating Results" for a description of projected future rate increases.

Table 11
WATER SYSTEM RATES AND CHARGES

Service Charge

	Effective July 1, 2024	*Proposed July 1, 2025*
Meter Size	***Per Month***	***Per Month***
5/8-inch and ¾-inch	$ 35.48	$26.85
1-inch	53.60	40.94
1 ½-inch	98.91	76.14
2-inch	153.23	118.37
Over 2-inch	Various	Various

Charge for Water Delivered

	Effective July 1, 2024	*Proposed July 1, 2025*
Rate Class	***Per Hundred Cubic Feet (Ccf)***	***Per Hundred Cubic Feet (Ccf)***
Basic Rate – Single Family[(1)]	$5.41	$7.89
Basic Rate – Multi Family	7.65	8.31
Basic Rate – Other	7.62	8.52
Elevation Surcharges[(2)] ($/unit)		
Elevation Zone 2	1.10	1.25
Elevation Zone 3	2.27	2.67

(1) Applies to first 172 gallons per day (7 Ccf) for single-family residential customers. In Fiscal Year 2025, additional consumption by residential customers is 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 Fiscal Year 2025, for a typical residential account consuming 500 cubic feet (5 Ccf or 3,740 gallons) per month (the median single family residential water usage level in the District's service area), the water usage charge for 5 Ccf at the first tier rate of $5.41 per Ccf would be $27.05 and the monthly service charge would be $35.48, resulting in a total monthly bill of $62.53. Under the proposed rates for Fiscal Year 2026, additional consumption by residential customers is billed at $9.15 per Ccf for consumption between 173 and 393 gallons per day (16 Ccf), and $10.79 for all water used in excess of 393 gallons per day. For a typical household using 5 Ccf in Fiscal Year 2026, the water usage charge for 5 Ccf at the first tier rate of $7.89 per Ccf would be $39.45 and the monthly service charge would be $26.85, resulting in a total monthly bill of $66.30.

(2) The water elevation surcharge provides for the increased power and facility costs needed to pump water to higher elevations.

Source: The District.

Litigation challenging the District's tiered water rates for single-family residential customers was filed in 2021. 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 remained. In January 2024 the court granted the District's motion for judgment on the pleadings, dismissing the complaint as moot because the District had adopted new rates since the complaint was filed. The plaintiff has appealed. For a discussion of such litigation and the status thereof, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND FEES AND CHARGES – Proposition 218 – *Article XIIID*" 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. The drought surcharges are designed to recover costs of providing supplemental water, the loss of revenue due to decreased water sales, and other drought-related costs. The surcharges do not apply to non-potable water. The District's drought surcharge was last in effect during a portion of Fiscal Year 2023.

The District's proposed rates and charges for Fiscal Years 2026 and 2027 include a staged system of drought surcharges, which are expected to be considered for adoption by the Board on June 10, 2025, along with the District's proposed biennial budget for Fiscal Years 2026 and 2027. The staged system of drought surcharges proposed for Fiscal Years 2026 and 2027 reflect certain changes to the maximum applicable drought surcharge percentage that may be applied at each drought stage, consistent with the District's recent updated cost of service study. Prior to assessing a drought surcharge, the District will adopt a drought budget that reflects then current estimated drought-related costs. Any drought surcharge assessed will reflect the updated drought budget and will not exceed the maximum applicable drought surcharge percentage for the declared drought stage.

Drought stages are based on the District's 2020 Water Shortage Contingency Plan which was most recently adopted by the District's Board as a component of the UWMP 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 proposed rate schedules for Fiscal Years 2026 and 2027 are summarized below. Any drought surcharge assessed may be less than the maximum indicated below for the applicable drought stage, depending on the costs of the drought.

Drought Management Program (DMP) Guidelines				**Maximum Applicable Drought Surcharge Percentage**
Total System Storage (000s Acre-Feet) Projected for September 30	***Drought Stage***	***CVP (Supplemental Water Purchases)***	***Customer Demand Reduction***	***Applied to all potable water flow charges***
>475	Stage 0 Normal	N/A	Wise Water Use	N/A
475-425	Stage 1 Moderate	Yes	Voluntary 0-10%	5%
425-390	Stage 2 Significant	Yes	Mandatory 10-15%	10%
390-325	Stage 3 Severe	Yes	Mandatory 15%	20%
<325	Stage 4 Critical	Yes	Mandatory ≥ 15%	30%

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 500 cubic feet of water (3,740 gallons) per month. Charges are for the minimum cost zone or area served by the agency based on rates to be effective (or proposed) as of July 1, 2025, except as noted. The water service charges for the District in the table below reflect the proposed water rates for Fiscal Year 2026, which are to be considered for adoption by the Board on June 10, 2025. No assurance can be given that the proposed rates will be approved by the Board at the proposed levels.

Table 12
COMPARATIVE ANNUAL RESIDENTIAL WATER CHARGES
For 5 Ccf/Month and 5/8" Meter
Rates to be Effective as of July 1, 2025[(1)(2)]

Water Supplier	***Average Annual Household Water Service Charge[(3)]***
Marin Municipal Water District	$1,179
City San Jose	1,107
City and County of San Francisco	919
City Livermore	886
Palo Alto[(4)]	803
EBMUD[(5)]	**796**
North Marin Water District[(4)]	771
Contra Costa Water District	737
Alameda County Water District[(6)]	708
Dublin San Ramon Services District	696
City of Hayward	687
City of Los Altos	633
City of Pleasanton	513

(1) Unless otherwise noted, the table reflects charges based on rates applicable as of the indicated date 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 5 Ccf/month usage, which represents the typical (median) for the District. Average or typical single-family residential water use at the other agencies may be lower or higher than 5 Ccf/month.
(4) Rate effective as of July 1, 2024, proposed rates as of July 1, 2025 not available.
(5) Reflects the District's proposed rates for Fiscal Year 2026.
(6) Proposed rate to be effective as of July 1, 2025, if adopted.
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. If an overdue water account is not paid after appropriate customer notification, a lien may be placed on the property or water service may be restricted.

The District considers its historical 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. In light of the temporary suspension of discontinuance of service for non-payment implemented as part of the COVID-19 response, the District has experienced an increase in past due accounts and payment delinquencies in recent years. See "– *COVID-19 Effects*" below.

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

Fiscal Year Ended June 30	***Uncollectible Revenues***	***Percent of Gross Billings***
2020	$ 972,993	0.17%
2021	763,100	0.13
2022	1,131,434	0.18
2023	2,020,694	0.32
2024	2,808,260	0.42

(1) The increase in uncollectible revenues beginning in Fiscal Year 2023 reflects the resumption of discontinuance of service for nonpayment 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 discontinuation of service for non-payment was ended and the District resumed service discontinuation for non-payment of commercial customers in the Fall of 2022. For the District's single-family residential accounts, the suspension of discontinuation of service due to non-payment remained in effect through September 2024. In October 2024, the District implemented the Residential Non-Payment Policy which 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.

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 had 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." The Extended CWWAPP extended the COVID-19 relief period for water and wastewater accounts that had fallen behind to December 31, 2022 and included both residential and commercial customers. The District was allocated approximately $12.1 million in funding for Water System arrearages that qualified for the Extended CWWAPP. 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. Benefit payments to eligible customers were provided under LIHWAP through March 2024. The District received approximately $3.2 million in benefits payments through the LIHWAP that were applied as bill credits to customer accounts for water and wastewater amounts due.

During the period of suspension of discontinuation of service for nonpayment, 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 2024, the number of accounts delinquent for more than 100 days for water and/or wastewater charges increased from 1% of customers to approximately 3.7% of customers. As of December 31, 2024, the number of accounts delinquent for more than 100 days for water and/or wastewater charges decreased to approximately 2.4% of customers. The aggregate amount of water and wastewater charges past due for more than 100 days was approximately $14.7 million as of December 31, 2024 (representing approximately 1.9% of total receivables as of such date).

At the beginning of Fiscal Year 2025, the District initiated a plan to implement the collection process, which included analyzing arrearage data, preparing notifications, engaging its Public Affairs department, and making necessary system changes for the October 1, 2024 launch of the District's Residential Non-Payment Policy. The District identified accounts with balances over $2,000 (with a total arrearage of $8.5 million for water and wastewater in the aggregate) and mailed out postcards to approximately 2,670 customers. These customers were mailed a postcard in multiple languages, informing them their bill was past due and urging them to contact the District to make arrangements. The postcard also included information about available assistance programs. A follow-up written notice with the intent to install a flow restrictor is then mailed to non-responsive customers in batches of 500. If no payment or payment plan is arranged, an urgent service interruption notice will be mailed seven days before installation of a flow restrictor, and a door hanger will be left at the property until the flow restrictor is installed. As of December 31, 2024, the District recovered approximately $1.13 million in arrearages from these accounts, representing a 269% improvement over accounts without intervention. Additionally, the District observed a 31.4% increase in payment plans established for this group since the program's inception in October 2024.

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 2024, SCCs collected totaled $25.9 million (the "buy-in" portion of $22.4 million and the "future water supply" portion of $3.5 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 5.7% to 6.3% 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 XIIIA 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.

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Table 14
TAXABLE PROPERTY WITHIN THE WATER SYSTEM
Assessed Valuation and Tax Collection Record

	Fiscal Year Ending June 30				
	2020	***2021***	***2022***	***2023***	***2024***
Assessed Valuation for Taxation Purposes[1][2]					
Alameda County	$145,333,769,595	$156,691,168,950	$164,626,360,893	$178,508,161,177	$190,905,846,140
Contra Costa County	120,648,243,577	126,401,657,570	130,466,419,058	140,097,656,051	148,384,167,083
Total	$265,982,013,172	$283,092,826,520	$295,092,779,951	$318,605,817,228	$339,290,013,223
District Tax Receipts[3]					
Alameda County	$21,733,964	$23,676,751	$25,213,337	$27,604,797	$29,539,437
Contra Costa County	18,603,287	16,901,006	20,285,944	19,153,574	23,284,694
Total	$40,337,251	$40,577,757	$45,499,281	$46,758,370	$52,824,131
Delinquent June 30[4]					
Amount	$277,522	$289,340	$332,496	$366,088	$421,997
Percent	0.69%	0.71%	0.73%	0.78%	0.80%

(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 XIIIA 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.

From time to time, legislation has been 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, 2024, aggregated a total assessed valuation of approximately $339.3 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 an average of approximately 125 million kilowatt hours of electricity annually. Presently, 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). See "THE WATER SYSTEM – Water Facilities – *Pardee and Camanche Hydropower Plants*." Separately, the District sells resource adequacy (capacity) ("RA") from the hydroelectric facilities to energy service providers and energy marketers. This sale of capacity is expected to result in up to $5.3 million of additional revenue in Fiscal Year 2025. 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 2024 totaled $14.8 million, reflecting lower run-off and electricity generation than the prior year, lower market prices for energy, and recent increases in market prices for RECs and RA. In its biennial budget for Fiscal Years 2024 and 2025, the District budgeted $8.0 million annually in hydropower revenue based upon an assumed moderately dry year of precipitation. As of November 1, 2024, projected hydropower revenue for Fiscal Year 2025 is estimated to be approximately $12.4 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 2024, these earned contributions on construction totaled $43.1 million. Grants and other reimbursements are received for specific projects. In Fiscal Year 2024, the District collected approximately $3.9 million in grants and other reimbursements for the Water System.

In the District's biennial budget for Fiscal Years 2024 and 2025, earned contributions on construction, grants, and other reimbursements are budgeted at $31.1 million for Fiscal Year 2025. 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 March 1, 2025. 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 March 1, 2025 (prior to the Series 2025A Bonds), the District has $223,175,000 of remaining 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 $653,000,000 of Water System revenue bonds, to be issued from time to time in one or more series. In addition, the District has $970,000,000 of authorized but unissued Water System revenue bonds under Resolution No. 35416-24 adopted on August 27, 2024, pursuant to which the Board declared its intention to authorize the issuance of an additional $970,000,000 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 each of Resolution No. 34031-15 and Resolution No. 35416-24, expired without challenge). The District may, from time to time, 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 2025 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, 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 $716,728,000 as of June 30, 2024. 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.

Table 15
OUTSTANDING WATER SYSTEM DEBT
(as of March 1, 2025)

Issue	*Date of Issue*	*Last Maturity*	*Amount Issued*	*Outstanding March 1, 2025*
Water System Revenue Bonds:				
Revenue Bonds, Series 2010B (Build America Bonds)	02/23/10	06/01/40	$ 400,000,000	$ 400,000,000
Revenue Refunding Bonds, Series 2014B	06/11/14	06/01/30	242,730,000	98,030,000
Revenue Refunding Bonds, Series 2015A[4]	03/03/15	06/01/37	429,360,000	391,455,000
Revenue Bonds, Series 2015B (Green Bonds)[4]	06/17/15	06/01/45	74,335,000	70,065,000
Revenue Bonds, Series 2015C[4]	06/17/15	06/01/45	110,715,000	108,215,000
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	148,510,000
Revenue Bonds, Series 2022A (Green Bonds)	06/21/22	06/01/52	133,950,000	133,645,000
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	94,915,000
Revenue Bonds, Series 2024A (Green Bonds)	03/05/24	06/01/54	245,285,000	245,285,000
Revenue Refunding Bonds, Series 2024B	03/05/24	06/01/44	180,715,000	180,715,000
Total Water System Revenue Bonds			$2,649,885,000	$2,424,265,000
Parity Debt:				
State Water Resources Control Board Loan (East Bayshore Recycled Water Project)	05/22/08[1]	04/01/28	20,100,000[2]	4,752,463
State Water Resources Control Board Loan (South Reservoir Replacement)	12/14/17[1]	07/01/48	13,998,165[2]	11,925,514
State Water Resources Control Board Loan (MacArthur Davenport Pipeline Replacement Project)	04/18/18[1]	07/01/49	12,044,901[2]	10,337,572
Total Parity State Loans			$ 46,143,066	$ 27,015,549
Subordinate Debt:				
Commercial Paper Notes (Water Series)	Various	Various	261,000,000[3]	261,000,000
Total Debt			$2,957,028,066	$2,712,280,549

(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 part in connection with the issuance of the Series 2025 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 March 1, 2025, 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 payable pursuant to such State Loan. 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 (subject to the procurement of a liquidity facility or facilities for such Wastewater System commercial paper notes as described below) 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 March 1, 2025, the District had outstanding $261,000,000 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, 2023 and 2024, the District paid down outstanding Water System CP Notes in the principal amount of $24.0 million, $23.0 million, $17.8 million, $14.0 million, and $20.0 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 Adjusted Net 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 $131,000,000 may be advanced to the District to pay the principal of maturing Water System CP Notes, which expires on May 4, 2029, and (ii) a revolving credit agreement with Bank of America, N.A, under which up to $130,000,000 may be advanced to the District to pay the principal of maturing Water System CP Notes, which expires on June 28, 2028. 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 Adjusted Net 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]

Fiscal Year Ending June 30	*Outstanding Water System Revenue Bonds[2]*			*Series 2025 Bonds*			*State Parity Loans[4]*	*Total Bonds and Parity Debt*	*Subordinate Water System CP Notes[5]*	*Total Debt Service[6]*
	Principal	*Interest[3]*	*Total*	*Principal*	*Interest*	*Total*				
2025	$ 83,290,000	$ 120,440,050	$ 203,730,050	--	--	--	$ 2,395,700	$ 206,125,750	$ 10,440,000	$ 216,565,750
2026	55,675,000	93,672,300	149,347,300	$ 28,770,000	$ 38,563,500	$ 67,333,500	2,395,700	219,076,500	9,135,000	228,211,500
2027	44,880,000	90,896,550	135,776,550	42,985,000	35,484,000	78,469,000	2,395,700	216,641,250	9,135,000	225,776,250
2028	56,120,000	88,702,550	144,822,550	36,085,000	33,334,750	69,419,750	2,395,700	216,638,000	9,135,000	225,773,000
2029	60,195,000	85,896,550	146,091,550	37,880,000	31,530,500	69,410,500	1,135,452	216,637,502	9,135,000	225,772,502
2030	73,200,000	82,886,800	156,086,800	29,780,000	29,636,500	59,416,500	1,135,452	216,638,752	9,135,000	225,773,752
2031	77,545,000	79,226,800	156,771,800	30,590,000	28,147,500	58,737,500	1,135,452	216,644,752	9,135,000	225,779,752
2032	81,425,000	75,349,550	156,774,550	32,115,000	26,618,000	58,733,000	1,135,452	216,643,002	9,135,000	225,778,002
2033	86,605,000	71,278,300	157,883,300	32,610,000	25,012,250	57,622,250	1,135,452	216,641,002	9,135,000	225,776,002
2034	90,930,000	66,948,050	157,878,050	34,240,000	23,381,750	57,621,750	1,135,452	216,635,252	9,135,000	225,770,252
2035	95,505,000	62,401,550	157,906,550	35,930,000	21,669,750	57,599,750	1,135,452	216,641,752	9,135,000	225,776,752
2036	106,920,000	57,626,300	164,546,300	33,930,000	19,873,250	53,803,250	1,135,452	219,485,002	9,135,000	228,620,002
2037	112,525,000	51,998,895	164,523,895	35,645,000	18,176,750	53,821,750	1,135,452	219,481,097	9,135,000	228,616,097
2038	149,245,000	45,866,086	195,111,086	6,840,000	16,394,500	23,234,500	1,135,452	219,481,038	9,135,000	228,616,038
2039	147,115,000	37,368,451	184,483,451	7,210,000	16,052,500	23,262,500	1,135,452	208,881,403	9,135,000	218,016,403
2040	78,395,000	28,805,270	107,200,270	18,570,000	15,692,000	34,262,000	1,135,452	142,597,722	9,135,000	151,732,722
2041	59,635,000	24,575,600	84,210,600	19,985,000	14,763,500	34,748,500	1,135,452	120,094,552	9,135,000	129,229,552
2042	62,620,000	21,593,850	84,213,850	20,975,000	13,764,250	34,739,250	1,135,452	120,088,552	9,135,000	129,223,552
2043	65,760,000	18,462,850	84,222,850	22,030,000	12,715,500	34,745,500	1,135,452	120,103,802	9,135,000	129,238,802
2044	68,965,000	15,254,950	84,219,950	23,130,000	11,614,000	34,744,000	1,135,452	120,099,402	9,135,000	129,234,402
2045	47,995,000	11,890,000	59,885,000	24,290,000	10,457,500	34,747,500	1,135,452	95,767,952	9,135,000	104,902,952
2046	22,810,000	9,576,850	32,386,850	14,695,000	9,243,000	23,938,000	1,135,452	57,460,302	9,135,000	66,595,302
2047	23,950,000	8,436,350	32,386,350	15,430,000	8,508,250	23,938,250	1,135,452	57,460,052	9,135,000	66,595,052
2048	25,155,000	7,238,850	32,393,850	16,205,000	7,736,750	23,941,750	1,135,452	57,471,052	9,135,000	66,606,052
2049	26,410,000	5,979,188	32,389,188	17,015,000	6,926,500	23,941,500	823,643	57,154,331	9,135,000	66,289,331
2050	17,190,000	4,656,675	21,846,675	17,865,000	6,075,750	23,940,750	258,829	46,046,254	9,135,000	55,181,254
2051	18,055,000	3,795,063	21,850,063	18,760,000	5,182,500	23,942,500	--	45,792,563	9,135,000	54,927,563
2052	18,960,000	2,890,088	21,850,088	19,695,000	4,244,500	23,939,500	--	45,789,588	9,135,000	54,924,588
2053	18,925,000	1,939,750	20,864,750	20,680,000	3,259,750	23,939,750	--	44,804,500	9,135,000	53,939,500
2054	19,870,000	993,500	20,863,500	21,715,000	2,225,750	23,940,750	--	44,804,250	9,135,000	53,939,250
2055	--	--	--	22,800,000	1,140,000	23,940,000	--	23,940,000	9,135,000	33,075,000
Total[6]	$1,895,870,000	$1,276,647,616	$3,172,517,616	$738,450,000	$497,425,000	$1,235,875,000	$33,374,312	$4,441,766,928	$284,490,000	$4,726,256,928

(1) Debt service is calculated on a cash basis.
(2) Excludes 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 2025 BONDS – Outstanding Water System Revenue Obligations–*Parity State Loans*" in the front part of this Official Statement.
(5) Assumes $261,000,000 principal amount outstanding at assumed interest rate of 4.00% for Fiscal Year 2025 and 3.50% 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 2025 BONDS – Rate Covenant" in the front part of this Official Statement.

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 (which reserve amount was approximately $99.4 million as of June 30, 2024);
- 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 $9.1 million as of June 30, 2024);
- 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 $7.4 million as of June 30, 2024); 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 2025 BONDS – Pledge of Adjusted Net Water Revenues" in the front part of this Official Statement)).

The aggregate reserves maintained by the District for these four formal reserves for the Water System as of June 30, 2024 was approximately $266.0 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 in the past 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, 2024, 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, 2024)
(Thousands)

Cash and investments included in current and unrestricted assets	$425,198
Cash and investments included in restricted assets	27,053
Total cash and investments	$452,251

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, 2024 AND 2023." 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, 2024 AND 2023."

Audited Financial Statements

A copy of the Basic Financial Statements of the District for the Years ended June 30, 2024 and 2023, 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* are included as Appendix B to this Official Statement, and should be read in their entirety.

Historical Operating Results

The summary of operating results for Fiscal Years 2020 through 2024 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 2020 through 2024

	2020	*2021*	*2022*	*2023*	*2024*
WATER REVENUES[(2)]:					
Water Sales[(3)]	$567,393,958	$620,470,633	$633,840,416	$623,928,774	$667,215,269
Power Revenue	6,307,502	4,573,453	7,231,908	20,403,204	14,824,073
Interest	12,254,262	2,087,045	2,324,196	13,637,721	18,205,905
SCC Revenue[(4)]	53,307,284	50,378,065	39,689,401	40,760,196	25,908,538
Seismic Rate Surcharge[(5)]	42	(13)	0	0	0
Other Revenues[(6)]	14,361,981	16,205,518	8,938,022	13,587,210	11,357,389
TOTAL WATER REVENUES	$653,625,029	$693,714,701	$692,023,943	$712,317,105	$737,511,174
RATE STABILIZATION FUND TRANSFERS:					
Deposits to the Rate Stabilization Fund	$ 0	$(55,000,000)	$ 0	$ 0	$ 0
Withdrawals from Rate Stabilization Fund for Inclusion in revenues	0	0	0	0	0
WATER REVENUES AFTER RATE STABILIZATION TRANSFER	$653,625,029	$638,714,701	$692,023,943	$712,317,105	$737,511,174
WATER OPERATION & MAINTENANCE COSTS[(7)]:					
Operating Expenses	$264,262,808	$270,759,257	$311,831,895	$331,655,684	$333,419,171
(Less Tax Receipts)[(8)]	(40,337,251)	(40,577,757)	(45,499,281)	(46,758,370)	(52,824,131)
TOTAL WATER OPERATION & MAINTENANCE COSTS	$223,925,557	$230,181,500	$266,332,614	$284,897,314	$280,595,040
NET WATER REVENUES	$429,699,472	$408,533,201	$425,691,329	$427,419,791	$456,916,134
PARITY DEBT SERVICE:					
Water System Revenue Bonds[(9)]	$186,586,103	$186,122,162	$178,501,948	$187,236,158	$192,384,654
Parity State Loans	2,017,889	2,870,695[(10)]	2,395,700	2,395,700	2,395,700
TOTAL PARITY DEBT SERVICE	$188,603,992	$188,992,857	$180,897,648	$189,631,858	$194,780,353
PARITY DEBT SERVICE COVERAGE	**2.28**	**2.16**	**2.35**	**2.25**	**2.35**
SUBORDINATE WATER SYSTEM DEBT SERVICE[(11)]	$ 5,421,978	$ 1,623,661	$ 1,517,099	$ 6,980,859	$ 10,022,325
TOTAL PARITY AND SUBORDINATE DEBT SERVICE	$194,025,970	$190,616,518	$182,414,747	$196,612,717	$204,802,678
TOTAL PARITY AND SUBORDINATE DEBT SERVICE COVERAGE	2.21	2.14	2.33	2.17	2.23

(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 147.8 MGD in Fiscal Year 2020, 152.7 MGD in Fiscal Year 2021, 144.7 MGD in Fiscal Year 2022, 133.7 MGD in Fiscal Year 2023, and 136.4 MGD in Fiscal Year 2024.

(Footnotes to Table 20 continue on the following page.)

(Footnotes to Table 20 continued from the previous page)

(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 Year 2020 and a small refund was made in 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, 2023 and 2024, the District paid down outstanding commercial paper notes in the principal amount of $24.0 million, $23.0 million, $17.8 million, $14.0 million, and $20.0 million, respectively.

Source: The District.

District Management's Discussion of Fiscal Year 2024 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, 2020 through June 30, 2024, recent fiscal years have been characterized by annual rate increases leading to stable debt service coverage, including years when consumption declined. Water sales revenue increased by $43.3 million, or 6.9%, in Fiscal Year 2024 due to a 2.0% increase in billed water consumption and an 8.50% increase in water rates. Power revenues decreased $5.6 million in Fiscal Year 2024 due to lower wholesale energy prices and sales. System Capacity Charge revenue decreased $14.9 million in Fiscal Year 2024 due to a decline in development within the water service area. Property tax receipts increased in Fiscal Year 2024, growing $6.1 million, or 13.0%, year-over-year.

Operating expenses increased by $1.8 million, or 0.5% in Fiscal Year 2024 due in part to an increases in general administration expenses, partially offset by lower raw water costs.

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 $150.0 million as of June 30, 2024.

Parity lien debt service coverage in Fiscal Year 2024 was approximately 2.35 times, above the District's policy target of 1.6 times. This is an increase from the prior Fiscal Year's coverage level of 2.25 times. The coverage reflects increased water consumption, rate increases, increased property tax revenue, and higher interest earnings, offset in part by decreased power revenues, decreased System Capacity Charges, and higher parity debt service. Overall debt service coverage was 2.23 times in Fiscal Year 2024, up from 2.17

times in Fiscal Year 2023. In each of the last five Fiscal Years, parity lien debt service coverage has been above 2.00 times.

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, 2024 AND 2023."

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 Projected Operating Results for Fiscal Year 2025" and "– Discussion of Budget Projections for Fiscal Years 2026 through 2030" 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. Dollar amounts are rounded.

Table 21 sets forth the projected operating results and calculation of the debt service coverage ratios for the Water System for the current and next five Fiscal Years. Projected results for Fiscal Year 2025 were originally developed in connection with the District's semi-annual budget performance review and its biennial budget for 2026 and 2027. Projected results for Fiscal Year 2026 through Fiscal Year 2030 were developed in connection with the District's proposed biennial budget for Fiscal Years 2026 and 2027. The proposed budget has not yet been approved by the Board. The District's proposed biennial budget and rate increases for Fiscal Years 2026 and 2027 were presented to the Board on March 25, 2025 and are scheduled for consideration for adoption by the Board on June 10, 2025. 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 2020-2022 drought in California, modest growth in the service area, and the expectations for the future economic environment at that time. See also "– Discussion of Projected Operating Results for Fiscal Year 2025" and "– Discussion of Budget Projections for Fiscal Years 2026 through 2030" below.

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 proposed overall rate increase of 6.50% and 6.50% for Fiscal Years 2026 and 2027, respectively. Annual rate increases of 6.50%, 6.50% and 5.00% are assumed for Fiscal Years 2028, 2029 and 2030, respectively. Any such rate increases will be subject to 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 forecast period to fund the District's CIP, which is largely comprised of infrastructure renewal and replacement projects. See "THE WATER SYSTEM – Capital Improvement Program."

The District's proposed biennial budget for Fiscal Years 2026 and 2027 includes a new budget forecast of projected operating results covering the five Fiscal Years 2026 through 2030. The proposed biennial budget for Fiscal Years 2026 and 2027 was presented to the Board on March 25, 2025, and is scheduled for consideration for adoption by the Board on June 10, 2025. No assurance can be given that the proposed biennial budget for Fiscal Years 2026 and 2027 will be adopted in its current form.

Table 21
WATER SYSTEM
Projected Operating Results and Debt Service Coverage (Millions)[(1)]
Fiscal Years 2025 through 2030

		Proposed FY 2026 and 2027 Budget Five-Year Financial Forecast[(3)]				
	2025[(2)]	*2026*	*2027*	*2028*	*2029*	*2030*
WATER REVENUES[(4)]:						
Water Sales[(5)]	$747.3	$798.9	$854.0	$913.0	$975.9	$1,028.6
Power Revenue	11.5	10.0	10.0	10.3	10.6	10.8
Interest Earnings[(6)]	16.7	12.4	11.5	9.6	7.4	7.7
SCC Revenue[(7)]	27.5	20.0	20.0	20.6	21.1	21.7
Other Revenue	10.9	8.3	8.6	8.8	9.0	9.2
TOTAL WATER REVENUES	$813.9	$849.7	$904.1	$962.2	$1,024.1	$1,078.1
RATE STABILIZATION FUND TRANSFERS:						
Deposits to the Rate Stabilization Fund	0.0	0.0	0.0	0.0	0.0	0.0
Withdrawals from Rate Stabilization Fund for Inclusion in revenues	0.0	0.0	0.0	0.0	0.0	0.0
WATER REVENUES AFTER RATE STABILIZATION TRANSFER	$813.9	$849.7	$904.1	$962.2	$1,024.1	$1,078.1
WATER OPERATION & MAINTENANCE COSTS:						
Operating Expense[(8)]	$382.2	$438.6	$459.8	$476.0	$492.8	$510.2
(Less Tax Receipts)[(9)]	(53.9)	(55.0)	(56.1)	(57.2)	(58.3)	(59.5)
TOTAL WATER OPERATION & MAINTENANCE COSTS	$328.4	$383.6	$403.7	$418.8	$434.5	$450.7
NET WATER REVENUES	$485.5	$466.1	$500.3	$543.3	$589.6	$627.4
PARITY DEBT SERVICE:						
Water System Revenue Bonds[(10)]	$215.9	$239.0	$259.5	$277.4	$292.7	$305.7
Parity State Loans	2.4	2.4	2.4	2.4	1.1	1.1
TOTAL PARITY DEBT SERVICE	$218.3	$241.4	$261.9	$279.8	$293.8	$306.8
PARITY DEBT SERVICE COVERAGE	**2.22**	**1.93**	**1.91**	**1.94**	**2.01**	**2.04**
SUBORDINATE WATER SYSTEM CP NOTES DEBT SERVICE[(11)]	$ 8.7	$ 8.0	$ 7.7	$ 7.3	$ 7.0	$ 6.7
TOTAL PARITY AND SUBORDINATE DEBT SERVICE	$226.9	$249.4	$269.6	$287.2	$300.8	$313.5
PARITY AND SUBORDINATE DEBT SERVICE COVERAGE	2.14	1.87	1.86	1.89	1.96	2.00

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(1) Totals may not add due to rounding.

(2) Fiscal Year 2025 projected results are based on the District's projected fiscal year-end results prepared as part of the proposed biennial budget for Fiscal Years 2026 and 2027, which was presented to the Board on March 25, 2025, and is scheduled for consideration for adoption by the Board on June 10, 2025. For a discussion of expected operating results for Fiscal Year 2025 based upon performance to date, see "– Discussion of Projected Operating Results for Fiscal Year 2025" below.

(3) Fiscal Years 2026 through 2030 projected results as derived from the first five years of the District's Ten-Year Financial Forecast prepared in connection with the proposed biennial budget for Fiscal Years 2026 and 2027. No assurance can be given that the proposed biennial budget for Fiscal Years 2026 and 2027 will be adopted by the Board in its current form. 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.

(Footnotes to Table 21 continue on the following page.)

(Footnotes to Table 21 continued from the prior page.)

(4) 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."

(5) Assumes projected average daily billed consumption of 143.2 MGD in Fiscal Year 2025. For the Five-Year Financial Forecast assumed average daily billed consumption is 143.9 MGD in Fiscal Year 2026, 144.6 MGD in Fiscal Year 2027, 145.3 MGD in Fiscal Year 2028, 146.1 MGD in Fiscal Year 2029, and 146.8 MGD in Fiscal Year 2030. See also "– Rates and Charges" above. Reflects adopted average annual rate increase (excluding drought surcharges) of 8.50% in Fiscal Year 2025. Assumes average annual rate increases (excluding any drought surcharges) of 6.50% in Fiscal Year 2026, 6.50% in Fiscal Year 2027, 6.50% in Fiscal Year 2028, 6.50% in Fiscal Year 2029, and 5.00% in Fiscal Year 2030. Any such assumed rate increases will be subject to Board approval. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND FEES AND CHARGES" in the forepart of this Official Statement.

(6) Excludes non-cash change in fair market value of investments.

(7) 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.

(8) Operating Expenses are projected to increase over the projection period due to inflationary increases, increases in salaries and benefits, and increases in costs related to the District's retirement system, among other cost pressures. 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 may be paid from the Stage 1 drought surcharge, if implemented, and/or from reserves. See "THE WATER SYSTEM – Drought Management." See also "WATER SYSTEM FINANCES – Drought Surcharges."

(9) Water Operation and Maintenance Costs exclude those expenses paid from *ad valorem* taxes.

(10) Debt service on the Series 2010B Bonds in Fiscal Year 2025 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 2026 through 2030. Assumes the issuance of approximately $275 million of Water System Revenue Bonds in Fiscal Year 2025 (the issuance of the Series 2025A Bonds provides for $275 million of proceeds to be applied for reimbursement to the District for capital expenditures made by the District), and the issuance of additional Water System Revenue Bonds of approximately $355 million in Fiscal Year 2026, $345 million in Fiscal Year 2027, $275 million in Fiscal Year 2028, $215 million in Fiscal Year 2029, and $200 million in Fiscal Year 2030. 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.

(11) Assumes interest only on outstanding Water System CP Notes in addition to assumed liquidity fees. From time-to-time, the District has elected to pay down the principal amount of Water System CP Notes then outstanding. The projection reflects an assumed elective paydown by the District of $20 million in Fiscal Year 2025 and $10 million annually in each Fiscal Year thereafter. The District is not obligated to retire any Water System CP Notes and the amount the District may elect to pay down in any year may differ from the amount assumed. For the forecast period, assumes interest only at 3.0% per annum. There were $261.0 million of Water System CP Notes outstanding as of the start of Fiscal Year 2025.

Source: The District.

Discussion of Projected Operating Results for Fiscal Year 2025

Total Water System revenues for Fiscal Year 2025 are projected to be $814 million. The primary source of revenue is water sales, which are projected to be $747 million, which is 1.0% higher than the Fiscal Year 2025 budget, as amended. The higher than budgeted water sales revenue is due in part to higher projected water sales volume, which is projected to be 143.2 MGD compared to the 136.4 MGD assumed in the budget. Power revenues are projected to be $11.5 million, which is 12.7% higher than the amended budget. Interest income is projected to be $17 million in Fiscal Year 2025, which is 11.1% higher than the amended budget. SCC revenues are projected to be $27 million in Fiscal Year 2025, which is 24.1% lower than the amended budget due to lower development activity in the District. Operating expenses are projected to be about $33 million below budget due in part to a lower spending on labor. Total debt service for Fiscal Year 2025 (as calculated in accordance with the Indenture) is projected to be approximately $226.9 million. Parity debt service coverage is projected to be 2.22 times in Fiscal Year 2025 and total debt service coverage is projected to be 2.14 times.

As described, the projected operating results for Fiscal Year 2025 were originally developed in connection with the District's biennial budget for Fiscal Years 2024 and 2025, and were subsequently updated in connection with the District's semi-annual budget performance review to reflect actual results experienced through December 31, 2024 and expectations as of such date for the remainder of Fiscal Year 2025. The actual results may differ from those projected.

Discussion of Budget Projections for Fiscal Years 2026 through 2030

The projected financial results prepared by the District for Fiscal Years 2026 through 2030 as set forth in Table 21 above are based upon the District's Five-Year Financial Forecast for the period between Fiscal Years 2026 and 2030 as developed in connection with the District's proposed biennial budget for Fiscal Years 2026 and 2027. The first two years in the five-year forecast period of Fiscal Years 2026 through 2030 are based upon the District's proposed two-year budget for Fiscal Years 2026 and 2027. The proposed biennial budget for Fiscal Years 2026 and 2027 was presented to the Board on March 25, 2025. The final biennial budget for Fiscal Years 2026 and 2027 is scheduled for consideration for adoption by the Board on June 10, 2025. In conjunction with the Board's consideration for adoption of the District's proposed biennial budget, the Board will consider for adoption proposed rate increases for Fiscal Years 2026 and 2027, following a public hearing on the proposed rate increases to be held on June 10, 2025. See "– Rates and Charges" above. No assurance can be given that the proposed biennial budget for Fiscal Years 2026 and 2027 will be adopted in its current form.

The forecast for the period between Fiscal Years 2026 and 2030 is based on specified assumptions, reflected in the footnotes to Table 21 and outlined above. These assumptions do not incorporate drought-related costs or revenues, as discussed below.

Based upon the base budget assumptions reflected in the District's Five-Year Financial Forecast for Fiscal Years 2026 through 2030 outlined below, revenues are forecast to increase by an average annual rate of 6.4% annually over the period between Fiscal Years 2026 and 2030 as reflected in the budget forecasted amounts, while forecasted operating expenses are expected to grow by an average of approximately 3.9% per year and debt service increases by an average of 5.9% per year. Capital cash flow spending was projected at \$2.9 billion over the five-year period between Fiscal Years 2026 and 2030. 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 49% over that period, 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 2026, revenue bond debt service coverage is projected to be 1.93x. Debt service coverage is projected to remain relatively steady, at 1.91x, 1.94x, 2.01x, and 2.04x, in Fiscal Years 2027, 2028, 2029 and 2030, respectively. Reserve balances, including the Rate Stabilization Fund reserve, are projected to meet or exceed the policy reserve levels throughout the five-year period. Included in these reserves is the Rate Stabilization Fund reserve, which is projected to remain at \$150 million at the end of Fiscal Year 2030.

The projected five-year financial results prepared by the District for the period covering Fiscal Years 2026 through 2030 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 a 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 forecast period reflected in Table 21, water sales volume was budgeted at 143.9 MGD in Fiscal Year 2026, an increase over the prior year's budget assumptions of 143.2 MGD in Fiscal Year 2025. Water sales volume is projected to increase only modestly to

144.6 MGD, 145.3 MGD, 146.1 MGD and 146.8 MGD in Fiscal Years 2027, 2028, 2029 and 2030, respectively. The assumed overall increases to base rates and charges for Fiscal Years 2026 and 2027 are 6.5% and 6.5%, consistent with the proposed budget and Proposition 218 notice. Overall rate increases of 6.5%, 6.5% and 5.0% per annum are assumed for each of Fiscal Years 2028, 2029 and 2030, 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 projected financial results prepared by the District for the period covering Fiscal Years 2026 through 2030 as derived from the District's Five-Year Financial Forecast 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 projection 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.

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 (Fiscal Year 2025) District employees' contribution rate for 2013 Tier members (including the 0.09% contribution to the HIB) is 9.50%, which rate has been effective since July 1, 2021. The employees' contribution rate for 2013 Tier members is scheduled to increase to 10.17% (including the 0.09% contribution to the HIB), effective July 1, 2025, based on the results of the June 30, 2024 funding valuations.

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 49.02% for Fiscal Year 2025 (including a 4.43% contribution to the HIB) and has been established at 40.07% for 2013 Tier members (including a 4.27% contribution to the HIB). Based upon the June 30, 2024 funding valuation reports prepared by the actuary, for Fiscal Year 2026, the recommended District employer contribution percentage for 1955/1980 Plan members is 49.86% (including a 4.43% contribution to the HIB) and is 40.15% for 2013 Tier members (including a 4.22% contribution to the HIB). The June 30, 2024 funding valuation reports, which provide the recommended contribution rates for Fiscal Year 2026, were presented by the actuary to the Retirement Board at its January 23, 2025 meeting. The District Board adopted the recommended contribution rates at its February 25, 2025 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, 2024, collectively for the Water and Wastewater Systems, there were 1,974 active (non-retired) Plan members, 407 terminated Plan members entitled to but not yet receiving benefits (*i.e.*, inactive vested members) and 2,176 retirees and beneficiaries receiving benefits.

Table 22 sets forth the number of active (non-retired) and inactive vested members, total Retirement System assets, District and Member contributions and retirement allowances paid in the five Fiscal Years 2020 through 2024.

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, 2024[(1)]

Fiscal Year Ended June 30	*Active (Non-Retired) and Inactive Vested Members[(2)]*	*Total Retirement System Assets[(3)]*	*District Contribution[(4)]*	*Member Contributions*	*Allowances Paid From Retirement Plan[(5)]*
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
2024	2,381	2,517,031,000	117,342,000	23,877,000	159,040,000

(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 January 5, 2024, and the information needed to comply with Statements 68 and 75 was provided by the actuary in separate reports dated April 25, 2024 and April 17, 2024, respectively (for employer reporting as of June 30, 2024, based on a June 30, 2023 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, 2024 AND 2023" for additional information regarding the Net Pension Liability and the Net OPEB Liability of the District for the Retirement System.

The discussion below also includes information reflected in the GASB Statements 67 and 74 actuarial valuation reports as of June 30, 2024, prepared by Segal and dated January 14, 2025. These reports were presented to the Retirement Board at its January 23, 2025 meeting, and were adopted by the District Board at its February 25, 2025 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, 2024, there were 1,915 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, 2024. That actuarial study was presented by the actuary to, and accepted by, the Retirement Board at its January 23, 2025 meeting, and was adopted by the District Board at its February 25, 2025 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 Retirement System Ordinance*,* 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, 2024, based on the assumptions adopted by the Board resulting from the July 1, 2020 through June 30, 2024 actuarial experience study report dated November 13, 2024, are described below.

<u>*Funding Method*</u>. 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 Retirement System Ordinance. 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, 2024 and the pension plan financial reporting (*i.e.*, GASB Statement 67) valuation report as of June 30, 2024 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% for the 1955/1980 Plan and from 9.50% to 3.75% for the 2013 Tier, 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.

Table 23
RETIREMENT SYSTEM
History of Contributions
Five Fiscal Years Ended June 30, 2024
(Dollar Amounts in Thousands)

Pension Plan:

Fiscal Year Ended June 30	*Contributions as a Percentage of Covered Payroll*[1]	*Actuarially Determined Contribution*	*Actual Contribution*	*Percentage Contributed*
2020	36.10%[2]	$ 77,645	$ 77,645	100%
2021	35.73[3]	79,252	79,252	100
2022	39.07	91,393	91,393	100
2023	38.62	95,103	95,103	100
2024	39.75	105,111	105,111	100

Health Insurance Benefit:

Fiscal Year Ended June 30:	*Contributions as a Percentage of Covered Payroll*[1]	*Actuarially Determined Contribution*	*Actual Contribution*	*Percentage Contributed*
2020	5.16%[2]	$11,089	$11,089	100%
2021	5.13[3]	11,372	11,372	100
2022	4.66	10,892	10,892	100
2023	4.64	11,420	11,420	100
2024	4.63	12,231	12,231	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) 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.
(3) 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, 2024 and GASBS 74 Actuarial Valuation for the Health Insurance Benefit Plan as of June 30, 2024.

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, 2024 was $3,278,484,818 and the Actuarial Value of Assets was $2,461,214,590, resulting in an Unfunded Actuarial Accrued Liability of $817,270,228 and a funded ratio of the Plan under the Entry Age Cost Method of 75.1%. 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 2020 through 2024.

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, 2024[(1)]
(Dollar Amounts in Thousands)

Fiscal Year Ended June 30	*Actuarial Accrued Liability (AAL)*	*Actuarial Value of Assets*	*Market Value of Assets*	*Unfunded Actuarial Accrued Liability (UAAL)[(2)]*	*Funded Ratio on Actuarial Value*	*Funded Ratio on Market Value*
2020	$2,661,452[(3)]	$1,914,278	$1,857,609	$747,174	71.9%	69.8%
2021	2,728,641[(4)]	2,097,712	2,328,722	630,928	76.9	85.3
2022	2,966,722[(5)]	2,216,124	2,058,923	750,599	74.7	69.4
2023	3,126,057[(6)]	2,314,460	2,255,307	811,597	74.0	72.1
2024	3,278,485[(7)]	2,461,215	2,517,031	817,270	75.1	76.8

(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, $126,214 is attributable to the HIB liabilities.
(4) Of this amount, $123,027 is attributable to the HIB liabilities.
(5) Of this amount, $130,951 is attributable to HIB Liabilities.
(6) Of this amount, $131,627 is attributable to the HIB liabilities.
(7) Of this amount, $134,756 is attributable to the HIB liabilities.
Source: Segal Actuarial Valuation reports.

As of June 30, 2024, the market value of the combined pension and HIB plan's assets was $2,517,031,000 and the projected benefit obligation ("PBO") was $3,209,658,000, resulting in a funded ratio of the plan under the PBO basis of 78.4%. 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)

Actuarial Valuation Date June 30	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL)*	*Unfunded AAL (UAAL)*	*Funded Ratio*	*Covered Payroll*[(1)]	*UAAL as a Percentage of Covered Payroll*
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	283.2
2024	2,391,378	3,143,728	752,350	76.1	273,428	275.2

(1) Projected payroll based on valuation results.
Source: Segal Actuarial Valuation and Review of Pension Plan as of June 30, 2024.

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, 2024 (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.,* 5.58% for June 30, 2024 and 5.23% for June 30, 2023) 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 studies as of June 30, 2024 and June 30, 2023 and described above.

Table 26
POST-EMPLOYMENT HEALTH INSURANCE BENEFIT (HIB)
Schedule of Funding Progress
(Dollar Amounts in Thousands)

Actuarial Valuation Date June 30	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL)*	*Unfunded AAL (UAAL)*	*Funded Ratio*	*Covered Payroll*[(1)]	*UAAL as a Percentage of Covered Payroll*
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
2024	69,836	134,756	64,920	51.8	273,428	23.7

(1) Projected payroll based on valuation results.
Source: Segal Actuarial Valuation and Review of Health Insurance Benefits (HIB) as of June 30, 2020 through 2024.

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 (hereinafter, "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 NPL as of June 30, 2024 and June 30, 2023 is set forth in Table 27.

Table 27
PENSION PLAN
Net Pension Liability
(Dollar Amounts in Thousands)

	June 30, 2024	June 30, 2023
Total Pension Liability	$ 3,143,728	$ 2,994,429
Plan Fiduciary Net Position	(2,445,611)	(2,194,142)
Net Pension Liability	$ 698,117	$ 800,287
Plan Fiduciary Net Position as a % of the Total Pension Liability	77.79%	73.27%

Source: Segal GASBS 67 Actuarial Valuation for the Pension Plan as of June 30, 2024.

The NPL was measured as of June 30, 2024 and 2023. The Plan Fiduciary Net Position (plan assets) was valued as of the measurement date, while the TPL was determined based upon the results of the funding actuarial valuations as of June 30, 2024 and 2023, respectively. It should be noted that for GASB Statement 68 purposes, the NPL for the reporting date of June 30, 2024 is based upon results as of the June 30, 2023 measurement date and those results are not adjusted or rolled forward. Therefore, the information as of June 30, 2023 set forth above is the same as that reported in the District's audited financial statements as of June 30, 2024. See paragraph (2) of the Required Supplementary Information included in Appendix B.

The discount rate used to determine the TPL was 6.75% as of June 30, 2024 and June 30, 2023, following the same assumptions used by the Retirement System in the pension funding valuations as of June 30, 2024 and June 30, 2023. 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, 2024 and June 30, 2023 is set forth in Table 28.

Table 28
HEALTH INSURANCE BENEFIT PLAN
Net OPEB Liability
(Dollar Amounts in Thousands)

	June 30, 2024	June 30, 2023
Total OPEB Liability	$189,880	$193,546
Plan Fiduciary Net Position	(71,420)	(61,165)
Net OPEB Liability	$118,460	$132,381
Plan Fiduciary Net Position as a % of the Total OPEB Liability	37.61%	31.60%

Source: Segal GASBS 74 Actuarial Valuation for the Health Insurance Benefit Plan as of June 30, 2024.

The NOL was measured as of June 30, 2024 and 2023. The Plan 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, 2024 and 2023, 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, 2024 is based upon results as of the June 30, 2023 measurement date and those results are not adjusted or rolled forward. Therefore, the information as of June 30, 2023 set forth above is the same as that reported in the District's audited financial statements as of June 30, 2024. See paragraph (6) of the Required Supplementary Information included in Appendix B.

The discount rate used to determine the TOL and NOL was 5.58% as of June 30, 2024 and 5.23% as of June 30, 2023. It should be noted that, according to GASB, the discount rate used for financial reporting purposes as of June 30, 2024 is a blend of the assumed investment return on plan assets (*i.e.,* 6.75% for the June 30, 2024 valuation) and the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (*i.e*., 3.93% as of June 30, 2024). Projected benefit payments are discounted by the plan investment return assumption of 6.75% until June 30, 2051. Benefit payments after June 30, 2051 are then discounted by the 20-year municipal bond rate of 3.93%. The 5.58% discount rate used in the GASB Statement 74 actuarial valuation as of June 30, 2024 is the blended discount rate reflecting benefits discounted by the plan investment return assumption rate and the bond rate.

Proposed Legislation. Legislation has been introduced in the California legislature (Assembly Bill 1383 ("AB 1383")) that, as drafted, would modify certain provisions of PEPRA, specifically with respect to raising the employee compensation limits that may be applied for purposes of calculating defined pension benefits for certain retirement system members. If enacted, such a change in appliable law would be expected to increase future pension liabilities and contribution rate requirements for public retirement systems. The District is unable to predict whether AB 1383 will be enacted, or if enacted, whether AB 1383 will be enacted in its present form, and what the ultimate will be on the District's Retirement System.

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, 2024 AND 2023."

APPENDIX B

EAST BAY MUNICIPAL UTILITY DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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EAST BAY MUNICIPAL UTILITY DISTRICT

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

BASIC FINANCIAL STATEMENTS

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EAST BAY MUNICIPAL UTILITY DISTRICT

Basic Financial Statements

For the Years Ended June 30, 2024 and 2023

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EAST BAY MUNICIPAL UTILITY DISTRICT

Basic Financial Statements

For the Years Ended June 30, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
East Bay Municipal Utility District
Oakland, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the East Bay Municipal Utility District (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in its financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Standards for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Directors
East Bay Municipal Utility District
Oakland, California

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards and State Controller's Minimum Audit Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the State Controller's Minimum Audit Standards for California Special Districts, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required pension and other postemployment benefits schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors
East Bay Municipal Utility District
Oakland, California

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund financial statements and schedules ("supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Summarized Comparative Information

We have previously audited the financial statements of the District for the year ended June 30, 2023, and expressed an unmodified audit opinion on those financial statements in our report dated October 25, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024 , on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Sacramento, California
October 29, 2024

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EAST BAY MUNICIPAL UTILITIES DISTRICT

Management's Discussion and Analysis
For the Years Ended June 30, 2024 and 2023

This section presents management's analysis of the East Bay Municipal Utility District's (the District) financial condition and activities as of and for the year ended June 30, 2024. Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the District's basic financial statements.

This information should be read in conjunction with the audited financial statements that follow this section. The District, as the primary governmental entity, includes within the financial statements, the financial position, and activities of the District's Employees' Retirement System (Employees' Retirement System) as a component unit. The Employees' Retirement System issues its own financial statements and MD&A under a separate cover. Significant matters pertaining to the Employees' Retirement System have been included in the notes to the financial statements as deemed appropriate.

The information in this MD&A is presented under the following headings:

- Organization and Business
- Overview of the Basic Financial Statements
- Financial Analysis
- Capital Assets
- Debt Administration
- Request for Information

ORGANIZATION AND BUSINESS

The District provides water and wastewater services to industrial, commercial, residential, and public authority users. The Water System collects, transmits, treats, and distributes high quality water to approximately 60% (332 square miles) of the developed area within Alameda and Contra Costa counties of California and serves a population of about 1.4 million. The Wastewater System intercepts and treats wastewater from residences and industries within an 88-square-mile service area including the communities of Alameda, Albany, Berkeley, El Cerrito, Emeryville, Kensington, Oakland, Piedmont, and parts of Richmond serving a population of about 740,000. The District recovers costs of service primarily through user fees.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The District's basic financial statements are comprised of two components: (1) Fund Financial Statements and (2) Notes to Basic Financial Statements. The report also contains other required supplementary information in addition to the basic financial statements.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other special purpose governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements.

Proprietary Funds. The District's proprietary funds consist of two enterprise funds, the Water System, and the Wastewater System. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The District's proprietary fund statements include:

The *Statement of Net Position* presents information on the District's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

While the Statement of Net Position provides information about the nature and amount of resources and obligations at year-end, the *Statement of Revenues, Expenses, and Changes in Net Position* presents the results of the District's operations over the course of the fiscal year and information as to how the net position changed during the year. This statement can be used as an indicator of the extent to which the District has successfully recovered its costs through user fees and other charges. All changes in net position are reported during the period in which the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as delayed collection of operating revenues and the expense of employee earned but unused vacation leave.

The *Statement of Cash Flows* presents changes in cash and cash equivalents resulting from operational, capital, noncapital, and investing activities. This statement summarizes the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt and excludes noncash accounting measures of depreciation or amortization of assets.

Fiduciary Fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The District's fiduciary fund consists of the Pension and Other Employee Benefit Trust fund and the Custodial fund. The Pension and Other Employee Benefit Trust is maintained to account for assets held by the Employees' Retirement in a trustee capacity for vested and retired employees. The Custodial fund is used to account for monies held for Dublin San Ramon Services District (DSRSD)/EBMUD Recycled Water Authority (DERWA) and Freeport Regional Water Authority (FRWA), joint power authorities the District provides accounting and investing services for; and monies held in external investment pools. The accounting used for fiduciary funds is much like that used for the proprietary funds.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to basic financial statements can be found on pages 29 to 95 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *certain required supplementary information* concerning the District's progress in funding its obligation to provide pension and other post-employment healthcare benefits to its employees. Such required supplementary information can be found on pages 98 to 104 of this report.

FINANCIAL ANALYSIS

Financial Highlights

In fiscal year 2024, EBMUD continued to effectively manage its finances and strengthen its financial position by adopting sufficient water and wastewater rates to fund capital infrastructure improvements and to maintain strong financial performance. The following results of operations indicate a continuing strong and stable fiscal position.

The total assets and deferred outflows of the District exceeded the total liabilities and deferred inflows by $3.1 billion (*net position*).

Net position increased by $243 million or 8% during the fiscal year.

Capital assets increased by $412 million or 7% to $6.4 billion.

Operating revenue increased by $45 million or 6% to $826 million.

Operating expense increased by $51 million or 9% to $650 million.

Non-operating net expense decreased by $24 million or 73% to ($9) million.

Capital contributions increased by $3 million or 4% from the prior fiscal year.

Financial Position

In the current year, the District's total net position increased by $243 million or 8% during the fiscal year. The Water System's net position increased by $215 million or 9% and the Wastewater System's net position increased by $28 million or 6%. Current and other assets increased by $50 million or 6%. Capital assets increased by $412 million or 7%. By far the largest portion of the District's net position, 97% or $3.0 billion, represents its investment in capital assets necessary to provide services.

In the previous fiscal year, the District's total net position increased by $224 million or 8% during the fiscal year. The Water System's net position increased by $209 million or 10% and the Wastewater System's net position increased by $14 million or 3%. Current and other assets decreased by $240 million or 21%. Capital assets increased by $333 million or 6%. By far the largest portion of the District's net position, 97% or $2.8 billion, represents its investment in capital assets necessary to provide services.

Table 1 shows the District's net position for the fiscal years ended June 30, 2024, 2023, and 2022:

Table 1
Net Position
Water and Wastewater
June 30, 2024 and 2023
(In thousands)

	2024	2023	Variance	%
Current and other assets	$ 959,236	$ 908,800	$ 50,436	6%
Capital assets	6,412,371	6,000,787	411,584	7%
Total assets	7,371,607	6,909,587	462,020	7%
Deferred outflow of resources	357,308	453,008	(95,700)	(21)%
Total assets and deferred outflow	7,728,915	7,362,595	366,320	5%
Current and other liabilities	1,311,561	1,323,074	(11,513)	(1)%
Long-term liabilities	3,197,914	3,061,677	136,237	4%
Total liabilities	4,509,475	4,384,751	124,724	3%
Deferred inflow of resources	92,708	94,247	(1,539)	(2)%
Total liabilities and deferred inflow	4,602,183	4,478,998	123,185	3%
Net position:				
Net investment in capital assets	3,037,334	2,788,185	249,149	9%
Restricted	212,435	217,654	(5,219)	(2)%
Unrestricted	(123,037)	(122,242)	(795)	1%
Total net position	$ 3,126,732	$ 2,883,597	$ 243,135	8%

Table 1
Net Position
Water and Wastewater
June 30, 2023 and 2022
(In thousands)

	2023	2022	Variance	%
Current and other assets	$ 908,800	$ 1,149,132	$ (240,332)	(21)%
Capital assets	6,000,787	5,667,832	332,955	6%
Total assets	6,909,587	6,816,964	92,623	1%
Deferred outflow of resources	453,008	231,655	221,353	96%
Total assets and deferred outflow	7,362,595	7,048,619	313,976	4%
Current and other liabilities	1,323,074	841,935	481,139	57%
Long-term liabilities	3,061,677	3,223,739	(162,062)	(5)%
Total liabilities	4,384,751	4,065,674	319,077	8%
Deferred inflow of resources	94,247	322,851	(228,604)	(71)%
Total liabilities and deferred inflow	4,478,998	4,388,525	90,473	2%
Net position:				
Net investment in capital assets	2,788,185	2,365,515	422,670	18%
Restricted	217,654	219,473	(1,819)	(1)%
Unrestricted	(122,242)	75,106	(197,348)	(263)%
Total net position	$ 2,883,597	$ 2,660,094	$ 223,503	8%

Results of Operations

In the current fiscal year, the District's total operating revenue of $826 million for the year increased by $45 million and total operating expense of $650 million for the year increased by $51 million. The change in net position (including capital contributions) increased from $222 million in the previous fiscal year to $243 million in the current fiscal year. With restatement and prior period adjustments required by GASB Statement No. 100, the District's total net position increased from $2,884 million to $3,127 million during the current fiscal year.

The major components of the District's results of operations in the current fiscal year were:

- Water revenue increased by $43 million or 7% primarily due to an 8.5% water rate increase at the beginning of fiscal year 2024.
- Wastewater revenue increased by $5 million or 5% due to an 8.5% rate increase at the beginning of fiscal year 2024 offset by a reduction in revenue from the resource recovery program.
- Power revenue decreased by $6 million or 26% due to lower hydropower prices and sales in the current fiscal year but are still exceeding budget by nearly double.
- Wet weather facilities charges increased by $3 million or 8% to do an 8.5% rate increase at the beginning of fiscal year 2024.
- Total operating expense increased by $51 million, primarily reflecting increases of $20 million in pension expense due to a lower return on the market value of pension plan assets versus the assumption rate used in the actuarial valuation. Other major increases in operating expense were increases of $20 million in general and administration, $8 million in water treatment and distribution, $7 in depreciation, and $4 million in sewer treatment plant operations. Offsetting these increases was a decrease of $16 million in raw water due to ease of drought restrictions in fiscal year 2023 resulting in a decrease in water purchases from other agencies.
- Net nonoperating expense decreased by $24 million, primarily due to $7 million increase in investment income resulting from higher interest rates earned, $7 million increase in taxes and subventions, and a $16 million increase in other income; offset by a $6 million increase in interest and amortization of bond expenses. Included in non-operating net expense is investment income (loss) and the net change in the fair value of investments which were $22 million and $7 million respectively in the current fiscal year, and $16 million and $6 million respectively in the prior fiscal year.

- Capital contributions increased by $3 million, primarily due to an increase in earned standard service installments offset by decreases in System Capacity Charges (SCC) and Wastewater Capacity Fees (WCF) from a decrease in large development projects. Grants and other reimbursements increased by $1 million due to an increase in state grants monies received and a decrease in Proposition 1 passthrough grant reimbursements. Page 15 contains additional capital contributions information.

In the previous fiscal year, the District's total operating revenue of $780 million for the year increased by $11 million and total operating expense of $600 million for the year increased by $105 million. The change in net position (including capital contributions) decreased from $285 million in the fiscal year 2022 to $222 million in the fiscal year 2023. With restatement and prior period adjustments required by GASB Statement No. 100, the District's total net position increased from $2,660 million to $2,884 million during the fiscal year 2023.

The major components of the District's results of operations in fiscal year 2023 were:

- Water revenue decreased by $10 million or 2% due to a 7% decrease in billed water consumption offset by a 4% water rate increase and an imposed drought surcharge at the beginning of fiscal year 2023.
- Wastewater revenue increased by $6 million or 6% due to a 4% wastewater rate increase at the beginning of fiscal year 2023 and higher resource recovery revenues.
- Power revenue increased by $13 million or 171% due to higher hydropower prices and sales in the current year.
- Wet weather facilities charges increased by $1 million or 4% due to a 4% rate increase at the beginning of fiscal year 2023.
- Total operating expense increased by $105 million, primarily reflecting increases of $90 million in pension expense due to a lower return on the market value of pension plan assets versus the assumption rate used in the actuarial valuation. Other major increases in operating expense were increases of $18 million in raw water, $8 million in water treatment and distribution, and $7 million in sewer treatment plant operations. Offsetting these increases was a decrease of $35 million in general and administration due to higher overhead recovery.
- Net nonoperating expense decreased by $17 million, primarily due to $27 million increase in investment income resulting from higher interest rates earned offset by a $11 million decrease in other income. Included in non-operating net expense is investment income (loss) and the net change in the fair value of investments which were $16 million and $6 million respectively in the fiscal year 2023, and $3 million and ($8) million respectively in fiscal year 2022.
- Capital contributions increased by $14 million, primarily due to an increase in earned standard service installments. Grants and other reimbursements decreased by $1 million due to a Proposition 1 passthrough grant to be reimbursed from the State. Page 15 contains additional capital contributions information.

Table 2 shows changes in the District's net position for the fiscal years ended June 30, 2024, 2023, and 2022:

Table 2

Changes in Net Position

Water and Wastewater

June 30, 2024 and 2023

(In thousands)

	2024	2023	Variance	%
Operating Revenue:				
Water	$ 667,215	$ 623,929	$ 43,286	7%
Sewer	109,268	104,385	4,883	5%
Power	15,839	21,368	(5,529)	(26)%
Wet weather facilities charges	33,312	30,745	2,567	8%
Total operating revenue	825,634	780,427	45,207	6%
Operating Expense:				
Raw water	64,044	80,046	(16,002)	(20)%
Water treatment & distribution	156,164	147,854	8,310	6%
Recreation areas, net	5,374	5,170	204	4%
Sewer lines & pumps	23,639	22,877	762	3%
Sewer treatment plant operations	57,339	53,714	3,625	7%
Customer accounting & collecting	24,857	24,031	826	3%
Financial and risk management	28,180	26,100	2,080	8%
Facilities management	9,425	6,400	3,025	47%
General administration	57,964	38,398	19,566	51%
Pension expense	56,846	36,874	19,972	54%
OPEB expense	(1,921)	(4,005)	2,084	(52)%
Depreciation (excluding amounts reported within the Water and Wastewater operations)	157,335	150,705	6,630	4%
Amortization	11,096	11,022	74	1%
Total operating expense	650,342	599,186	51,156	9%
Net operating income (expense)	175,292	181,241	(5,949)	(3)%
Nonoperating income (expense):				
Investment income (loss)	28,957	22,226	6,731	30%
Taxes & subventions	61,529	54,837	6,692	12%
Interest & amortization of bond expenses	(121,516)	(115,567)	(5,949)	5%
Interest income of Leases	699	175	524	299%
Interest income of SBITAs	1,265	780	485	62%
Increase (decrease) of Equity in JPA partnership fund	(4,080)	(4,011)	(69)	2%
Other income	24,219	8,573	15,646	183%
Total nonoperating income (expense), net	(8,927)	(32,987)	24,060	(73)%
Income (loss) before contributions	166,365	148,254	18,111	12%
Capital contribution and grant revenue	77,435	75,596	1,839	2%
Passthrough grant reimbursement	(665)	(1,651)	986	(60)%
Total capital contribution and grant activity	76,770	73,945	2,825	4%
Change in net position	243,135	222,199	20,936	9%
Total net position – beginning	2,883,597	2,660,094	223,503	8%
Prior period adjustment – change in accounting estimates	-	1,304	(1,304)	N/A
Total net position – ending	$ 3,126,732	$ 2,883,597	$ 243,135	8%

EAST BAY MUNICIPAL UTILITIES DISTRICT

Management’s Discussion and Analysis
For the Years Ended June 30, 2024 and 2023

Table 2

Changes in Net Position

Water and Wastewater

June 30, 2023 and 2022

(In thousands)

	2023	2022	Variance	%
Operating Revenue:				
Water	$ 623,929	$ 633,840	$ (9,911)	(2)%
Sewer	104,385	98,345	6,040	6%
Power	21,368	7,898	13,470	171%
Wet weather facilities charges	30,745	29,435	1,310	4%
Total operating revenue	780,427	769,518	10,909	1%
Operating Expense:				
Raw water	80,046	62,214	17,832	29%
Water treatment & distribution	147,854	140,309	7,545	5%
Recreation areas, net	5,170	5,268	(98)	(2)%
Sewer lines & pumps	22,877	18,273	4,604	25%
Sewer treatment plant operations	53,714	47,053	6,661	14%
Customer accounting & collecting	24,031	21,906	2,125	10%
Financial and risk management	26,100	22,700	3,400	15%
Facilities management	6,400	4,146	2,254	54%
General administration	38,398	72,902	(34,504)	(47)%
Pension expense	36,874	(53,417)	90,291	(169)%
OPEB expense	(4,005)	(1,234)	(2,771)	225%
Depreciation (excluding amounts reported within the Water and Wastewater operations)	150,705	145,723	4,982	3%
Amortization	11,022	8,710	2,312	27%
Total operating expense	599,186	494,553	104,633	21%
Net operating income (expense)	181,241	274,965	(93,724)	(34)%
Nonoperating income (expense):				
Investment income (loss)	22,226	(5,006)	27,232	(544)%
Taxes & subventions	54,837	52,881	1,956	4%
Interest & amortization of bond expenses	(115,567)	(113,075)	(2,492)	2%
Interest income of Leases	175	-	175	
Interest income of SBITAs	780	-	780	
Increase (decrease) of Equity in JPA partnership fund	(4,011)	(4,125)	114	(3)%
Other income	8,573	19,648	(11,075)	(56)%
Total nonoperating income (expense), net	(32,987)	(49,677)	16,690	(34)%
Income (loss) before contributions	148,254	225,288	(77,034)	(34)%
Capital contribution and grant revenue	75,596	59,455	16,141	27%
Passthrough grant reimbursement	(1,651)	-	(1,651)	N/A
Total capital contribution and grant activity	73,945	59,455	14,490	24%
Change in net position	222,199	284,743	(62,544)	(22)%
Total net position – beginning	2,660,094	2,374,932	285,162	12%
Prior period adjustment – change in accounting estimates	1,304	419	885	N/A
Total net position – ending	$ 2,883,597	$ 2,660,094	$ 223,503	8%

Liquidity

The District had $567 million in combined current and noncurrent District Cash and Investments as of June 30, 2024, an increase of $46 million compared to $521 million as of June 30, 2023. Components of cash and investments for the year ended June 30, 2024 were:

- Water System total combined current and noncurrent cash and investments increased by $27 million compared to the same date of the previous fiscal year. Cash and cash equivalents increased by a net $83 million compared to the prior year. This was primarily due to an increase of $196 million from capital and related financing activities and an increase of $47 million from operating activities, offset by decreases of $149 million from the net proceeds of securities in investing activities and $11 million from noncapital and financing activities. Net increase (decrease) in noncurrent investments decreased by $21 million primarily due to reallocation of investments between short-term and long-term.

- Wastewater System total combined current and noncurrent cash and investments increased by $19 million compared to the same date in the previous fiscal year. Cash and cash equivalents increased by a net $33 million compared to the prior year. This was primarily due to increases of $27 million from capital and related financing activities, $15 million from operating activities, and $15 million from noncapital and financing activities, offset by a decrease of $24 million from the net proceeds of securities in investing activities. Net increase (decrease) in noncurrent investments decreased by a net $2 million also primarily due to reallocation of investments between short-term and long-term.

Table 3 shows the District's cash flow for the fiscal years ended June 30, 2024, 2023, and 2022:

Table 3
Cash Flows
Water and Wastewater System
June 30, 2024 and 2023
(In thousands)

	2024	2023	Variance	%
Cash and cash equivalents:				
Beginning of year	$ 129,506	$ 176,824	$ (47,318)	(27)%
Net cash provided by operating activities	411,668	350,147	61,521	18%
Net cash provided by noncapital financing activities	82,422	77,701	4,721	6%
Net cash provided by (used in) capital and related financing activities	(475,518)	(697,995)	222,477	(32)%
Net cash provided by (used in) investing activities	49,968	222,829	(172,861)	(78)%
Net increase (decrease) in cash and cash equivalents	68,540	(47,318)	115,858	(245)%
End of period	198,046	129,506	68,540	53%
Investments:				
Beginning of year	391,831	599,706	(207,875)	(35)%
Net increase (decrease) in investments	(22,885)	(207,875)	184,990	(89)%
End of period	368,946	391,831	(22,885)	(6)%
Total District Cash and Investments	$ 566,992	$ 521,337	$ 45,655	9%

Table 3
Cash Flows
Water and Wastewater System
June 30, 2023 and 2022
(In thousands)

	2023	2022	Variance	%
Cash and cash equivalents:				
Beginning of year	$ 176,824	$ 426,405	$ (249,581)	(59)%
Net cash provided by operating activities	350,147	404,578	(54,431)	(13)%
Net cash provided by noncapital financing activities	77,701	73,430	4,271	6%
Net cash provided by (used in) capital and related financing activities	(697,995)	(358,442)	(339,553)	95%
Net cash provided by (used in) investing activities	222,829	(369,147)	591,976	(160)%
Net increase (decrease) in cash and cash equivalents	(47,318)	(249,581)	202,263	(81)%
End of period	129,506	176,824	(47,318)	(27)%
Investments:				
Beginning of year	599,706	235,894	363,812	154%
Net increase (decrease) in investments	(207,875)	363,812	(571,687)	(157)%
End of period	391,831	599,706	(207,875)	(35)%
Total District Cash and Investments	$ 521,337	$ 776,530	$ (255,193)	(33)%

Cash and Investments by Fund

In fiscal years 2024 and 2023, total cash and investments available for operating and capital activities are reported in current and noncurrent assets as unrestricted and restricted funds. Significant activities in the current fiscal year were as follows: Water System increased $17 million in working capital and $23 million in capital reserve to fund capital projects. Wastewater System increased $4 million in working capital and $15 million in capital reserves to fund capital projects and equipment replacements.

In the previous fiscal year, significant activities were as follows: Water System increased $4 million in working capital and spent $232 million in capital reserve to maintain infrastructures. Wastewater System increased $1 million in working capital and spent $42 million in capital reserves to maintain capital projects and equipment replacements.

Operating and Capital Reserves are components of Unrestricted Cash and Investments. Individual funds within Operating and Capital Reserves are funded pursuant to Board policy but are unrestricted as to use. The Unrestricted Reserve Balances indicate the District's ability to meet unanticipated revenue declines or expenditure increases. Unrestricted reserves are committed by the Board of Directors. This is distinct from restricted reserves which are legally constrained by law or by third party. For additional information, see Note 1H to the financial statements.

Table 4 shows the District's cash and investment by fund for the fiscal years ended June 30, 2024, 2023, and 2022:

Table 4
Cash and Investment by Fund
Water and Wastewater
June 30, 2024 and 2023
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2024	2023	2024	2023	2024	2023	Amount	%
Unrestricted cash and investment								
Operating reserves:								
Rate stabilization fund	$ 150,000	$ 150,000	$ 32,000	$ 32,000	$ 182,000	$ 182,000	$ -	0%
Working capital reserve	99,400	82,200	25,900	22,400	125,300	104,600	20,700	20%
Self-insurance	9,133	8,271	1,259	1,141	10,392	9,412	980	10%
Workers compensation	7,432	7,192	1,025	992	8,457	8,184	273	3%
Total operating reserves	265,965	247,663	60,184	56,533	326,149	304,196	21,953	7%
Capital reserves:								
Reserved for capital projects	131,642	109,571	32,457	(1,533)	164,099	108,038	56,061	52%
Reserve funded CIP - Wastewater	-	-	16,453	15,480	16,453	15,480	973	6%
Vehicle replacements	27,591	27,011	-	-	27,591	27,011	580	2%
Equipment replacements	-	-	4,571	24,693	4,571	24,693	(20,122)	(81)%
Total capital reserves	159,233	136,582	53,481	38,640	212,714	175,222	37,492	21%
Total Unrestricted cash and investment	425,198	384,245	113,665	95,173	538,863	479,418	59,445	12%
Restricted Cash and Investments								
Bond interest and redemption fund	152	-	76	-	228	-	228	N/A
Debt service reserve fund	1,136	1,136	-	-	1,136	1,136	-	0%
Funds received for construction	23,492	37,493	-	-	23,492	37,493	(14,001)	(37)%
FERC partnership fund	2,164	2,186	-	-	2,164	2,186	(22)	(1)%
Monetary reserve	109	104	1,000	1,000	1,109	1,104	5	0%
Total restricted cash and investments	27,053	40,919	1,076	1,000	28,129	41,919	(13,790)	(33)%
Total District Cash and Investments	$ 452,251	$ 425,164	$ 114,741	$ 96,173	$ 566,992	$ 521,337	$ 45,655	9%

Table 4
Cash and Investment by Fund
Water and Wastewater
June 30, 2023 and 2022
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2023	2022	2023	2022	2023	2022	Amount	%
Unrestricted cash and investment								
Operating reserves:								
Rate stabilization fund	$ 150,000	$ 150,000	$ 32,000	$ 32,000	$ 182,000	$ 182,000	$ -	0%
Working capital reserve	82,200	78,700	22,400	21,300	104,600	100,000	4,600	5%
Self-insurance	8,271	7,822	1,141	1,036	9,412	8,858	554	6%
Workers compensation	7,192	6,631	992	879	8,184	7,510	674	9%
Total operating reserves	247,663	243,153	56,533	55,215	304,196	298,368	5,828	2%
Capital reserves:								
Reserved for capital projects	109,571	351,614	(1,533)	41,110	108,038	392,724	(284,686)	(72)%
Reserve funded CIP - Wastewater	-	-	15,480	15,397	15,480	15,397	83	1%
Vehicle replacements	27,011	17,251	-	-	27,011	17,251	9,760	57%
Equipment replacements	-	-	24,693	24,174	24,693	24,174	519	2%
Total capital reserves	136,582	368,865	38,640	80,681	175,222	449,546	(274,324)	(61)%
Total Unrestricted cash and investment	384,245	612,018	95,173	135,896	479,418	747,914	(268,496)	(36)%
Restricted Cash and Investments								
Bond interest and redemption fund	-	886	-	261	-	1,147	(1,147)	N/A
Debt service reserve fund	1,136	2	-	-	1,136	2	1,134	56,700%
Funds received for construction	37,493	24,242	-	-	37,493	24,242	13,251	55%
FERC partnership fund	2,186	2,163	-	-	2,186	2,163	23	1%
Monetary reserve	104	396	1,000	666	1,104	1,062	42	4%
Total restricted cash and investments	40,919	27,689	1,000	927	41,919	28,616	13,303	46%
Total District Cash and Investments	$ 425,164	$ 639,707	$ 96,173	$ 136,823	$ 521,337	$ 776,530	$ (255,193)	(33)%

Capital Contributions

Capital contributions primarily consist of System Capacity Charges (SCCs) and Wastewater Capacity Fees (WCFs). In addition, the District collects fees and charges from applicants when the District's facilities need to be relocated during construction projects. The District also receives state and federal grants to fund capital projects.

The Water System's SCCs consist of charges collected from all applicants who request a new water service connection or a larger water meter size. These charges vary depending on geographic region. The SCC pays for the applicant's share of District capital facilities, including those that serve the entire water system such as the aqueducts and raw water facilities, regional facilities such as treatment plants and distribution facilities, and future water supply upgrades needed to meet long-term increases in water demand created by new customers. The portion of the SCC that pays for the future water supply is restricted and the remainder is unrestricted.

The Wastewater System's WCFs are treated as unrestricted funds and pay for the applicant's share of Wastewater facilities including the main wastewater treatment plant, interceptors, and wet weather facilities.

Capital contributions increased by $3 million, primarily due to an increase in earned standard service installments offset by decreases in SCC and WCF fees from a decrease in large development projects. Grants and other reimbursements increased by $1 million due to an increase in state grants monies received and a decrease in Proposition 1 passthrough grant reimbursements.

Table 5 shows the District's capital contributions received for the fiscal years ended June 30, 2024, 2023, and 2022:

Table 5
Capital Contributions
Water and Wastewater
June 30, 2024 and 2023
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2024	2023	2024	2023	2024	2023	Amount	%
System capacity charges	$ 25,908	$ 40,760	$ -	$ -	$ 25,908	$ 40,760	$ (14,852)	(36)%
Wastewater capacity fees	-	-	3,873	7,066	3,873	7,066	(3,193)	(45)%
Earned contributions on construction	43,082	23,986	-	-	43,082	23,986	19,096	80%
Grants and other reimbursements*	4,572	3,783	-	-	4,572	3,783	789	21%
Passthrough grant reimbursement	(665)	(1,650)	-	-	(665)	(1,650)	985	(60)%
Totals	$ 72,897	$ 66,879	$ 3,873	$ 7,066	$ 76,770	$ 73,945	$ 2,825	4%

* The District also received a total of $37 million for the California Extended Water and Wastewater Arrearage Payment Program (CWWAPP) from the State Water Resources Control Board in fiscal year 2024 of which $36 million is to assist with accounts receivable on past due customer accounts and $1 million is for administrative costs. Unapplied amounts will be returned to the funder in calendar year 2024 and are included in current liabilities on the statements of net position.

Table 5
Capital Contributions
Water and Wastewater
June 30, 2023 and 2022
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2023	2022	2023	2022	2023	2022	Amount	%
System capacity charges	$ 40,760	$ 39,690	$ -	$ -	$ 40,760	$ 39,690	$ 1,070	3%
Wastewater capacity fees	-	-	7,066	6,443	7,066	6,443	623	10%
Earned contributions on construction	23,986	9,836	-	-	23,986	9,836	14,150	144%
Grants and other reimbursements*	3,783	3,486	-	-	3,783	3,486	297	9%
Passthrough grant reimbursement	(1,650)	-	-	-	(1,650)	-	(1,650)	N/A
Totals	$ 66,879	$ 53,012	$ 7,066	$ 6,443	$ 73,945	$ 59,455	$ 14,490	24%

* The District also received a total of $14 million for the California Water and Wastewater Arrearage Payment Program (CWWAPP) from the State Water Resources Control Board in fiscal year 2022 and included in the current liabilities on the statements of net position.

EAST BAY MUNICIPAL UTILITIES DISTRICT

Management's Discussion and Analysis
For the Years Ended June 30, 2024 and 2023

CAPITAL ASSETS

The District had $6.4 billion (net of accumulated depreciation) invested in a broad range of utility capital assets as of June 30, 2024. Total capital assets were $6.0 billion as of June 30, 2023.The investment in capital assets includes land, buildings, improvements, water treatment plants, filter plants, aqueducts, water transmission and distribution mains, water storage facilities, pump stations, water reclamation facilities, wastewater and wet weather treatment facilities, machinery and equipment. In the current fiscal year, capital assets increased by $412 million or 7% over the prior fiscal year. In fiscal year 2023, capital assets increased by $333 million or 6% over fiscal year 2022. Annual changes are consistent with the District's capital improvement program.

The Water System had $5.6 billion (net of accumulated depreciation) invested in a broad range of utility capital assets as of June 30, 2024. The investment in capital assets includes land, buildings, improvements, water treatment plants, filter plants, aqueducts, water transmission and distribution mains, water storage facilities, power generation, pump stations, water reclamation facilities, machinery and equipment.

The Wastewater System had $857 million (net of accumulated depreciation) invested in a broad range of utility capital assets as of June 30, 2024. The investment in capital assets includes land, buildings, improvements, power generation, wastewater and wet weather treatment facilities, machinery and equipment.

Table 6 shows the District's capital assets for the fiscal years ended June 30, 2024, 2023, and 2022:

Table 6

Capital Assets, Net of Depreciation

Water and Wastewater

June 30, 2024 and 2023

(In thousands)

	Water System		Wastewater System		Total		Increase/(decrease)	
	2024	2023	2024	2023	2024	2023	Amount	%
Structures, buildings, and equipment	$ 4,260,011	$ 4,102,878	$ 633,087	$ 640,920	$ 4,893,098	$ 4,743,798	$ 149,300	3.1%
Intangible assets	37,232	38,895	6,885	7,006	44,117	45,901	(1,784)	(3.9)%
Lease assets	1,849	1,603	-	-	1,849	1,603	246	15.3%
Subscription assets	15,110	18,653	-	-	15,110	18,653	(3,543)	
Land and rights of way	73,882	73,767	22,086	21,552	95,968	95,319	649	0.7%
Construction work in					-	-	-	
progress	1,167,293	943,573	194,936	151,940	1,362,229	1,095,513	266,716	24.3%
Totals	$ 5,555,377	$ 5,179,369	$ 856,994	$ 821,418	$ 6,412,371	$ 6,000,787	$ 411,584	6.9%

Table 6
Capital Assets, Net of Depreciation
Water and Wastewater
June 30, 2023 and 2022
(In thousands)

	Water System		Wastewater System		Total		Increase/(decrease)	
	2023	2022	2023	2022	2023	2022	Amount	%
Structures, buildings, and equipment	4,102,878	4,022,726	640,920	635,637	4,743,798	4,658,363	85,435	1.8%
Intangible assets	38,895	55,914	7,006	7,720	45,901	63,634	(17,733)	(27.9)%
Lease-right to use assets	1,603	2,006	-	-	1,603	2,006	(403)	(20.1)%
SBITAs-right to use assets	18,653		-	-	18,653	-	18,653	
Land and rights of way	73,767	73,790	21,552	21,409	95,319	95,199	120	0.1%
Construction work in					-	-	-	
progress	943,573	722,935	151,940	125,695	1,095,513	848,630	246,883	29.1%
Totals	5,179,369	4,877,371	821,418	790,461	6,000,787	5,667,832	332,955	5.9%

The District's net revenue, long-term debt, and contributions from customers are used to finance capital investments. More detailed information about the District's capital assets is presented in Note 3 to the basic financial statements. This year's major capital expenditures included:

Water System:		
Treatment plant upgrades	$	317,723
Large diameter pipelines		112,813
Pipeline rebuild		108,638
Reservoir rehab/maintenance		66,179
Service lateral replacements		64,569
Trench soils management		57,714
Pumping plant rehabilitation		51,869
Mokelumne aqueduct 2&3 relining		34,312
Reservoir tower modifications		25,235
Fuel facility improvements		20,648
Pressure zone improvements		18,155
Dam operational upgrades		17,513
Pipeline relocations		15,046
West of hills master plan		12,995
Pipeline system improvements		12,868
Open cut reservoir program		12,544
Building facilities improvements		11,618
Small capital improvements		10,470
Water loss control		10,348
Raw water infrastructure		10,245
Wastewater System:		
Interceptors and pump stations	$	57,592
Digesters		34,922
General wastewater		32,549
Power generation and biogas		15,344
Secondary		9,984
Effluent discharge		9,009
Utilities and sitework		7,704
Electricals and controls		7,084
Preliminary treatment		6,421
Wet weather facilities		6,179
Resource recovery		4,423
Dewatering		777
Nutrients		479
Pump station master plan update		300
Primary treatment		161

DEBT ADMINISTRATION

The District had total long-term debt outstanding of $3.3 billion as of June 30, 2024, a 4% increase from June 30, 2023. Total long-term debt outstanding was $3.2 billion as of June 30, 2023, a 5% decrease from June 30, 2022. Components of the District's long-term debt portfolio as of June 30, 2024 are:

- The Water System had total long-term debt outstanding of $2.9 billion.
- The Wastewater System had total long-term debt outstanding of $369 million.

Table 7 shows the District's long-term debt outstanding for the fiscal years ended June 30, 2024, 2023, and 2022:

Table 7
Long -Term Debt
(Net of Unamortized Costs)
Water and Wastewater
June 30, 2024 and 2023
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2024	2023	2024	2023	2024	2023	Amount	%
Revenue bonds**	$ 2,641,187	$ 2,489,158	$ 368,501	$ 357,837	$ 3,009,688	$ 2,846,995	$ 162,693	6%
Commercial paper	261,000	281,000	-	-	261,000	281,000	(20,000)	(7)%
Loans	27,391	29,252	-	-	27,391	29,252	(1,861)	(6)%
Totals	$ 2,929,578	$ 2,799,410	$ 368,501	$ 357,837	$ 3,298,079	$ 3,157,247	$ 140,832	4%

Table 7
Long -Term Debt
(Net of Unamortized Costs)
Water and Wastewater
June 30, 2023 and 2022
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2023	2022	2023	2022	2023	2022	Amount	%
Revenue bonds**	$ 2,489,158	$ 2,606,497	$ 357,837	$ 374,755	$ 2,846,995	$ 2,981,252	$ (134,257)	(5)%
Commercial paper	281,000	295,000	-	8,000	281,000	303,000	(22,000)	(7)%
Loans	29,252	31,073	-	-	29,252	31,073	(1,821)	(6)%
Totals	$ 2,799,410	$ 2,932,570	$ 357,837	$ 382,755	$ 3,157,247	$ 3,315,325	$ (158,078)	(5)%

**Includes unamortized bond premium and discount. For Water System, the unamortized bond premium was $217 million, $198 million, and $225 million as of June 30, 2024, 2023 and 2022, respectively. For Wastewater System, the net of unamortized bond premium and discount was $20 million, $20 million, and $23 million as of June 30, 2024, 2023 and 2022, respectively.

It is the policy of the District to maintain a reasonable balance between debt and current revenue financing of capital projects. The following targets provide the framework for financing capital projects:

Debt Service Coverage Ratio: Maintain an annual revenue bond debt service coverage ratio of at least 1.6 times. As of June 30, 2024, the coverage ratio for Water was 2.35 and for Wastewater was 2.50; the overall District ratio was 2.37.

Debt-Funded Capital Spending: Limit debt-funded capital to no more than 65% of the total capital program over each five-year planning period. As of June 30, 2024, the percentage of debt-funded capital spending for Water was 22% and for Wastewater was 20%; the overall District percentage was 22%.

Extendable Commercial Paper and Un-hedged Variable Rate Debt: Maintain an annual limit of 25% of outstanding long-term debt. As of June 30, 2024, the percentage of extended commercial paper and un-hedged variable rate debt compared to total outstanding long-term debt for Water was 10% and for Wastewater was 0%; the overall District percentage was 9%.

Revenue-supported debt authorization for the District can be approved by the District's Board of Directors, subject to a referendum process. At June 30, 2024, the Water System had $223 million and the Wastewater System had $143 million in authorized but unissued revenue bonds.

In prior years, the District defeased certain debt issues by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. In March 2024, $213 million of the bonds outstanding were considered defeased and were redeemed on June 1, 2024.

The District's credit ratings are outlined in Table 8.

Table 8

Credit Ratings

Water and Wastewater

June 30, 2024

	Rating by		
District debt by type	**Standard & Poor's**	**Moody's Investors Service**	**Fitch**
Water system:			
Fixed Rate Revenue Bonds	AAA	Aaa	AA+
Commercial Paper Notes	A-1+	P-1	-
Wastewater system:			
Fixed Rate Revenue Bonds	AAA	Aa1	AA+

For detailed credit rating by bond issue, please visit our website at http://www.ebmud.com.

Additional information on the District's long-term debt can be found in Note 7 to the financial statements.

REQUEST FOR INFORMATION

This financial report is designed to provide ratepayers and creditors with a general overview of the District's finances and demonstrate the District's accountability for the monies it receives. If you have any questions about this report or need additional information, please contact: the Controller, Accounting Division, P.O. Box 24055, Oakland, California 94623-1055 or visit our website at http://www.ebmud.com.

EAST BAY MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2024 and JUNE 30, 2023
(Dollars in Thousands)

	Water System		Wastewater System		Total	
	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)
Assets						
Current assets:						
Cash and cash equivalents (Note 2)	$ 130,944	$ 82,716	$ 55,192	$ 34,256	$ 186,136	$ 116,972
Investments	294,254	301,529	58,473	60,917	352,727	362,446
Receivables:						
Customer	78,563	75,488	10,135	10,184	88,698	85,672
Lease (Note 1R & 8)	18,232	20,840	9,749	11,131	27,981	31,971
Interest and other	17,147	12,915	7,224	5,300	24,371	18,215
Materials and supplies	31,069	25,890	8,226	7,397	39,295	33,287
Prepaid insurance	3,673	6,612	662	519	4,335	7,131
Total current assets	**573,882**	**525,990**	**149,661**	**129,704**	**723,543**	**655,694**
Noncurrent assets:						
Restricted assets (Note 2):						
Cash and cash equivalents	10,834	11,534	1,076	1,000	11,910	12,534
Investments	16,219	29,385	-	-	16,219	29,385
Total restricted cash and investments	**27,053**	**40,919**	**1,076**	**1,000**	**28,129**	**41,919**
Other assets:						
Equity in JPA partnership fund	207,008	211,088	-	-	207,008	211,088
Other	550	94	6	5	556	99
Total other assets	**207,558**	**211,182**	**6**	**5**	**207,564**	**211,187**
Capital assets (Note 1R, 1S,3,8 & 9):						
Structures, buildings, and equipment	6,844,724	6,559,169	1,240,939	1,223,488	8,085,663	7,782,657
Intangible Assets	381,921	377,448	42,215	40,719	424,136	418,167
Lease-right to use assets	2,805	2,296	-	-	2,805	2,296
SBITAs-right to use assets	21,889	21,894	-	-	21,889	21,894
Less accumulated depreciation/amortization	(2,937,137)	(2,798,778)	(643,182)	(616,281)	(3,580,319)	(3,415,059)
Subtotal	**4,314,202**	**4,162,029**	**639,972**	**647,926**	**4,954,174**	**4,809,955**
Land and rights-of-way	73,882	73,767	22,086	21,552	95,968	95,319
Construction in progress	1,167,293	943,573	194,936	151,940	1,362,229	1,095,513
Total capital assets, net	**5,555,377**	**5,179,369**	**856,994**	**821,418**	**6,412,371**	**6,000,787**
Total noncurrent assets	**5,789,988**	**5,431,470**	**858,076**	**822,423**	**6,648,064**	**6,253,893**
Total assets	**6,363,870**	**5,957,460**	**1,007,737**	**952,127**	**7,371,607**	**6,909,587**
Deferred outflow of resources						
Debt refundings related (Note 7)	12,553	13,818	-	-	12,553	13,818
Pension related	265,672	348,457	44,219	56,475	309,891	404,932
OPEB related	29,725	29,447	5,139	4,811	34,864	34,258
Total deferred outflows	307,950	391,722	49,358	61,286	357,308	453,008
Total assets and deferred outflows	**$ 6,671,820**	**$ 6,349,182**	**$ 1,057,095**	**$ 1,013,413**	**$ 7,728,915**	**$ 7,362,595**

(Continued)

See Accompanying Notes to Financial Statements.

EAST BAY MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2024 and JUNE 30, 2023
(Dollars in Thousands)

	Water System		Wastewater System		Total	
Liabilities and Net Position	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)
Current liabilities:						
Current maturities of long-term debt and commercial paper (Note 6 & 7)	$ 85,190	$ 81,260	$ 14,975	$ 14,310	$ 100,165	$ 95,570
Accounts payable and accrued expenses (Note 4)	90,931	81,409	26,100	14,843	117,031	96,252
Compensated absences (Note 5)	43,431	42,858	7,192	6,881	50,623	49,739
Current reserve for claims (Note 12)	12,037	11,161	860	831	12,897	11,992
Current lease payable (Note 1R & 8)	401	406	-	-	401	406
Current SBITAs payable (Note 1S & 9)	1,245	1,206	-	-	1,245	1,206
Accrued interest	11,201	10,685	1,453	1,409	12,654	12,094
Total current liabilities	**244,436**	**228,985**	**50,580**	**38,274**	**295,016**	**267,259**
Noncurrent liabilities:						
Other liabilities:						
Advances for construction	22,702	35,352	-	-	22,702	35,352
Reserve for claims (Note 12)	38,955	36,745	3,887	3,670	42,842	40,415
Net pension liability (Note 11)	687,594	714,351	112,693	116,068	800,287	830,419
Net OPEB liability (Note 11)	113,475	109,632	18,906	18,026	132,381	127,658
Lease payable (Note 1R & 8)	1,561	1,289	-	-	1,561	1,289
SBITAs payable (Note 1S & 9)	1,817	3,127	-	-	1,817	3,127
Other liabilities	7,301	9,984	7,654	7,571	14,955	17,555
Total other liabilities	**873,405**	**910,480**	**143,140**	**145,335**	**1,016,545**	**1,055,815**
Long-term liabilities, net of current maturities (Note 6 & 7)	2,844,388	2,718,150	353,526	343,527	3,197,914	3,061,677
Total noncurrent liabilities	**3,717,793**	**3,628,630**	**496,666**	**488,862**	**4,214,459**	**4,117,492**
Total liabilities	**3,962,229**	**3,857,615**	**547,246**	**527,136**	**4,509,475**	**4,384,751**
Deferred inflow of resources:						
Debt refunding related (Note 7)	24,199	7,076	539	581	24,738	7,657
Lease related (Note 1R & 8)	17,394	20,432	8,909	10,389	26,303	30,821
Pension related (Note 11)	16,564	22,930	3,621	5,319	20,185	28,249
OPEB related (Note 11)	18,274	23,360	3,208	4,160	21,482	27,520
Total deferred inflows	76,431	73,798	16,277	20,449	92,708	94,247
Total liabilities and deferred inflows	**4,038,660**	**3,931,413**	**563,523**	**547,585**	**4,602,183**	**4,478,998**
Net position (Note 10):						
Net investment in capital assets	2,562,349	2,336,408	474,985	451,777	3,037,334	2,788,185
Restricted for construction	790	2,141	1,000	1,000	1,790	3,141
Restricted for debt service	1,288	1,135	76	-	1,364	1,135
Restricted for JPA	207,008	211,088	-	-	207,008	211,088
Restricted - other	2,273	2,290	-	-	2,273	2,290
Unrestricted	(140,548)	(135,293)	17,511	13,051	(123,037)	(122,242)
Total net position	**2,633,160**	**2,417,769**	**493,572**	**465,828**	**3,126,732**	**2,883,597**
Total liabilities and net position	**$ 6,671,820**	**$ 6,349,182**	**$ 1,057,095**	**$ 1,013,413**	**$ 7,728,915**	**$ 7,362,595**

See Accompanying Notes to Financial Statements.

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EAST BAY MUNICIPAL UTILITY DISTRICT
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

	Water System		Wastewater System		Total	
	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)
Operating revenue:						
Water	$ 667,215	$ 623,929	$ -	$ -	$ 667,215	$ 623,929
Sewer	-	-	109,268	104,385	109,268	104,385
Power	14,824	20,403	1,015	965	15,839	21,368
Wet weather facilities charges	-	-	33,312	30,745	33,312	30,745
Total operating revenue	**682,039**	**644,332**	**143,595**	**136,095**	**825,634**	**780,427**
Operating expense:						
Raw water	64,044	80,046	-	-	64,044	80,046
Water treatment and distribution	156,164	147,854	-	-	156,164	147,854
Recreation areas, net	5,374	5,170	-	-	5,374	5,170
Sewer lines and pumping	-	-	23,639	22,877	23,639	22,877
Sewer treatment plant operations	-	-	57,339	53,714	57,339	53,714
Customer accounting and collecting	21,783	21,461	3,074	2,570	24,857	24,031
Financial and risk management	26,327	24,578	1,853	1,522	28,180	26,100
Facilities management	9,425	6,400	-	-	9,425	6,400
General administration	52,791	31,414	5,173	6,984	57,964	38,398
Pension expense	49,662	32,465	7,184	4,409	56,846	36,874
OPEB expense	(1,522)	(3,274)	(399)	(731)	(1,921)	(4,005)
Depreciation on utility plant and vehicle	132,031	126,159	25,304	24,546	157,335	150,705
Amortization	9,552	9,885	1,544	1,137	11,096	11,022
Total operating expense	**525,631**	**482,158**	**124,711**	**117,028**	**650,342**	**599,186**
Net operating income (loss)	**156,408**	**162,174**	**18,884**	**19,067**	**175,292**	**181,241**
Other income (expense):						
Investment income	23,896	18,689	5,061	3,537	28,957	22,226
Taxes and subventions	52,824	46,758	8,705	8,079	61,529	54,837
Interest and amortization of bond expenses	(106,891)	(101,146)	(14,625)	(14,421)	(121,516)	(115,567)
Interest income (expense) of leases	556	130	143	45	699	175
Interest income (expense) of SBITAs	1,265	780	-	-	1,265	780
Hedge fund termination	-	-	-	-	-	-
Increase (decrease) of equity in JPA partnership fund	(4,080)	(4,011)	-	-	(4,080)	(4,011)
Other income (expense)	18,516	17,808	5,703	(9,235)	24,219	8,573
Total other income (expense), net	**(13,914)**	**(20,992)**	**4,987**	**(11,995)**	**(8,927)**	**(32,987)**
Income before capital contributions	**142,494**	**141,182**	**23,871**	**7,072**	**166,365**	**148,254**
Capital contributions	73,562	68,530	3,873	7,066	77,435	75,596
Passthrough grant reimbursement	(665)	(1,651)	-	-	(665)	(1,651)
Total capital contribution	**72,897**	**66,879**	**3,873**	**7,066**	**76,770**	**73,945**
Change in net position	**215,391**	**208,061**	**27,744**	**14,138**	**243,135**	**222,199**
Total net position - beginning	**2,417,769**	**2,208,525**	**465,828**	**451,569**	**2,883,597**	**2,660,094**
Prior period adjustment due to change in accounting estimates	**-**	**1,183**	**-**	**121**	**-**	**1,304**
Total net position - ending	**$ 2,633,160**	**$ 2,417,769**	**$ 493,572**	**$ 465,828**	**$ 3,126,732**	**$ 2,883,597**

See Accompanying Notes to Financial Statements.

EAST BAY MUNICIPAL UTILITY DISTRICT
Statement of Cash Flows
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

	Water System		Wastewater System		Total	
	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)
Cash flows from operating activities						
Cash received from customers	$ 678,964	$ 639,307	$ 143,644	$ 136,077	$ 822,608	$ 775,384
Cash payments for judgments and claims	(9,748)	(7,808)	(247)	(167)	(9,995)	(7,975)
Cash payments to suppliers for goods and services	(69,489)	(95,699)	(38,972)	(49,632)	(108,461)	(145,331)
Cash payments to employees for services	(249,877)	(232,856)	(42,607)	(39,075)	(292,484)	(271,931)
Net cash provided by operating activities	**349,850**	**302,944**	**61,818**	**47,203**	**411,668**	**350,147**
Cash flows from noncapital financing activities:						
Tax receipts	52,824	46,758	8,705	8,079	61,529	54,837
Cash received (paid) from other income	15,190	32,028	5,703	(9,164)	20,893	22,864
Net cash provided by financing activities	**68,014**	**78,786**	**14,408**	**(1,085)**	**82,422**	**77,701**
Capital and related financing activities:						
Capital contributions	72,897	66,879	3,873	7,066	76,770	73,945
Proceeds from advances for construction	-	9,564	-	-	-	9,564
Payments from advances for construction	(12,650)	-	-	-	(12,650)	-
Proceeds from sale of capital assets	1,054	4,250	-	-	1,054	4,250
Net proceeds and premiums from sale of bonds	491,912	-	27,864	-	519,776	-
Acquisition and construction of capital assets	(518,355)	(456,832)	(62,498)	(56,713)	(580,853)	(513,545)
Principal retirement on long-term debt and commercial paper	(342,220)	(132,404)	(16,878)	(24,960)	(359,098)	(157,364)
Costs and discounts from issuance on long-term debt	(1,136)	-	(364)	-	(1,500)	-
Interest received (paid) on Leases	556	130	143	45	699	175
Interest received (paid) on SBITAs	1,265	780	-	-	1,265	780
Interest paid on long-term debt	(106,375)	(101,274)	(14,606)	(14,526)	(120,981)	(115,800)
Net cash provided by (used in) capital and related financing activities	**(413,052)**	**(608,907)**	**(62,466)**	**(89,088)**	**(475,518)**	**(697,995)**
Cash flows from investing activities:						
Proceeds from securities	242,810	285,781	41,338	54,139	284,148	339,920
Expenditures from purchases of securities	(222,370)	(107,059)	(38,895)	(24,986)	(261,265)	(132,045)
Interest received on investments	22,276	12,634	4,809	2,320	27,085	14,954
Net cash (used in) provided by investing activities	**42,716**	**191,356**	**7,252**	**31,473**	**49,968**	**222,829**
Net increase (decrease) in cash and cash equivalents	**47,528**	**(35,821)**	**21,012**	**(11,497)**	**68,540**	**(47,318)**
Cash and cash equivalents:						
Beginning of year	**94,250**	**130,071**	**35,256**	**46,753**	**129,506**	**176,824**
End of year	**$ 141,778**	**$ 94,250**	**$ 56,268**	**$ 35,256**	**$ 198,046**	**$ 129,506**

(Continued)

See Accompanying Notes to Financial Statements.

EAST BAY MUNICIPAL UTILITY DISTRICT
Statement of Cash Flows
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

	Water System		Wastewater System		Total	
	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)
Reconciliation of net operating (loss) income to net cash provided by operating activities:						
Net operating income (loss)	$ 156,408	$ 162,174	$ 18,884	$ 19,067	$ 175,292	$ 181,241
Adjustments to reconcile net operating income to net cash provided by operating activities:						
Pension expense	49,662	32,465	7,184	4,409	56,846	36,874
OPEB expense	(1,522)	(3,274)	(399)	(731)	(1,921)	(4,005)
Depreciation on utility plant and vehicle	132,031	126,159	25,304	24,546	157,335	150,705
Amortization on intangible assets	9,552	9,885	1,544	1,137	11,096	11,022
Changes in assets/liabilities:						
Materials and supplies	(5,179)	(3,649)	(829)	(303)	(6,008)	(3,952)
Prepaid insurance	2,939	(2,667)	(143)	(47)	2,796	(2,714)
Customer receivables	(3,075)	(5,025)	49	(18)	(3,026)	(5,043)
Lease receivable	2,608	1,514	-	-	2,608	1,514
Other assets	(3,068)	(2,680)	(1,673)	(39)	(4,741)	(2,719)
Reserve for claims	3,086	(11,198)	246	487	3,332	(10,711)
Accounts payable and accrued expenses	6,839	(5,732)	11,340	(1,515)	18,179	(7,247)
Accrued compensated absences	573	1,019	311	210	884	1,229
Lease payable	267	(380)	-	-	267	(380)
SBITAs payable	(1,271)	4,333	-	-	(1,271)	4,333
Net cash provided by operating activities	$ 349,850	$ 302,944	$ 61,818	$ 47,203	$ 411,668	$ 350,147
Schedule of Non-cash Activities						
Change in Fair Market Value	**$ (2,930)**	**$ (2,687)**	**$ (336)**	**$ (343)**	**$ (3,266)**	**$ (3,030)**
Amortization of bond premiums and discounts	**18,748**	**(26,894)**	**25**	**(3,323)**	**18,773**	**(30,217)**
Debt refunding related	**17,123**	**509**	**(42)**	**(42)**	**17,081**	**467**
Decrease of JPA investment	**(4,080)**	**(4,011)**	**-**	**-**	**(4,080)**	**(4,011)**
Gain (loss) on sale of capital assets	**459**	**(15,718)**	**-**	**-**	**459**	**(15,718)**
Lease related deferred inflow of resources	**(3,038)**	**(509)**	**-**	**-**	**(3,038)**	**(509)**

See Accompanying Notes to Financial Statements.

EAST BAY MUNICIPAL UTILITY DISTRICT
Statements of Fiduciary Net Position
June 30, 2024 and June 30, 2023
(Dollars in Thousands)

	Retirement System Trust Funds		Custodial Funds	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Assets:				
Cash and cash equivalents, at fair value (Note 2)	$ 28,791	$ 27,677	$ 9,310	$ 8,536
Invested securities lending collateral	106,561	77,906	-	-
Prepaid expenses	598	575	-	-
Receivables:				
Brokers, securities sold	2,068	2,854	-	-
Employer	4,622	3,705	-	-
Plan members	962	788	-	-
Custodial fund receivables	-	-	3,074	3,004
Interest, dividends, and recoverable taxes	5,115	4,833	48	32
Total Receivables	**12,767**	**12,180**	**3,122**	**3,036**
Investments, at fair value (Note 2):				
U.S. government obligations	338,549	316,624	-	-
Domestic corporate bonds	179,959	180,262	-	-
International bonds	14,609	18,808	-	-
Domestic stocks	1,212,408	1,033,186	-	-
International stocks	612,565	548,124	-	-
Real estate	118,857	122,000	-	-
Total Investments	**2,476,947**	**2,219,004**	**-**	**-**
Capital assets:				
Subscription Asset In-Progress	4,240	1,692	-	-
Capital assets not being depreciated	-	-	13,706	13,743
Capital assets, net of accumulated depreciation	-	-	375,619	384,586
Total capital assets, net of accumulated depreciation	**4,240**	**1,692**	**389,325**	**398,329**
Total Assets	**2,629,904**	**2,339,034**	**401,757**	**409,901**
Liabilities:				
Accounts payable and accrued expenses	2,772	3,225	1,184	1,055
Payables to brokers, securities purchased	3,540	2,597	-	-
Securities lending collateral (Note 2B)	106,561	77,905	-	-
Long-term liabilities:				
Due in one year	-	-	633	2,223
Due in more than one year	-	-	1,590	1,551
Total Liabilities	**112,873**	**83,727**	**3,407**	**4,829**
Net Position:				
Restricted for pension benefits	2,445,611	2,194,142	-	-
Restricted for post-employment healthcare benefits	71,420	61,165	-	-
Net investment in capital assets	-	-	387,102	394,555
Restricted for specified purpose	-	-	11,248	10,517
Total Net Position	**$ 2,517,031**	**$ 2,255,307**	**$ 398,350**	**$ 405,072**

See Accompanying Notes to Basic Financial Statements.

EAST BAY MUNICIPAL UTILITY DISTRICT
Statements of Changes in Fiduciary Net Position
For the Years Ended June 30, 2024 and June 30, 2023
(Dollars in Thousands)

	Retirement System Trust Funds		Custodial Funds	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Additions:				
Contributions:				
Employers	$ 117,342	$ 106,523	$ -	$ -
Plan members	23,877	22,088	-	-
Joint Power Authority members	-	-	11,982	9,432
Grants and other receipts	-	-	3,670	3,701
Total Contributions	**141,219**	**128,611**	**15,652**	**13,133**
Investment Income:				
From Investment Activities				
Net appreciation (depreciation) in fair value investments:				
Traded securities	255,012	193,008	-	-
Real estate	(7,970)	(5,111)	-	-
Interest	25,410	21,206	594	101
Dividends	10,423	11,243	-	-
Real estate operating income, net	2,580	2,909	-	-
Total Investment Income	**285,455**	**223,255**	**594**	**101**
Less:				
Investment expense	(3,587)	(3,549)	-	-
Net Income from Investment Activities	**281,868**	**219,706**	**594**	**101**
From Security Lending Activities				
Security lending income	6,077	3,195	-	-
Borrowers' rebates and other agent fees	(5,894)	(3,069)	-	-
Security Lending Activities	**183**	**126**	**-**	**-**
Net Investment Income	**282,051**	**219,832**	**594**	**101**
Total Additions, net	**423,270**	**348,443**	**16,246**	**13,234**
Deductions:				
Benefits paid (Notes 1C & 1D)	157,771	149,102	-	-
Refunds of contributions (Note 4)	1,269	684	-	-
General and administrative expenses	2,506	2,273	3,839	3,825
Professional services expense	-	-	2,781	2,653
Operation and maintenance expense	-	-	6,015	3,285
Grants and other expenses	-	-	654	654
Interest expense	-	-	94	132
Depreciation expense	-	-	9,585	9,597
Total Deductions	**161,546**	**152,059**	**22,968**	**20,146**
Changes in Net Position	**261,724**	**196,384**	**(6,722)**	**(6,912)**
Net Position - Beginning of the Year	**2,255,307**	**2,058,923**	**405,072**	**411,984**
Net Position - End of the Year	**$ 2,517,031**	**$ 2,255,307**	**$ 398,350**	**$ 405,072**

See Accompanying Notes to Basic Financial Statements.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Primary Government

The East Bay Municipal Utility District (the District) was formed in May 1923 under the provisions of the Municipal Utility District Act of 1921. The District is comprised of two financially independent entities: the Water System and the Wastewater System. These two entities are governed by the same elected seven-member Board of Directors who determines such matters as rates and charges for services, approval of contracts, and District policies. The Water System provides administrative and other support services to the Wastewater System. These costs are charged to the Wastewater System.

B. Description of the Component Unit

The District's Employees' Retirement System (the Employees' Retirement System or the Plan) has been reported as a Pension and Other Employee Benefit Trust fund (a fiduciary fund) in the accompanying basic financial statements and is discretely presented. The System provides retirement, disability, survivorship, and post-employment health insurance benefits for eligible directors, officers, and employees of the District. The System is administered by a Retirement Board composed of three members appointed by the Board of Directors of the District, two members elected by and from the active membership, and one (nonvoting) member elected by and from the retired membership of the System. Retirement Ordinance No. 40 (Ordinance) assigns the authority to establish Plan benefit provisions to the District's Board of Directors.

Copies of the audited financial statements of the Employees' Retirement System may be obtained by writing to the Controller, P.O. Box 24055, Oakland, CA 94623 or by visiting our website at http://www.ebmud.com.

C. Basis of Presentation

The accounts of the District are organized and operated on a fund basis. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses.

The basic financial statements include prior year comparative information. A complete presentation of the prior year information can be found in the District's financial statements for the year ended June 30, 2023.

The District reports the following major proprietary (enterprise) funds:

The **Water System** is engaged in the collection, transmission, and distribution of water to communities within Alameda and Contra Costa counties of California.

The **Wastewater System** is engaged in the interception and treatment of wastewater from residences and industries in the California communities of Alameda, Albany, Berkeley, Emeryville, Oakland, Piedmont, and the Stege Sanitary District.

Additionally, the District reports the following fiduciary fund:

The **Pension and Other Employee Benefit Trust** is used to account for the resources held by the Employees' Retirement System which provides retirement, disability, and survivorship benefits for eligible directors, officers, and employees of the District.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The **Custodial Funds** are used to account for monies held for Bay Area Clean Water Agencies (BACWA), Dublin San Ramon Services District (DSRSD)/EBMUD Recycled Water Authority (DERWA), Freeport Regional Water Authority (FRWA) and Upper Mokelumne River Watershed Authority (UMRWA), joint power authorities the District provides accounting and investing services for; and monies held in external investment pools. See Note 2.K for additional information.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Pension and Other Employee Benefit Trust fund is maintained to account for assets held by the Employees' Retirement System in a trustee capacity.

D. <u>Basis of Accounting</u>

Proprietary funds and the Pension and Other Employee Benefit Trust fund are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets, deferred outflows, liabilities, and deferred inflows associated with operations are included on the statement of net position, and revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. The District also recognizes wet weather facilities charges as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

In addition, the accounting policies of the District conform to accounting policies generally accepted in the United States of America for water utilities. The accounts are maintained substantially in accordance with the Uniform System of Accounts for Water Utilities followed by investor-owned and major municipally owned water utilities.

Statement of Net Position – The statement of net position is designed to display the financial position of the District. The District's fund equity is reported as net position, which is broken down into three categories defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and related deferred inflows and outflows.

- Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.

- Unrestricted – This component of net position consists of net assets that do not meet the definition of "restricted" or "net investment in capital assets."

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement of Revenues, Expenses, and Changes in Net Position – The statement of revenues, expenses, and changes in net position is the operating statement for proprietary funds. Revenues are reported by major source. This statement distinguishes between operating and non-operating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and other income.

E. Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Capital Assets

Utility Plant – at Original Cost

The cost of additions to utility plant and replacement of retired units of property are capitalized. Cost includes material, direct labor and fringe benefits, transportation, and such indirect items as engineering, supervision, and interest during construction based on the interest rate on outstanding debt of the system in the prior fiscal year as allowed by GASB 76. Repairs, maintenance, and minor purchases of equipment are charged to expenses as incurred.

The depreciated cost of capital assets, plus removal costs, less salvage, is charged to expense upon retirement.

Water Supply Management Program

Costs incurred in this program are debt funded and capitalized in construction in progress. These costs are transferred to utility plant upon completion of the project and depreciated over their useful life. Debt service costs on the debt used to finance the program are recovered in future through connection fees and rates and charges for service to those benefiting from the program.

Preliminary Survey and Investigation Costs

The District capitalizes initial costs incurred to study and evaluate certain potential long-term capital projects. These costs are transferred to property, plant and equipment upon completion of the project and are depreciated over the life of the asset. In the event the project is abandoned, these costs are expensed.

Contract Water Rights

The District has contracted with the U.S. Bureau of Reclamation for water deliveries from the Central Valley Project (CVP) and shall continue so long as EBMUD pays applicable rates and charges consistent with applicable law. Payments under the contract include reimbursement for operation and maintenance costs based on the amounts of water delivered to EBMUD, the Operation & Maintenance Deficit (EBMUD's current balance is $3,039), and prepayment of allocated capital costs for CVP storage and conveyance facilities (EBMUD's current estimated allocation is $1,370). The Water Enterprise Fund capitalized the two components.

G. Depreciation and Amortization

Depreciation and amortization of capital assets is computed on a straight-line basis using the estimated service lives of the related assets (5 to 100 years).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Restricted Assets

The District segregates cash and investments into funds that are “Restricted” and “Unrestricted.” Funds are “restricted” when limitations on use of the resources are imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provision or by enabling legislation. “Unrestricted” resources are committed by the Board of Directors through the passage of a resolution, or constrained for a specific purpose by committees or officials with authority delegated by the Board. The exception is the Reserve for Capital Projects which is anticipated but not committed or constrained to be used for the District’s capital improvement program.

Unrestricted cash and investments are further categorized into Operating and Capital Reserves:

Operating Reserves:

- Rate Stabilization Fund (RSF) reserve is established by Policy 4.02, as adopted by the Board of Directors in the biennial budget, to maintain at least 20% of projected annual water volume revenues for Water and at least 5% of annual operating and maintenance expenses for Wastewater. Funding of the RSF is consistent with the District’s Bond indentures. In fiscal year 2014, the District combined the Rate Stabilization Fund referenced in the Bond indentures and the Contingency and Rate Stabilization Reserve referenced in Policy 4.02 into a single Rate Stabilization Fund reserve to enhance transparency.

- Working Capital reserve is established by Policy 4.02, as adopted by the Board of Directors in the biennial budget, to maintain at least three times the District’s monthly net operating and maintenance expenses.

- Self-insurance reserve is established by Policy 4.02, as adopted by the Board of Directors in the biennial budget, to maintain a level based on the Actuarial Self-Insured Retention (SIR) funding recommendation for the following year’s discounted loss and allocated loss adjustment expenses (ALAE) funding guidelines. Reserve amount should be calculated at a high (85%) confidence level. If an actuarial study is not available before close of the prior fiscal year end, the reserve shall equal 1.15 times the prior year reserve.

- Workers' compensation reserve is established by Policy 4.02, as adopted by the Board of Directors in the biennial budget, to maintain a level based on the Actuarial SIR funding recommendation for the following year’s discounted loss and ALAE funding guidelines. Reserve amount should be calculated at a high (85%) confidence level. If an actuarial study is not available before close of the prior fiscal year end, the reserve shall equal 1.15 times the prior year reserve.

Capital Reserves:

- Reserve for Capital Projects comprises the resources available for cash funding of the District’s capital improvement program as projected in conjunction with the biennial budget.

- Reserve Funded CIP (Wastewater) balance is a specific designation [Board Motion No. 029-94] used to fund wet and dry weather eligible construction projects.

- Vehicle Replacement Fund [Board Motion No. 030-94] is financed by deposits based on internal user rate charges, and used to reimburse operational expenditures and vehicle replacement purchases.

- Equipment Replacement Fund was established by the District with the implementation of the Wastewater Capacity Fees effective July 1, 1984. The balance in this account represents funds set aside for future wastewater department equipment replacements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted funds include the following:

- Debt funded construction funds are the proceeds of bond or commercial paper issues that are restricted for use on eligible projects in the District's capital program.

- Capitalized Interest fund is restricted by the District's bond indenture for the purpose of defraying that bond issue's debt service payments for a specified period.

- Bond Interest and Redemption fund is utilized, in order for the District to transfer funds to the Trustee for the payment of principal and interest on the outstanding bonds one business day prior to the date such payment is due as required under the District's bond indentures. The District uses the Bond Interest and Redemption Fund to segregate funds accumulated for such payments. In addition, under certain of the interest rate swap agreements related to the District's outstanding bonds, the District is required to post collateral to the swap counterparty to the extent that the District's total exposure for termination payments under the swap agreement exceeds the threshold amount specified in the applicable swap agreement. The District also uses the Bond Interest and Redemption Fund to segregate District funds held by the applicable custodian to satisfy this collateral posting obligation.

- Debt Service Reserve fund is created and required to be maintained at a specified level in connection with certain series of the District's outstanding bonds. Amounts in a Bond Reserve Fund may only be used (a) for the payment of principal and interest on the related series of bonds in the event the District fails to transfer the required payment from the related system Revenue Fund (the respective designated part of the General Fund) (b) for the payment or redemption of all of the related series of bonds then outstanding or (c) for the payment of the final principal and interest payments on the related series of bonds.

- Funds received for construction reflect advances received from applicants for work to be performed by the District and the unspent future water supply component of system capacity charges. This fund is used for the construction of major facilities, applicant requested services, and the design and construction of water supply improvement program projects.

- FERC partnership fund of $2 million was established January 11, 1999, in compliance with Federal Energy Regulatory Commission (FERC) order which brought resolution to its Mokelumne River Proceeding. The District manages the fund and income derived from investing the funds to provide operating support to the Joint Settlement Agreement with US Fish and Wildlife and California Fish and Game to protect the Mokelumne River Ecosystem from Pardee Reservoir to the Delta. The principal and any unused earnings shall remain the property of the District and will revert to the District upon expiration of the agreement in March 2031 or upon withdrawal of any party to the agreement.

Monetary Reserve represents money on deposit in the name of the District with the Automated Power Exchange Inc. (APX) in accordance with the terms and conditions of the Automated Power Exchange Inc. California Master Service Agreement of July 15, 1999, entered between the District and APX for the sale and purchase of electric power. The funds held on deposit shall be withdrawn by the Depository and Clearing Agent in the event that sufficient funds are not deposited in the District settlement account to cover power exchange transactions.

I. Deferred Amount on Bond Refunding

Gains and losses incurred in connection with debt refunding transactions are deferred and amortized over the shorter of the life of the refunded debt or the new debt.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents.

K. District Investments

Investments are stated at fair value. Included in investment income (loss) is the net change in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) of those investments.

Measurement of the fair value of investments is based upon quoted market prices, if available. The estimated fair value of investments that have no quoted market price is determined based on equivalent yields for such securities or for securities of comparable maturity, quality, and type as obtained from market makers.

Each of the financial instruments invested in by the District represents a potential concentration of credit risk. However, as the portfolio and the components of the various instruments are diversified, and issuers of securities are dispersed throughout many industries and geographic locations, the concentrations of credit risk are limited.

L. Retirement System Investments

Investments are reported at fair value. Securities and bonds traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that have no quoted market price are reported at estimated fair value, which is determined based on yields equivalent for such securities or for securities of comparable maturity, quality, and type as obtained from market makers. Measurement of the fair value of real estate investments is estimated by the investment managers and reflects both internal and independent appraisals of real estate properties.

The System presents in the Statements of Changes in Fiduciary Net Position the net change in the fair value of its investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Each of the financial instruments invested in by the System represents a potential concentration of credit risk. However, as the portfolio and the components of the various instruments are diversified and issuers of securities are dispersed throughout many industries and geographical locations, the concentrations of credit risk are limited.

The System invests in a combination of stocks, bonds, fixed income securities, real estate, and other investment securities. These investments are exposed to various risks, such as interest rate and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

Retirement Board policies permit the System to use investments of the Plan to enter into securities lending transactions, which are loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return collateral for the same securities in the future. The Plan's securities custodian is an agent in lending the Plan's securities for cash collateral, U.S. government securities, and irrevocable letters of credit of 102% for domestic securities and 105% for international securities lent.

As of June 30, 2024, the System had no credit risk exposure to borrowers because the amounts the System owed the borrowers exceeded the amounts the borrowers owed the System. Contracts with the lending agent require them to indemnify the System under certain circumstances if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities issuers

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

while the securities are on loan. The risk of any loss of collateral or investment of cash collateral (including a loss of income or principal, or loss of market value thereon) lies with the System, except for losses resulting from negligence or intentional misconduct of the agent in performing the duties allocated under the securities lending agreement with respect to collateral. During the year ended June 30, 2024, there were no violations of legal or contractual provisions, and no borrower or lending agent default losses known to the securities lending agent.

In lending securities, cash collateral is invested in the lending agent's short-term investment pool, which as of June 30, 2024, had a weighted average maturity of 22 days. The relationship between the maturities of the investment pool and the Plan's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the System cannot determine. Cash collateral may also be invested separately in term loans, in which case the maturity of the collateral investment generally matches the term of the loan. Noncash collateral cannot be pledged or sold unless the borrower defaults. All securities loans can be terminated on demand by either the lender or the borrower, although the average term of overall loans for the System was approximately 308 days. There are no dividends or coupon payments owing on the securities lent. Cash received as collateral on securities lending transactions is reported as an asset of the System with a corresponding liability.

As of June 30, 2024, the fair value of securities on loan was $103,733. The total cash and noncash collateral held by the Plan's custodian to secure these securities on loan was valued at $106,561 (all cash collateral).

M. Material and Supplies

Material and supplies inventories are valued at cost, which approximates market, using the average-cost method.

N. Revenue

Water billings include charges for water flow, elevation, and a monthly meter charge. Customer water meters are read on a cyclical basis throughout a monthly or bimonthly period. Bills are rendered and revenue is recognized in the period that meters are read.

Wastewater treatment billings are a combination of flow, strength charges, and a monthly service charge. Customer bills are rendered on a cyclical basis throughout a monthly or bimonthly period, and revenue is recognized in the period in which bills are rendered.

Wet weather facilities charges are designed to finance the operating and capital costs related to wet weather sewage flows and are billed annually on the property tax bill.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

P. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 100 – *Accounting Changes and Error Corrections.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting; understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

Q. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Leases

Lessee: The District is a lessee primarily in land and buildings. The District recognizes a lease liability and an intangible right-to-use lease asset in the proprietary fund financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed and purchase option payments that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with other liabilities on the statement of net position.

Lessor: The District is a lessor in real estate used for billboard, telecom, and land purchases. The District recognizes a lease receivable and a deferred inflow of resources in the proprietary fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

(Dollars in Thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Subscription-Based Information Technology Arrangements

The District is a subscriber for a noncancellable subscription of information technology services. The District recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the proprietary fund financial statements.

At the commencement of a subscription, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to subscriptions include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) lease term, and (3) subscription payments.

- The District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the District is reasonably certain to exercise.

Subscription assets are reported with other capital assets and subscription liabilities are reported with other liabilities on the statement of net position.

NOTE 2: CASH AND INVESTMENTS

A. Classification

Reconciliations of cash and investments reported on the financial statements as of June 30, 2024, are as follows:

District Enterprise Funds:	Water System	Wastewater System	Total
Cash and investments included in current assets	$ 425,198	$ 113,665	$ 538,863
Cash and investments included in restricted investments	27,053	1,076	28,129
Total District cash and investments	452,251	114,741	566,992
Less investments	(310,473)	(58,473)	(368,946)
Cash and cash equivalents	$ 141,778	$ 56,268	$ 198,046

System Pension Trust Funds:	Pension Plan Benefits	Post-employment Healthcare Benefits	Total
Cash and cash equivalents	$ 27,985	$ 806	$ 28,791
Invested securities lending collateral	103,576	2,985	106,561
Retirement system investments	2,407,567	69,380	2,476,947
Total System cash and investments	$ 2,539,128	$ 73,171	$ 2,612,299

(Dollars in Thousands)

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Reconciliations of cash and investments reported on the financial statements as of June 30, 2023, are as follows:

District Enterprise Funds:	Water System	Wastewater System	Total
Cash and investments included in current assets	$ 384,245	$ 95,173	$ 479,418
Cash and investments included in restricted investments	40,919	1,000	41,919
Total District cash and investments	425,164	96,173	521,337
Less investments	(330,914)	(60,917)	(391,831)
Cash and cash equivalents	$ 94,250	$ 35,256	$ 129,506

System Pension Trust Funds:	Pension Plan Benefits	Post-employment Healthcare Benefits	Total
Cash and cash equivalents	$ 26,937	$ 740	$ 27,677
Invested securities lending collateral	75,822	2,084	77,906
Retirement system investments	2,159,656	59,348	2,219,004
Total System cash and investments	$ 2,262,415	$ 62,172	$ 2,324,587

B. District Enterprise Fund Investments Authorized by the California Government Code and the District's Investment Policy

The District's Investment Policy and the California Government Code allow the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the District's Investment Policy where the District's Investment Policy is more restrictive and provides information as to the limitations as they relate to interest rate risk, credit risk and concentration risk.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment in One Issuer/Fund
U.S. Treasury Bonds, Notes and Bills	5 Years	N/A	up to 100%	N/A
U.S. Government Agency and U.S. Government-Sponsored Enterprise Obligation	5 Years	N/A	up to 100%	40% in each Agency
State of California Local Agency Investment Fund (LAIF Pool)	N/A	N/A	$75,000 per Sec. 16429.1	N/A
California Asset Management Program (CAMP)	N/A	AAAm/AA-f	40%	20%
Investment Trust of California (CalTRUST)	N/A	AAAm/AA-f	40%	20%
Money Market Mutual Funds	N/A	AAAm	20%	5%
Certificates of Time Deposit	1 Year	AA-	20%	$250
Negotiable Certificates of Deposit	5 Years	AA-	20%	$250
Commercial Paper	270 Days	A-1+ and A	20%	5% of portfolio or 10%
Medium Term Corporate Notes	5 Years	AA- and A	20%	5%
Repurchase Agreements	270 Days	N/A	20%	N/A
Municipal Bonds	5 Years	AA- and A	20%	5%
Municipal Notes	N/A	SP-1+	20%	5%

The District does not enter into reverse repurchase agreements.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

C. District Enterprise Fund Investments Authorized by Debt Agreements

The District must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the District fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with District resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Minimum Credit Quality
Repurchase Agreements	Top Four Short Term Rating Category
U.S. Treasury Bonds, Notes and Bills	N/A
U.S. Government Agency and U.S. Government-Sponsored Enterprise Obligation	N/A
State Obligations	Not lower than the District's bond rating
Commercial Paper	Top Rating Category
Negotiable Certificates of Deposit	FDIC insured or collateralised
Time Certificates of Deposits - Banks or Savings and Loans	FDIC insured or collateralised
Corporate Notes (up to 3 years)	Top Short-Term Rating Category
Corporate Bonds (longer than 3 years)	Not lower than District's bond rating
Variable Rate Obligations	Top Short-Term Rating Category
Cash Sweep Agreements	Top Rating Category
Guaranteed Investement Contract	Not lower than District's bond rating
Shares of Beneficial Interest	Top Rating Category

D. Employees Retirement System Authorized Investment Strategy

The Plan's Statement of Investment Policy and Procedures authorize the Plan to invest in financial instruments in four broad investment categories: equity, fixed income, real estate, and covered calls. These financial instruments can include, but are not limited to, corporate bonds, commercial paper, U.S. government securities, common and preferred stock, real estate investment trusts, and mutual funds. Fixed income investments may include futures and options contracts in order to provide added flexibility in managing the fixed income portfolio. The following is a summary of the Plan's Statement of Investment Policy and Procedures adopted by the System on March 21, 2019.

The Retirement Board is authorized to designate multiple investment managers to manage the assets under their supervision subject to the laws of the State of California and the Investment Guidelines established by the Retirement Board. Allocation of assets to the investment managers are determined by the Retirement Board to accommodate changing conditions and laws.

In March 15, 2018, the System adopted an updated asset allocation, which is shown in the table below.

US Equity	25%
Non-US Equity	25%
Core Fixed-Income	20%
Non-Core Fixed Income	5%
Covered Calls	20%
Real Estate	5%

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The Director of Finance is authorized to transfer assets as provided in the Plan's Statement of Investment Policy and Procedures. The Director of Finance is further authorized to withdraw assets from assigned managers as necessary to efficiently meet operating needs.

The core fixed income target allocation (20% of the total portfolio) will primarily consist of U.S. denominated fixed income securities.

The non-core fixed income target allocation (5% of the total portfolio) will primarily consist of U.S. denominated fixed income securities. It is expected that this allocation may have a material allocation to below investment grade securities.

The domestic equity allocation target (25% of the total portfolio) will consist of the allocation to securities that corresponds to the weight of securities within the Russell 3000 Index.

The covered calls target allocation (20% of the total portfolio) may consist of a combination of Chicago Board Options Exchange S&P 500 BuyWrite Index (the "BXM Index") replication strategy and/or active non-replication strategies and their underlying domestic equity portfolios.

The international equity target allocation (25% of the total portfolio) will consist of an allocation to non-US equity securities benchmarked to the MSCI ACWI xUS Index.

The real estate target allocation (5% of the total portfolio) will consist of either equity (ownership) and/or fixed income participation in commercial, industrial, or residential properties. Investments may include interests in mortgages pools secured by loans of underlying properties.

The asset allocation does allow for the fact that at any time equity and fixed income managers may have transactional cash on hand and the District will maintain enough cash as working capital to effectively meet cash flow demands on the system. However, there is no specific allocation for cash as all investable cash is allocated to specific investment mandates.

At the May 23, 2024 Retirement Board meeting, the Retirement Board took action to adopt new investment portfolio asset allocations for the System. The updated allocations will be as follows: 35% US Equity, 25% Non-US Equity, 2.5% Real Estate, 20% Core Fixed-Income, 7.5% High Yield Fixed Income, 5% Bank Loans and 5% Private Credit. The portfolio transition will take place in stages throughout the next two years with the goal of full transition by July 2026.

E. Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The California Local Agency Investment Fund is exempt from classification for fair value hierarchy.

(Dollars in Thousands)

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

District Enterprise Funds:

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2024:

Investment Type	Level 1	Level 2	Total
Investments by Fair Value Level:			
U.S. Treasury Bills	$ 368,947	-	$ 368,947
Total Investments at Fair Value	$ 368,947	$ -	368,947
Investments Measured at Net Asset Value Per Share:			
California Asset Management Program			39,227
Investments Measured at Amortized Cost:			
California Local Agency Investment Fund			35,299
Mutual Funds (U.S. Securities)			100,450
Total Investments			543,923
Cash in banks			23,069
Total District Cash and Investments			$ 566,992

In fiscal year 2024, U.S. Treasury Bills totaling $368,947, is classified in Level 1 of the fair value hierarchy, and is valued using quoted prices in active markets. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2023:

Investment Type	Level 1	Level 2	Total
Investments by Fair Value Level:			
U.S. Government-Sponsored Enterprise Agencies:			
Non-callable	$ -	$ 7,843	$ 7,843
Callable	-	5,748	5,748
U.S. Treasury Bills	378,239	-	378,239
Total Investments at Fair Value	$ 378,239	$ 13,591	391,830
Investments Measured at Net Asset Value Per Share:			
California Asset Management Program			38,609
Investments Measured at Amortized Cost:			
California Local Agency Investment Fund			23,773
Mutual Funds (U.S. Securities)			23,890
Total Investments			478,102
Cash in banks			43,235
Total District Cash and Investments			$ 521,337

(Dollars in Thousands)

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

In fiscal year 2023, U.S. Treasury Bills totaling $378,239, is classified in Level 1 of the fair value hierarchy, and is valued using quoted prices in active markets. The U.S. Government-Sponsored Enterprise Agency securities totaled $13,591 is classified in Level 2 of the fair value hierarchy, and is valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

System Pension Trust Fund:

The following is a summary of the fair value hierarchy of investments held by the System as of June 30, 2024:

Investment Type	Level 1	Level 2	Level 3	Total
Investments by Fair Value:				
Asset Backed Securities	$ -	$ 9,228	$ 1,325	$ 10,553
Equity Securities	502,797	-	74	502,871
Bank Loans	-	8,116	-	8,116
Commercial Mortgage-Backed Securities	-	4,212	-	4,212
Corporate Bonds	-	126,625	-	126,625
Corporate Convertible Bonds	-	250	-	250
Government Agencies	-	22,493	-	22,493
Government Bonds	-	122,938	-	122,938
Government Mortgage Backed Securities	-	193,119	-	193,119
Other Fixed Income	-	7,771	-	7,771
Real Estate-Partnerships	-	-	118,857	118,857
Total Investments at Fair Value	$ 502,797	$ 494,752	$ 120,256	1,117,805
Investments Not Subject to Fair Value Hierarchy:				
Comingled Funds and Other				1,359,142
Total Investments at Fair Value				2,476,947
Invested Securities Lending Collateral				106,561
Cash and Cash Equivalents:				
California Local Agency Investment Fund				3,517
Cash & Short-term Investments				25,274
Total System Cash and Investments				$ 2,612,299

Investments classified in Level 1 of the fair value hierarchy, valued at $502,797 are valued using quoted prices in active markets. $494,752 of investments classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments totaling $120,256 classified in Level 3 of the fair value hierarchy are valued using appraisals and estimates by investment managers. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

(Dollars in Thousands)

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The following is a summary of the fair value hierarchy of the fair value of investments of the Pension Trust Fund as of June 30, 2023:

Investment Type	Level 1	Level 2	Level 3	Total
Investments by Fair Value:				
Asset Backed Securities	$ -	$ 8,799	$ -	$ 8,799
Equities	503,545	37	74	503,656
Bank Loans	-	7,729	-	7,729
Commercial Mortgage-Backed	-	8,260	-	8,260
Corporate Bonds	-	125,061	-	125,061
Corporate Convertible Bonds	-	614	-	614
Govt Agencies	-	68,331	-	68,331
Govt Bonds	-	84,199	-	84,199
Govt Mortgage Backed Securities	-	166,356	-	166,356
Non-Govt Backed CMO's	-	610	-	610
Other Fixed Income	-	11,281	-	11,281
Real Estate-Partnerships	-	-	63,224	63,224
Total Investments at Fair Value	$ 503,545	$ 481,277	$ 63,298	1,048,120
Investments Not Subject to Fair Value Hierarchy:				
Comingled Funds and Other				1,170,884
Total Investments at Fair Value				2,219,004
Invested Securities Lending Collateral				77,906
Cash and Cash Equivalents:				
California Local Agency Investment Fund				4,302
Cash & Short-term Investments				23,375
Total System Cash and Investments				$ 2,324,587

Investments classified in Level 1 of the fair value hierarchy, valued at $503,545 are valued using quoted prices in active markets. $481,277 of investments classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments totaling $63,298 classified in Level 3 of the fair value hierarchy are valued using appraisals and estimates by investment managers. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

F. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the market value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its market value to changes in market interest rates. The District generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the market values of the District's and System's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity or earliest call date.

(Dollars in Thousands)

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

District Enterprise Funds:

Information about the sensitivity of the fair value of the District's investments to market interest rate fluctuations is provided in the following table that shows the distribution of the District's investments by maturity or earliest call date for June 30, 2024:

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
U.S. Treasury Bills	$ 271,232	$ 77,724	$ 19,991	$ 368,947
Mutual Funds (U.S. Securities)	100,450	-	-	100,450
California Asset Management Program	39,227	-	-	39,227
California Local Agency Investment Fund	35,299	-	-	35,299
Total Investments	$ 446,208	$ 77,724	$ 19,991	543,923
Cash in banks				23,069
Total District Cash and Investments				$ 566,992

Information about the sensitivity of the fair value of the District's investments to market interest rate fluctuations is provided in the following table that shows the distribution of the District's investments by maturity or earliest call date for June 30, 2023:

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
U.S. Government-Sponsored Enterprise Agencies				
Non-callable	$ 7,843	$ -	$ -	$ 7,843
Callable	5,748	-	-	5,748
U.S. Treasury Bills	238,324	131,522	8,393	378,239
Mutual Funds (U.S. Securities)	23,890	-	-	23,890
California Asset Management Program	38,609	-	-	38,609
California Local Agency Investment Fund	23,773	-	-	23,773
Total Investments	$ 338,187	$ 131,522	$ 8,393	478,102
Cash in banks				43,235
Total District Cash and Investments				$ 521,337

(Dollars in Thousands)

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

System Pension Trust Fund:

Information about the sensitivity of the fair values of the Plan's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's investments by maturity or earliest call date for June 30, 2024:

Investment Type	Less than 12 Months	12 to 72 Months	72 to 120 Months	More than 120 Months	Maturity not Determinded	Total
Asset Backed securities	$ 3	$ 8,572	$ 1,042	$ 936	$ -	$ 10,553
Equity Securities	502,871	-	-	-	-	502,871
Bank Loans	-	5,793	2,323	-	-	8,116
Commercial Mortgage-Backed Securities	246	-	-	3,966	-	4,212
Corporate Bonds	6,719	71,864	30,596	17,446	-	126,625
Corporate Convertible Bonds	-	250	-	-	-	250
Government Agencies	-	4,359	12,360	5,774	-	22,493
Government Bonds	2,350	1,500	75,252	43,836	-	122,938
Government Mortgage Backed Securities	-	270	1,391	191,458	-	193,119
Other Fixed Income	1,755	6,016	-	-	-	7,771
Real Estate-Partnerships	-	-	-	-	118,857	118,857
Comingled Funds and Other	-	-	-	-	1,359,142	1,359,142
Total System Investments	$ 513,944	$ 98,624	$ 122,964	$ 263,416	$ 1,477,999	$ 2,476,947

Information about the sensitivity of the fair values of the Plan's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's investments by maturity or earliest call June 30, 2023:

Investment Type	Less than 12 Months	12 to 72 Months	72 to 120 Months	More than 120 Months	Maturity not Determinded	Total
Asset Backed securities	$ 146	$ 6,273	$ 624	$ 1,756	$ -	$ 8,799
Equity Securities	503,656	-	-	-	-	503,656
Bank Loans	-	6,659	1,070	-	-	7,729
Commercial Mortgage-Backed	240	744	-	7,276	-	8,260
Corporate Bonds	3,061	74,522	26,921	20,557	-	125,061
Corporate Convertible Bonds	532	82	-	-	-	614
Govt Agencies	-	16,644	11,870	39,817	-	68,331
Govt Bonds	-	10,032	42,844	31,323	-	84,199
Govt Mortgage Backed Securities	-	417	1,033	164,906	-	166,356
Non-Government Backed C.M.O.	-	-	-	610	-	610
Other Fixed Income	2,070	9,211	-	-	-	11,281
Real Estate-Partnerships	-	-	-	-	63,224	63,224
Comingled Funds and Other	-	-	-	-	1,170,884	1,170,884
Total System Investments	$ 509,705	$ 124,584	$ 84,362	$ 266,245	$ 1,234,108	$ 2,219,004

(Dollars in Thousands)

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The District and System are participants in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The value of the pool shares in LAIF is determined on an amortized cost basis, which is different from the fair value of its position in the pool. The District and System's investments with LAIF at June 30, 2024 and 2023 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

- Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

- Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets, such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2024 and 2023, the District had investments of $35,299 and $23,773, respectively, and System had investments of $3,517 and $4,302, respectively, invested in LAIF, which had invested 3.00% and 2.78% of the pooled investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 0.996316042 and 0.984828499 as of June 30, 2024 and 2023, respectively was used to calculate the fair value of the investments in LAIF.

The Plan's investments include the following investments that are highly sensitive to interest rate fluctuations to a greater degree than already indicated above as of June 30, 2024 and 2023:

Highly Sensitive Investments	Fair Value at Year End June 30, 2024
Government Mortgage - Backed Securities	$ 193,119
Commercial Mortgage - Backed Securities	4,212

Highly Sensitive Investments	Fair Value at Year End June 30, 2023
Government Mortgage - Backed Securities	$ 166,356
Commercial Mortgage - Backed Securities	8,260

G. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical credit rating organization.

(Dollars in Thousands)

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

District Enterprise Funds:

Presented below is the actual rating as of June 30, 2024 for each investment type as provided by Moody's.

Investment Type	Aaa	Total
U.S. Treasury Bills	$ 368,947	$ 368,947
Mutual Funds (U.S. Securities)	100,450	100,450
Totals	$ 469,397	469,397
Not rated by Moody's:		
California Local Agency Investment Fund		35,299
California Asset Management Program		39,227
Cash in Banks		23,069
Total District Cash and Investments		$ 566,992

Presented below is the actual rating as of June 30, 2023 for each investment type as provided by Moody's.

Investment Type	Aaa	Total
U.S. Government-Sponsored		
Non-Callable	$ 7,843	$ 7,843
Callable	5,748	5,748
U.S. Treasury Bills	378,239	378,239
Mutual Funds (U.S. Securities)	23,890	23,890
California Local Agency Investment Fund	23,773	23,773
Totals	$ 439,493	439,493
Not rated by Moody's:		
California Asset Management Program		38,609
Cash in Banks		43,235
Total District Cash and Investments		$ 521,337

System Pension Trust Fund:

Presented below is the actual rating as of June 30, 2024, for each investment type as provided by Moody's or Standard and Poor's, displayed by using Moody's ratings scale.

Investment Type	Aaa	Aa	A	Baa	Ba	B	Caa	U.S. Government Guranteed	Not Rated	Total
Asset Backed Securities	$ 6,850	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,703	$ 10,553
Equity Securities	-	-	-	-	-	-	-	-	502,871	502,871
Bank Loans	-	-	-	110	3,044	4,189	217	-	556	8,116
Commercial Mortgage - Backed Securities	3,062	-	-	352	-	-	-	-	798	4,212
Corporate Bonds	1,990	8,323	51,125	16,797	22,750	21,795	2,737	-	1,108	126,625
Corporate Convertible Bonds	-	-	-	-	-	-	-	-	250	250
Government Agencies	22,318	-	-	-	175	-	-	-	-	22,493
Government Bonds	122,938	-	-	-	-	-	-	-	-	122,938
Government Mortgage - Backed Securities	-	-	-	-	-	-	-	193,019	100	193,119
Other Fixed Income	-	-	-	-	-	-	-	-	7,771	7,771
Real Estate - Partnerships	-	-	-	-	-	-	-	-	118,857	118,857
Comingled Funds and Other	-	-	-	-	-	-	-	-	1,359,142	1,359,142
Total System Investments	$ 157,158	$ 8,323	$ 51,125	$ 17,259	$ 25,969	$ 25,984	$ 2,954	$ 193,019	$ 1,995,156	$ 2,476,947

(Dollars in Thousands)

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Presented below is the actual rating as of June 30, 2023 for each investment type as provided by Moody's.

Investment Type	Aaa	Aa	A	Baa	Ba	B	Caa	U.S. Government Guranteed	Not Rated	Total
Asset Backed Securities	$ 4,081	$ -	$ -	$ 242	$ -	$ -	$ -	$ -	$ 4,476	$ 8,799
Equity Securities	-	-	-	-	-	-	-	-	503,656	503,656
Bank Loans	-	-	-	633	3,294	3,661	-	-	141	7,729
Commercial Mortgage - Backed Securities	3,899	-	-	371	-	-	-	-	3,990	8,260
Corporate Bonds	1,575	9,056	53,322	18,050	19,214	20,168	2,181	-	1,495	125,061
Corporate Convertible Bonds	-	-	-	-	-	532	-	-	82	614
Government Agencies	67,190	-	-	-	-	-	-	1,141	-	68,331
Government Bonds	84,199	-	-	-	-	-	-	-	-	84,199
Government Mortgage - Backed Securities	-	-	-	-	-	-	-	166,238	118	166,356
Non-Government Backed CMO's	-	-	-	-	-	-	-	-	610	610
Other Fixed Income	-	-	-	-	-	-	-	-	11,281	11,281
Real Estate - Partnershops	-	-	-	-	-	-	-	-	63,224	63,224
Comingled Funds and Other	-	-	-	-	-	-	-	-	1,170,884	1,170,884
Total System Investments	$ 160,944	$ 9,056	$ 53,322	$ 19,296	$ 22,508	$ 24,361	$ 2,181	$ 167,379	$ 1,759,957	$ 2,219,004

H. Concentration Risk

The District has no significant investments in the securities of any individual issuers, other than U.S. Treasury securities, LAIF, and mutual funds as of June 30, 2024.

The District has no significant investments in the securities of any individual issuers, other than U. S. Treasury securities, and California Asset Management Program as of June 30, 2023.

System Pension Trust Fund:

As of June 30, 2024, and June 30, 2023, the District did not have investments in any one organization exceeding 5% of the System's investments.

The District held demand deposits (overdrafts) amounting to $4,478 and $3,681 on behalf of the System as of June 30, 2024 and 2023, respectively. The financial institution which holds these deposits is required by state law to maintain collateral pools against all public deposits they hold.

I. Foreign Currency Risk

System Pension Trust Fund:

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. Presented below in US dollars is the fair market value of the System's foreign investments at June 30, 2024:

Foreign Currency	Market Value
Danish Krone	$ 56
Euro	21

The Fund's investment policy permits investments in Non-US Equity of up to 25%. The Fund's current position is 0.003%.

(Dollars in Thousands)

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. Presented below in US dollars is the fair market value of the System's foreign investments at June 30, 2023:

Foreign Currency	Market Value
Euro	$ 1

The Fund's investment policy permits investments in Non-US Equity up to 25%. The Fund's current position is 0.0005%.

J. Custodial Credit Risk

Custodial credit risk for *cash on deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the District or System will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the District's name and places the District ahead of general creditors of the institution.

The District and System invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the District and System employ the Trust Department of a bank or trustee as the custodian of certain District and System managed investments, regardless of their form.

As of June 30, 2024 and 2023, the Plan's brokers/dealers held $0 in cash exposed to custodial credit risk.

K. Partnership Funds

California Asset Management Program (CAMP) – the District is a participant in the CAMP. CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The District reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 72 requirements. At June 30, 2024, the fair value was approximate to the District's cost. As of June 30, 2024, the District investment in CAMP is $39,227.

Investment Trust of California (CalTRUST) – the District is a voluntary participant in the CalTRUST, which is a Joint Powers Authority governed by a Board of Trustees including local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST and selects and supervises the activities of the investment managers and other agents. As of June 30, 2024, the District investment in CalTRUST is $0.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

L. Joint Powers Authority

DSRSD/EBMUD Recycled Water Authority - On June 28, 1995, the Dublin San Ramon Services District (DSRSD) and East Bay Municipal Utility District (District) entered into a Joint Powers Agreement (JPA) and established the DSRSD/EBMUD Recycled Water Authority (DERWA) with the purpose of creating a recycled water program in the San Ramon and Livermore-Amador Valleys. The JPA governing body is not substantially the same as the District and its independent Board consists of two directors each from the DSRSD and District. The JPA books and records are being maintained separately from DSRSD and the District. The DSRSD and District made member contributions to fund the JPA start-up and continue to fund capital projects at the request of the JPA on an as needed basis. Although DERWA has a significant relationship with the District, DERWA does not provide services solely to the District, and therefore is not considered a component unit of the District.

Freeport Regional Water Authority - The Freeport Regional Water Project (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 United States Bureau of Reclamation, the District and SCWA formed the Freeport Regional Water Authority (FRWA) under a joint powers agreement to develop the FRWP. The FRWP provides the permanent infrastructure to allow the District to receive water deliveries pursuant to the Long-Term Renewal Central Valley Project Contract at a new point of diversion along the Sacramento River. In addition to providing the District up to 100 MGD of supplemental water in dry years, the FRWP can provide up to 85 MGD to SCWA in all years. The District's share of the facilities is recorded as Investment in JPA and is presented on the statement of net position.

NOTE 3: CAPITAL ASSETS

A. Summary

The District capitalizes all assets with a historical cost of at least five thousand dollars and a useful life of at least three years. Contributed capital assets are valued at their estimated acquisition value on the date contributed.

The purpose of depreciation is to spread the cost of capital assets equitably among all customers over the life of these assets, so that each customer's bill includes a pro rata share of the cost of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of depreciable capital assets.

Depreciation of all capital assets in service, excluding land, is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the statement of net position as a reduction in the book value of the capital assets.

(Dollars in Thousands)

NOTE 3: CAPITAL ASSETS (CONTINUED)

Capital assets are depreciated using the straight – line method of depreciation, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The useful life of the District leases and subscriptions are based on lease agreements and SBITAs contacts, respectively. The District has assigned the useful lives listed below to capital assets:

Utility plant:	Years
Source of supply	25-100
Raw water transmission and storage	20-100
Interception and outfall	60-75
Pumping	25-75
Treatment	20-75
Distribution	25-75
Power generation	25-75
Equipment	5-20
Plant structures	25-75
Other	5-40

(Dollars in Thousands)

NOTE 3: CAPITAL ASSETS (CONTINUED)

B. Additions and Retirements

Capital assets activity for all business-type activities for the year ended June 30, 2024 was as follows:

	Balance at June 30, 2023	Additions and Transfers, net	Retirements and Transfers, net	Balance at June 30, 2024
Water System:				
Capital assets, not being depreciated:				
Land	$ 70,724	$ -	$ -	$ 70,724
Rights-of-way	3,043	115	-	3,158
Construction in progress - land/rights of way	216	-	(38)	178
Construction in progress	943,357	520,117	(296,359)	1,167,115
Total capital assets, not being depreciated	1,017,340	520,232	(296,397)	1,241,175
Capital assets, being depreciated/amortized:				
Buildings and improvements	281,690	890	(15)	282,565
System and improvements	6,135,532	279,021	(1,367)	6,413,186
Machinery and equipment	141,947	9,170	(2,144)	148,973
Intangible assets	377,448	4,762	(289)	381,921
Lease assets	2,296	677	(168)	2,805
Subscription assets	21,894	-	(5)	21,889
Total capital assets, being depreciated/amortized:	6,960,807	294,520	(3,988)	7,251,339
Less accumulated depreciation/amortization for:				
Buildings and improvements	(139,406)	(5,531)	4	(144,933)
System and improvements	(2,226,215)	(117,146)	806	(2,342,555)
Machinery and equipment	(90,670)	(8,681)	2,126	(97,225)
Intangible assets	(338,553)	(6,425)	289	(344,689)
Lease assets	(693)	(431)	168	(956)
Subscription assets	(3,241)	(3,538)	-	(6,779)
Total accumulated depreciation/amortization	(2,798,778)	(141,752)	3,393	(2,937,137)
Total capital assets, being depreciated/amortized, net	4,162,029	152,768	(595)	4,314,202
Water System capital assets, net	$ 5,179,369	$ 673,000	$ (296,992)	$ 5,555,377
Wastewater System:				
Capital assets, not being depreciated:				
Land	$ 21,361	$ 534	$ -	$ 21,895
Rights-of-way	191	-	-	191
Construction in progress - land/rights of way	190	-	(190)	-
Construction in progress	151,750	60,285	(17,099)	194,936
Total capital assets, not being depreciated	173,492	60,819	(17,289)	217,022
Capital assets, being depreciated/amortized:				
Buildings and improvements	93,029	7,620	-	100,649
System and improvements	1,112,617	9,870	-	1,122,487
Machinery and equipment	17,842	(19)	(20)	17,803
Intangible assets	40,719	1,496	-	42,215
Total capital assets, being depreciated/amortized:	1,264,207	18,967	(20)	1,283,154
Less accumulated depreciation/amortization for:				
Buildings and improvements	(47,958)	(1,885)	-	(49,843)
System and improvements	(520,435)	(22,673)	-	(543,108)
Machinery and equipment	(14,175)	(746)	20	(14,901)
Intangible assets	(33,713)	(1,617)	-	(35,330)
Total accumulated depreciation/amortization	(616,281)	(26,921)	20	(643,182)
Total capital assets, being depreciated/amortized, net	647,926	(7,954)	-	639,972
Wastewater System capital assets, net	$ 821,418	$ 52,865	$ (17,289)	$ 856,994
Business-type activities capital assets, net	$ 6,000,787	$ 725,865	$ (314,281)	$ 6,412,371

(Dollars in Thousands)

NOTE 3: CAPITAL ASSETS (CONTINUED)

Capital assets activity for all business-type activities for the year ended June 30, 2023 was as follows:

	Balance at June 30, 2022	Prior period adjustment	Additions and Transfers, net	Retirements and Transfers, net	Balance at June 30, 2023
Water System:					
Capital assets, not being depreciated:					
Land	$ 70,747	$ -	$ -	$ (23)	$ 70,724
Rights-of-way	3,043	-	-	-	3,043
Construction in progress - land/rights of way	216	-	-	-	216
Construction in progress	722,719	-	434,959	(214,321)	943,357
Total capital assets, not being depreciated	796,725	-	434,959	(214,344)	1,017,340
Capital assets, being depreciated/amortized:					
Buildings and improvements	281,261	-	459	(30)	281,690
System and improvements	5,943,162	-	201,694	(9,324)	6,135,532
Machinery and equipment	137,496	-	6,247	(1,796)	141,947
Intangible assets	389,174	-	5,923	(17,649)	377,448
Lease assets	2,288	835	-	(827)	2,296
Subscription assets	-	-	21,894	-	21,894
Total capital assets, being depreciated/amortized:	6,753,381	835	236,217	(29,626)	6,960,807
Less accumulated depreciation/amortization for:					
Buildings and improvements	(133,913)	-	(5,522)	29	(139,406)
System and improvements	(2,121,306)	-	(111,872)	6,963	(2,226,215)
Machinery and equipment	(83,974)	-	(8,409)	1,713	(90,670)
Intangible assets	(333,260)	-	(6,161)	868	(338,553)
Lease assets	(282)	14	(425)	-	(693)
Subscription assets	-	-	(3,241)	-	(3,241)
Total accumulated depreciation/amortization	(2,672,735)	14	(135,630)	9,573	(2,798,778)
Total capital assets, being depreciated/amortized, net	4,080,646	849	100,587	(20,053)	4,162,029
Water System capital assets, net	$ 4,877,371	$ 849	$ 535,546	$ (234,397)	$ 5,179,369
Wastewater System:					
Capital assets, not being depreciated:					
Land	$ 21,218	$ -	$ 143	$ -	$ 21,361
Rights-of-way	191	-	-	-	191
Construction in progress - land/rights of way	329	-	-	(139)	190
Construction in progress	125,366	-	56,712	(30,328)	151,750
Total capital assets, not being depreciated	147,104	-	56,855	(30,467)	173,492
Capital assets, being depreciated/amortized:					
Buildings and improvements	91,194	-	1,835	-	93,029
System and improvements	1,084,828	-	27,789	-	1,112,617
Machinery and equipment	17,637	-	205	-	17,842
Intangible assets	40,223	-	496	-	40,719
Total capital assets, being depreciated/amortized:	1,233,882	-	30,325	-	1,264,207
Less accumulated depreciation/amortization for:					
Buildings and improvements	(46,293)	-	(1,665)	-	(47,958)
System and improvements	(498,388)	-	(22,047)	-	(520,435)
Machinery and equipment	(13,341)	-	(834)	-	(14,175)
Intangible assets	(32,503)	-	(1,210)	-	(33,713)
Total accumulated depreciation/amortization	(590,525)	-	(25,756)	-	(616,281)
Total capital assets, being depreciated/amortized, net	643,357	-	4,569	-	647,926
Wastewater System capital assets, net	$ 790,461	$ -	$ 61,424	$ (30,467)	$ 821,418
Business-type activities capital assets, net	$ 5,667,832	$ 849	$ 596,970	$ (264,864)	$ 6,000,787

(Dollars in Thousands)

NOTE 3: CAPITAL ASSETS (CONTINUED)

C. Construction in Progress

Construction in Progress in fiscal 2023-2024 comprises:

	Expended to Date
Water System:	
Treatment plant upgrades	$ 317,723
Large diameter pipelines	112,813
Pipeline rebuild	108,638
Reservoir rehab/maintenance	66,179
Service lateral replacements	64,569
Trench soils management	57,714
Pumping plant rehabilitation	51,869
Mokelumne aqueduct 2&3 relining	34,312
Reservoir tower modifications	25,235
Fuel facility improvements	20,648
Pressure zone improvements	18,155
Dam operational upgrades	17,513
Pipeline relocations	15,046
West of hills master plan	12,995
Pipeline system improvements	12,868
Open cut reservoir program	12,544
Building facilities improvements	11,618
Small capital improvements	10,470
Water loss control	10,348
Raw water infrastructure	10,245
Other construction projects	175,791
	1,167,293
Wastewater System:	
Interceptors and pump stations	57,592
Digesters	34,922
General wastewater	32,549
Power generation and biogas	15,344
Secondary	9,984
Effluent discharge	9,009
Utilities and sitework	7,704
Electricals and controls	7,084
Preliminary treatment	6,421
Wet weather facilities	6,179
Resource recovery	4,423
Dewatering	777
Nutrients	479
Pump station master plan update	300
Primary treatment	161
Other construction projects	2,008
	194,936
Total District construction in progress	$ 1,362,229

(Dollars in Thousands)

NOTE 3: CAPITAL ASSETS (CONTINUED)

At June 30, 2024, the District's remaining current major project commitments are estimated to be $437,918 for the Water System and $34,744 for the Wastewater System.

Construction in Progress in fiscal 2022-2023 comprises:

	Expended to Date
Water System:	
Treatment plant upgrades	$ 170,640
Pipeline rebuild	81,682
Open cut reservoir program	70,327
Large diameter pipelines	67,625
Maloney pumping plant & water treatment plant improvements	60,579
Reservoir rehab/maintenance	49,099
Service lateral replacements	48,349
Trench soils management	47,852
Pumping plant rehabilitation	30,031
Mokelumne aqueduct 2 & 3 relining	24,218
Reservoir tower modifications	16,339
Dam operational upgrades	15,923
Pressure zone improvements	15,224
Fuel facility improvements	14,352
Pipeline system improvements	13,386
Raw water infrastructure	12,766
West of hills master plan	12,025
Pipeline relocations	9,844
Water loss control	8,970
Building facilities improvements	8,688
Other construction projects	165,654
	943,573
Wastewater System:	
Interceptors and pump stations	42,957
Digesters	29,824
General wastewater	25,037
Utilities and sitework	10,139
Power generation and biogas	9,808
Effluent discharge	7,165
Wet weather facilities	5,046
Resource recovery	4,357
Electricals and controls	3,922
Secondary	2,753
Preliminary treatment	2,335
Digester upgrades phase 2	784
Dewatering	475
Nutrients	344
Pump station master plan update	300
Other construction projects	6,694
	151,940
Total District construction in progress	$ 1,095,513

(Dollars in Thousands)

NOTE 3: CAPITAL ASSETS (CONTINUED)

At June 30, 2023, the District's remaining current major project commitments are estimated to be $598,240 for the Water System and $45,874 for the Wastewater System.

NOTE 4: ACCOUNTS PAYABLE & ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2024 and 2023 consist of:

	Water System		Wastewater System		Total	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Accounts payable	$ 46,781	$ 44,266	$ 12,969	$ 11,223	$ 59,750	$ 55,489
Accrued salaries	6,149	8,183	1,080	1,411	7,229	9,594
Other	38,001	28,960	12,051	2,209	50,052	31,169
Total	$ 90,931	$ 81,409	$ 26,100	$ 14,843	$ 117,031	$ 96,252

NOTE 5: COMPENSATED ABSENCES

Compensated absences as of June 30, 2024 and 2023, are included on the statement of net position separately from accounts payable and accrued expenses. In previous years, trends have shown that the District employees utilize the accruals annually, therefore, amounts payable are accrued and reported as a current liability on the financial statements.

The changes in compensated absences were as follows:

	Water System		Wastewater System		Total	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Beginning Balance	$ 42,858	$ 41,839	$ 6,881	$ 6,671	$ 49,739	$ 48,510
Additions	44,469	40,757	7,427	6,575	51,896	47,332
Payments	(43,896)	(39,738)	(7,116)	(6,365)	(51,012)	(46,103)
Ending Balance	$ 43,431	$ 42,858	$ 7,192	$ 6,881	$ 50,623	$ 49,739

NOTE 6: COMMERCIAL PAPER NOTES

The District's Board of Directors has authorized the issuance of short-term indebtedness of the District in a maximum principal amount of up to the lesser of either the average of the total annual revenue for the three preceding years or 25% of the District's total outstanding bonds. Under this authority the District has established two commercial paper programs: an extendable commercial paper program and a traditional commercial paper program. The proceeds from the issuance of commercial paper under these programs are restricted as to use. Under the programs, which must be authorized by the Board of Directors every seven years by resolution subject to the right of referendum, the Water System or the Wastewater System may issue commercial paper and bank notes at prevailing interest rates for periods of not more than 270 days from the date of issuance. The program was last authorized on April 27, 2021.

The District initially established its extendable commercial paper program in March 2009. Under the extendable commercial paper program, no liquidity support agreement with a commercial bank is needed. Instead, the District limits the term of the extendable commercial paper to 120 days, and the investor agrees to extend the maturity of their investment by 150 days at a higher interest rate in the event of a failure to place new commercial paper notes to pay maturing notes, which is expected to provide the District sufficient time to find a replacement investor or refund the extendable commercial paper with a different form of debt to repay the investor.

NOTE 6: COMMERCIAL PAPER NOTES (CONTINED)

As of June 30, 2024, there are no outstanding balances in Water and Wastewater Series extendable commercial paper notes under this program.

The District established its current traditional commercial paper program in December 2015. In May 2024, the District paid down $20 million in commercial paper for the Water System. As of June 30, 2024, $261 million in Water Series and $0 in Wastewater Series commercial paper notes were outstanding under this program. The Water Series commercial paper notes included the terms of 59 to 219 days and interest rates ranging from 3.53% to 3.85% as of June 30, 2024, and the terms of 58 to 96 days and interest rates ranging from 2.80% to 3.25% as of June 30, 2023.

To provide liquidity for the Water Series notes issued under the traditional commercial paper program, the District maintains two liquidity support facilities with commercial banks: a standby letter of credit in the amount of $131 million and a revolving credit agreement in the amount of $130 million as of June 30, 2024. Borrowings by the Water System for commercial paper notes and bank notes under the traditional commercial paper program cannot exceed the aggregate amount available under these agreements. Draws under the liquidity support facilities are restricted to pay principal on maturing Water Series commercial paper notes. There were no borrowings under the liquidity support facilities as of June 30, 2024. The liquidity support facilities expire on May 4, 2029, and June 28, 2028, respectively, and are subject to extension at the request of the District upon agreement by the issuing bank.

There were no unused proceeds of commercial paper notes as of June 30, 2024. It is the District's practice to use the commercial paper programs as a portion of the District's long-term variable rate debt exposure.

NOTE 7: LONG-TERM DEBT

A. Composition and Changes

The District generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. The District's debt issues and transactions are summarized below and discussed in detail thereafter.

(Dollars in Thousands)

NOTE 7: LONG-TERM DEBT (CONTINUED)

The District's debt issues and transactions during fiscal year 2023-2024 are summarized below.

	Original Issue Amount	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Amount due within one year
Water System Revenue Bonds:						
Subordinated Series 2010 B						
5.87%, due 6/1/40	$ 400,000	$ 400,000	$ -	$ -	$ 400,000	$ -
Series 2014 A						
3.00 - 5.00%, due 6/1/35	128,315	128,315	-	128,315	-	-
Series 2014 B						
2.00 - 5.00%, due 6/1/30	242,730	153,665	-	55,635	98,030	50,185
Series 2014 C						
5.00%, due 6/1/44	75,000	75,000	-	75,000	-	-
Series 2015 A						
4.00 - 5.00%, due 6/1/37	429,360	410,845	-	19,390	391,455	17,710
Series 2015 B						
4.00 - 5.00%, due 6/1/45	74,335	72,010	-	1,945	70,065	2,040
Series 2015 C						
4.00 - 5.00%, due 6/1/45	110,715	110,715	-	2,500	108,215	3,035
Series 2017 A						
3.00 - 5.00%, due 6/1/45	185,355	185,355	-	-	185,355	-
Series 2017 B						
3.00 - 5.00%, due 6/1/37	309,665	296,160	-	-	296,160	-
Series 2019 A						
5.00%, due 6/1/49	161,820	151,475	-	2,965	148,510	3,110
Series 2022 A						
5.00% - 5.25%, due 6/1/52	133,950	133,950	-	305	133,645	210
Series 2022 B-1						
5.00%, due 6/1/37	72,105	71,915	-	-	71,915	-
Series 2022 B-2						
5.00%, due 6/1/34	103,850	101,580	-	6,665	94,915	7,000
Series 2024 A						
5.00%, due 6/1/54	245,285	-	245,285	-	245,285	-
Series 2024 B						
5.00%, due 6/1/44	180,715	-	180,715	-	180,715	-
Total water long-term bonds		$ 2,290,985	$ 426,000	$ 292,720	$ 2,424,265	$ 83,290

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 7: LONG-TERM DEBT (CONTINUED)

	Original Issue Amount	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Amount due within one year
Wastewater System Revenue Bonds:						
Subordinated Series 2010 B						
5.03 - 5.18%, due 6/1/40	$ 150,000	$ 150,000	$ -	$ -	$ 150,000	$ -
Series 2014 A						
5.00%, due 6/1/31	82,150	36,515	-	7,415	29,100	7,740
Series 2015 A-1						
5.00%, due 6/1/37	54,805	54,805	-	-	54,805	-
Series 2015 A-2						
5.00%, due 6/1/38	13,565	13,565	-	-	13,565	-
Series 2015 B						
2.10 - 3.35% , due 6/1/30	2,795	1,440	-	185	1,255	195
Series 2017 A						
4.00 - 5.00%, due 6/1/37	69,420	48,075	-	4,975	43,100	5,220
Series 2022 A						
5.00%, due 6/1/45	18,140	16,555	-	1,735	14,820	1,820
Series 2022 B						
5.00%, due 6/1/37	17,345	17,345	-	-	17,345	-
Series 2024 A						
5.00%, due 6/1/54	24,950	-	24,950	-	24,950	-
Total wastewater long-term bonds		338,300	24,950	14,310	348,940	14,975
Total long-term bonds		2,629,285	450,950	307,030	2,773,205	98,265
Water Loans:						
State Water Resources Control Board						
2008 East Bayshore, Recycled Water Project						
2.40%, due 4/1/28	20,100	5,872	-	1,119	4,753	1,147
2018 South Reservoir Replacement Project						
1.70%, due 7/1/48	13,998	12,537	-	406	12,131	413
2018 MacArthur Davenport Pipeline Replacement Project						
1.70%, due 7/1/49	12,045	10,842	-	335	10,507	340
Total water loans		29,251	-	1,860	27,391	1,900
Total long-term loans		29,251	-	1,860	27,391	1,900
Commercial Paper (see Note 6)						
Water System Commercial Paper		281,000	1,540,470	1,560,470	261,000	
Wastewater System Commercial		-	-	-	-	
Total commercial paper		281,000	1,540,470	1,560,470	261,000	
Amount due within one year		(95,570)	(4,595)	-	(100,165)	
Add: Unamortized premium, net		217,711	63,513	44,741	236,483	
Total long-term liabilities, net		$ 3,061,677	$ 2,050,338	$ 1,914,101	$ 3,197,914	$ 100,165

(Dollars in Thousands)

NOTE 7: LONG-TERM DEBT (CONTINUED)

The District's debt issues and transactions during fiscal year 2022-2023 are summarized below.

	Original Issue Amount	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Amount due within one year
Water System Revenue Bonds:						
Subordinated Series 2010 B						
5.87%, due 6/1/40	$ 400,000	$ 400,000	$ -	$ -	$ 400,000	$ -
Series 2012 B						
1.00 - 5.00%, due 6/1/26	358,620	41,160	-	41,160	-	-
Series 2014 A						
3.00 - 5.00%, due 6/1/35	128,315	128,315	-		128,315	-
Series 2014 B						
2.00 - 5.00%, due 6/1/30	242,730	176,825	-	23,160	153,665	45,630
Series 2014 C						
5.00%, due 6/1/44	75,000	75,000	-	-	75,000	-
Series 2015 A						
4.00 - 5.00%, due 6/1/37	429,360	429,360	-	18,515	410,845	19,390
Series 2015 B						
4.00 - 5.00%, due 6/1/45	74,335	74,335	-	2,325	72,010	1,945
Series 2015 C						
4.00 - 5.00%, due 6/1/45	110,715	110,715	-	-	110,715	2,500
Series 2017 A						
3.00 - 5.00%, due 6/1/45	185,355	185,355	-	-	185,355	-
Series 2017 B						
3.00 - 5.00%, due 6/1/37	309,665	296,160	-	-	296,160	-
Series 2019 A						
5.00%, due 6/1/49	161,820	154,300	-	2,825	151,475	2,965
Series 2022 A						
5.00% - 5.25%, due 6/1/52	133,950	133,950	-	-	133,950	305
Series 2022 B-1						
5.00%, due 6/1/37	72,105	72,105	-	190	71,915	-
Series 2022 B-2						
5.00%, due 6/1/34	103,850	103,850	-	2,270	101,580	6,665
Total water long-term bonds		$ 2,381,430	$ -	$ 90,445	$ 2,290,985	$ 79,400

(Dollars in Thousands)

NOTE 7: LONG-TERM DEBT (CONTINUED)

	Original Issue Amount	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Amount due within one year
Wastewater System Revenue Bonds:						
Subordinated Series 2010 B						
5.03 - 5.18%, due 6/1/40	$ 150,000	$ 150,000	$ -	$ -	$ 150,000	$ -
Series 2014 A						
2.00 - 5.00%, due 6/1/31	82,150	43,610	-	7,095	36,515	7,415
Series 2015 A-1						
5.00%, due 6/1/37	54,805	54,805	-	-	54,805	-
Series 2015 A-2						
5.00%, due 6/1/38	13,565	13,565	-	-	13,565	-
Series 2015 B						
2.10 - 3.35% , due 6/1/30	2,795	1,620	-	180	1,440	185
Series 2017 A						
4.00 - 5.00%, due 6/1/45	69,420	52,810	-	4,735	48,075	4,975
Series 2022 A						
5.00%, due 6/1/45	18,140	18,140	-	1,585	16,555	1,735
Series 2022 B						
5.00%, due 6/1/37	17,345	17,345	-	-	17,345	-
Total wastewater long-term bonds		351,895	-	13,595	338,300	14,310
Total long-term bonds		2,733,325	-	104,040	2,629,285	93,710
Water Loans:						
State Water Resources Control Board						
2008 East Bayshore, Recycled Water Project						
2.40%, due 4/1/28	20,100	6,965	-	1,093	5,872	1,119
2018 South Reservoir Replacement Project						
1.70%, due 7/1/48	13,998	12,937	-	400	12,537	406
2018 MacArthur Davenport Pipeline Replacement Project						
1.70%, due 7/1/49	12,045	11,171	-	329	10,842	335
Total water loans		31,073	-	1,822	29,251	1,860
Total long-term loans		31,073	-	1,822	29,251	1,860
Commercial Paper (see Note 6)						
Water System Commercial Paper		295,000	1,798,220	1,812,220	281,000	
Wastewater System Commercial		8,000	16,000	24,000	-	
Total commercial paper		303,000	1,814,220	1,836,220	281,000	
Amount due within one year		(91,587)	(3,983)	-	(95,570)	
Add: Unamortized premium, net		247,928	-	30,217	217,711	
Total long-term liabilities, net		$ 3,223,739	$ 1,810,237	$ 1,972,299	$ 3,061,677	$ 95,570

NOTE 7: LONG-TERM DEBT (CONTINUED)

B. Description of the District's Long-Term Debt Issues

Revenue-supported debt can be authorized by the District's Board of Directors, subject to a referendum process.

The net revenues of the Water System are pledged toward the repayment of the Water Revenue Bonds and the State Water Resources Control Board (SWRCB) Parity Loans of the Water System. The net revenues of the Wastewater System are pledged toward the repayment of the Wastewater Revenue Bonds of the Wastewater System.

The District is subject to certain revenue bond covenants on outstanding debt which require the setting of rates and charges to yield net revenues of the respective Water System or Wastewater System, as applicable, equal to at least 110% of the current annual debt service requirements for all revenue bonds and other parity obligations of the respective Water System or Wastewater System. The District has designated $182 million ($150 million for the Water System and $32 million for the Wastewater System) of operating reserves as a rate stabilization fund, which is available to satisfy the coverage requirements for debt service in future years. There have never been any draws for this purpose.

Upon the occurrence and continuation of an event of default under the Water System Revenue Bond Indenture or Wastewater System Revenue Bond indenture, the principal amounts of (and accrued interest on) the respective system's revenue bonds can be accelerated and declared immediately due and payable by the registered bondholders of a majority in aggregate principal amount of the then outstanding bonds upon written notice delivered to the District. Failure to pay debt service when due and the occurrence of certain insolvency or bankruptcy-related events are events of default. Failure to observe or perform the covenants and agreements under the Indenture for a period of 60 days after written notice of such failure is given to the District is also an event of default unless the District has taken all action reasonably possible to remedy such failure within 60 days and the District diligently proceeds to remedy the failure. A default by the District under any agreement governing Parity Debt which continues after the applicable grace period, if any, is also an event of default.

Water System Revenue Bonds Issuance and Refunding during the Fiscal Year

2024 Water System Revenue Bonds, Series 2024A (Green Bonds) – The District issued $245 million principal amount of Water System Revenue Bonds Series 2024A on March 5, 2024, to provide moneys to finance and/or reimburse the District for certain costs of various improvements to the District Water System and to pay the costs of issuance in connection with the Series 2024A bonds. The Water System Revenue Bonds Series 2024A are special limited obligations of the District and are payable solely from and secured by a pledge of the Adjusted Net Water Revenues of the District. The 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. Principal payments commence on June 1, 2040, and are payable annually on June 1 thereafter. Interest payments are payable on June 1st and December 1st of each year, commencing June 1, 2024.

2024 Water System Revenue Refunding Bonds, Series 2024B – The District issued $181 million principal amount of Water System Revenue Refunding Bonds Series 2024B on March 5, 2024, to refund all the District's Water System Subordinated Revenue Bonds Series 2014A and Series 2014C, to refund a portion of the District's Water System Subordinated Revenue Bonds Series 2014B and to pay costs of issuance in connection with the Series 2024B bonds. The Water System Revenue Refunding Bonds Series 2024B are special limited obligations of the District and are payable solely from and secured by a pledge of the Adjusted Net Water Revenues of the District. The 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. Principal payments commence on June 1, 2027, and are payable annually on June 1 thereafter. Interest payments are payable on June 1st and December 1st of each year, commencing June 1, 2024.

(Dollars in Thousands)

NOTE 7: LONG-TERM DEBT (CONTINUED)

Wastewater System Revenue Bonds Issuance during the Fiscal Year

2024 Wastewater System Revenue Bonds, Series 2024A (Green Bonds) – The District issued $25 million principal amount of Wastewater System Revenue Bonds, Series 2024A on March 12, 2024, to provide moneys to finance and/or reimburse the District for certain costs of improvements to the Wastewater System of the District and to pay costs of issuance in connection with the Series 2024A bonds. The Wastewater System Revenue Bonds Series 2024A are special limited obligations of the District and are payable solely from and secured by a pledge of the Adjusted Net Wastewater Revenues of the District. The 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. Principal payments commence on June 1, 2041, and are payable annually on June 1 thereafter. Interest payments are payable on June 1st and December 1st of each year, commencing June 1, 2024.

Current-Year Defeasances

In prior years, the District defeased certain debt issues by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. In March 2024, $213 million of the bonds outstanding were considered defeased and were redeemed on June 1, 2024.

C. Debt Service Requirements

Annual debt service requirements for fiscal year 2023-2024 are shown below for the above debt issues:

For the Year Ending June 30	Water System		Wastewater System		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 85,190	$ 122,595	$ 14,975	$ 17,379	$ 100,165	$ 139,974
2026	89,320	118,440	15,670	16,632	104,990	135,072
2027	91,857	114,031	14,030	15,859	105,887	129,890
2028	96,344	109,523	14,730	15,158	111,074	124,681
2029	101,102	104,739	5,480	14,464	106,582	119,203
2030 - 2034	585,879	443,046	95,435	62,652	681,314	505,698
2035 - 2039	747,629	281,128	93,635	37,184	841,264	318,312
2040 - 2044	397,282	117,362	71,985	12,691	469,267	130,053
2045 - 2049	164,053	43,201	12,090	4,169	176,143	47,370
2050 - 2054	93,000	13,888	10,910	1,644	103,910	15,532
Totals	$ 2,451,656	$ 1,467,952	$ 348,940	$ 197,832	$ 2,800,596	$ 1,665,784

(Dollars in Thousands)

NOTE 7: LONG-TERM DEBT (CONTINUED)

Annual debt service requirements for fiscal year 2022-2023, including the swap payments are shown below for the above debt issues:

For the Year Ending June 30	Water System Principal	Water System Interest	Wastewater System Principal	Wastewater System Interest	Total Principal	Total Interest
2024	$ 81,260	$ 115,892	$ 14,310	$ 16,853	$ 95,570	$ 132,745
2025	85,190	111,950	14,975	16,140	100,165	128,090
2026	89,320	107,806	15,670	15,392	104,990	123,198
2027	93,722	103,369	14,030	14,616	107,752	117,985
2028	98,304	98,768	14,730	13,915	113,034	112,683
2029 - 2033	569,607	415,778	72,685	60,120	642,292	475,898
2034 - 2038	723,762	261,017	100,725	35,972	824,487	296,989
2039 - 2043	415,962	87,583	84,255	11,135	500,217	98,718
2044 - 2048	149,088	16,605	6,920	483	156,008	17,088
2049 - 2052	14,021	934	-	-	14,021	934
Totals	$ 2,320,236	$ 1,319,703	$ 338,300	$ 184,626	$ 2,658,536	$ 1,504,329

NOTE 8: LEASES

A. Lessee

As of June 30,2024, the District had seventeen active leases. The leases have payments that range from $1 to $217 and interest rates that range from 0.3870% to 2.5830%. As of June 30, 2024, the total combined value of the lease liability is $1,962, the total combined value of the short-term lease liability is $401. The combined value of the right to use asset, as of June 30, 2024 of $2,805 with accumulated amortization of $956 is included within the lease class activities table found below. The leases had $0 of variable payments and $0 of other payments, not included in the lease liability, within the fiscal year.

Amount of Lease Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-end Lease Asset Value	As of Fiscal Year-end Accumulated Amortization
Land	$ 252	$ 75
Buildings	2,046	743
Infrastructure	507	138
Total Leases	$ 2,805	$ 956

(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessee (Continued)

Principal and Interest Requirements to Maturity

	Business-Type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	$ 401	$ 32	$ 433
2026	374	26	400
2027	386	21	407
2028	173	16	189
2029	157	12	169
2030 - 2034	350	25	375
2035 - 2039	53	12	65
2040 - 2044	27	7	34
2045 - 2049	20	4	24
2050 - 2054	21	2	23
Total Payments	$ 1,962	$ 157	$ 2,119

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Lease Assets				
Buildings				
MLP-121 Eleventh & L Properties, Sacramento	$ 168	$ -	$ 168	$ -
MLP-134 Lodi Wine & Business Center	286	-	-	286
MLP-263 25 Orinda Way	1,083	-	-	1,083
MLP-268 Senator Building-Sacramento Lease	-	677	-	677
Total Building Lease Assets	1,537	677	168	2,046
Infrastructure				
MLP-098 Mt. Diablo - South Peak License	419	-	-	419
MLP-253 EBRPD Vollmer Peak	88	-	-	88
Total Infrastructure Lease Assets	507	-	-	507
Land				
MLP-133 Oro Loma Sanitary District 23-24	25	-	-	25
MLP-160 City of Hayward, Ground Lease	98	-	-	98
MLP-215 Stanley Boersma, Monitoring Well	12	-	-	12
MLP-216 Monitoring Well	8	-	-	8
MLP-217 Monitoring Well San Lorenzo USD	8	-	-	8
MLP-220 5-Crops International, Permit to Enter	12	-	-	12
MLP-221 2575 Grant Avenue - New Lease 1	12	-	-	12
MLP-222 Permit to Enter-Salesian College	22	-	-	22
MLP-224 Permit & Right of Entry	7	-	-	7
MLP-225 Permit & Right of Entry Contra Costa	15	-	-	15
MLP-255, Sierra Pacific Land & Timber Co.	33	-	-	33
Total Land Lease Assets	252	-	-	252
Total Lease Assets	$ 2,296	$ 677	$ 168	$ 2,805

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessee (Continued)

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Lease Accumulated Amortization				
Buildings				
MLP-121 Eleventh & L Properties, Sacramento	$ 122	$ 46	$ 168	$ -
MLP-134 Lodi Wine & Business Center	164	82	-	246
MLP-263 25 Orinda Way	266	200	-	466
MLP-268 Senator Building-Sacramento Lease	-	31	-	31
Total Building Lease Accumulated Amortization	552	359	168	743
Infrastructure				
MLP-098 Mt. Diablo - South Peak License	82	41	-	123
MLP-253 EBRPD Vollmer Peak	10	5	-	15
Total Infrastructure Lease Accumulated Amortization	92	46	-	138
Land				
MLP-133 Oro Loma Sanitary District 23-24	16	8	-	24
MLP-160 City of Hayward, Ground Lease	6	3	-	9
MLP-215 Stanley Boersma, Monitoring Well	5	3	-	8
MLP-216 Monitoring Well	2	1	-	3
MLP-217 Monitoring Well San Lorenzo USD	2	1	-	3
MLP-220 5-Crops International, Permit to Enter	3	2	-	5
MLP-221 2575 Grant Avenue - New Lease 1	1	2	-	3
MLP-222 Permit to Enter-Salesian College	5	2	-	7
MLP-224 Permit & Right of Entry	3	1	-	4
MLP-225 Permit & Right of Entry Contra Costa	3	2	-	5
MLP-255, Sierra Pacific Land & Timber Co.	3	1	-	4
Total Land Lease Accumulated Amortization	49	26	-	75
Total Lease Accumulated Amortization	$ 693	$ 431	$ 168	$ 956
Total Water Services Group Lease Assets, Net	$ 1,603	$ 246	$ -	$ 1,849

(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessee (Continued)

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Lease Liability					
Buildings					
MLP-121 Eleventh & L Properties, Sacramento	$ 47	$ -	$ 47	$ -	$ -
MLP-134 Lodi Wine & Business Center	127	-	84	43	43
MLP-263 25 Orinda Way	904	-	207	697	216
MLP-268 Senator Building-Sacramento Lease	-	677	4	673	82
Total Building Lease Liability	1,078	677	342	1,413	341
Infrastructure					
MLP-098 Mt. Diablo - South Peak License	334	-	40	294	40
MLP-253 EBRPD Vollmer Peak	81	-	3	78	4
Total Infrastructure Lease Liability	415	-	43	372	44
Land					
MLP-133 Oro Loma Sanitary District 23-24	8	-	8	-	-
MLP-160 City of Hayward, Ground Lease	93	-	2	91	2
MLP-215 Stanley Boersma, Monitoring Well	7	-	3	4	2
MLP-216 Monitoring Well	6	-	1	5	1
MLP-217 Monitoring Well San Lorenzo USD	6	-	1	5	1
MLP-220 5-Crops International, Permit to Enter	8	-	2	6	2
MLP-221 2575 Grant Avenue - New Lease 1	9	-	2	7	2
MLP-222 Permit to Enter-Salesian College	17	-	2	15	2
MLP-224 Permit & Right of Entry	5	-	2	3	2
MLP-225 Permit & Right of Entry Contra Costa	12	-	1	11	1
MLP-255, Sierra Pacific Land & Timber Co.	31	-	1	30	1
Total Land Lease Liability	202	-	25	177	16
Total Lease Liability	$ 1,695	$ 677	$ 410	$ 1,962	$ 401

As of June 30,2023, the District had eighteen active leases. The leases have payments that range from $1 to $194 and interest rates that range from 0.3870% to 2.5830%. As of June 30, 2023, the total combined value of the lease liability was $1,695, the total combined value of the short-term lease liability was $406. The combined value of the right to use asset, as of June 30, 2023 of $2,296 with accumulated amortization of $693 is included within the lease class activities table found below. The leases had $0 of variable payments and $0 of other payments, not included in the lease liability, within the fiscal year.

Amount of Lease Assets by Major Classes of Underlying Asset

	As of Fiscal Year-end	
Asset Class	Lease Asset Value	Accumulated Amortization
Land	$ 252	$ 49
Buildings	1,537	552
Infrastructure	507	92
Total Leases	$ 2,296	$ 693

(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessee (Continued)

Principal and Interest Requirements to Maturity

	Business-Type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	$ 406	$ 22	$ 428
2025	319	18	337
2026	287	14	301
2027	294	10	304
2028	76	7	83
2029 - 2033	182	23	205
2034 - 2038	51	13	64
2039 - 2043	33	8	41
2044 - 2048	22	5	27
2049 - 2053	20	2	22
2054 - 2055	4	-	4
Total Payments	$ 1,694	$ 122	$ 1,816

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Lease Assets				
Buildings				
MLP-121 Eleventh & L Properties, Sacramento	$ 169	$ -	$ -	$ 169
MLP-134 Lodi Wine & Business Center	286	-	-	286
MLP-263 25 Orinda Way	1,082	-	-	1,082
Total Building Lease Assets	1,537	-	-	1,537
Infrastructure				
MLP-098 Mt. Diablo - South Peak License	419	-	-	419
MLP-253 EBRPD Vollmer Peak	88	-	-	88
Total Infrastructure Lease Assets	507	-	-	507
Land				
MLP-133 Oro Loma Sanitary District 23-24	25	-	-	25
MLP-160 City of Hayward, Ground Lease	98	-	-	98
MLP-215 Stanley Boersma, Monitoring Well	12	-	-	12
MLP-216 Monitoring Well	8	-	-	8
MLP-217 Monitoring Well San Lorenzo USD	8	-	-	8
MLP-218 Hayward Area Recreation District	3	-	3	-
MLP-220 5-Crops International, Permit to Enter	12	-	-	12
MLP-221 2575 Grant Avenue - New Lease 1	-	12	-	12
MLP-221 2575 Grant EXPIRED Alameda County	1	-	1	-
MLP-222 Permit to Enter-Salesian College	22	-	-	22
MLP-224 Permit & Right of Entry	7	-	-	7
MLP-225 Permit & Right of Entry Contra Costa	15	-	-	15
MLP-255, Sierra Pacific Land & Timber Co.	33	-	-	33
Total Land Lease Assets	244	12	4	252
Total Lease Assets	$ 2,288	$ 12	$ 4	$ 2,296

(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessee (Continued)

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Lease Accumulated Amortization				
Buildings				
MLP-121 Eleventh & L Properties, Sacramento	$ 61	$ 61	$ -	$ 122
MLP-134 Lodi Wine & Business Center	82	82	-	164
MLP-263 25 Orinda Way	66	200	-	266
Total Building Lease Accumulated Amortization	209	343	-	552
Infrastructure				
MLP-098 Mt. Diablo - South Peak License	41	41	-	82
MLP-253 EBRPD Vollmer Peak	5	5	-	10
Total Infrastructure Lease Accumulated Amortization	46	46	-	92
Land				
MLP-133 Oro Loma Sanitary District 23-24	8	8	-	16
MLP-160 City of Hayward, Ground Lease	3	3	-	6
MLP-215 Stanley Boersma, Monitoring Well	3	2	-	5
MLP-216 Monitoring Well	1	1	-	2
MLP-217 Monitoring Well San Lorenzo USD	1	1	-	2
MLP-218 Hayward Area Recreation District	1	1	2	-
MLP-220 5-Crops International, Permit to Enter	2	1	-	3
MLP-221 2575 Grant Avenue - New Lease 1	-	1	-	1
MLP-221 2575 Grant EXPIRED Alameda County	1	-	1	-
MLP-222 Permit to Enter-Salesian College	3	2	-	5
MLP-224 Permit & Right of Entry	1	2	-	3
MLP-225 Permit & Right of Entry Contra Costa	1	2	-	3
MLP-255, Sierra Pacific Land & Timber Co.	2	1	-	3
Total Land Lease Accumulated Amortization	27	25	3	49
Total Lease Accumulated Amortization	282	414	3	693
Total Water Services Group Lease Assets, Net	$ 2,006	$ (402)	$ 1	$ 1,603

(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessee (Continued)

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Lease Liability					
Buildings					
MLP-121 Eleventh & L Properties, Sacramento	$ 109	$ -	$ 62	$ 47	$ 47
MLP-134 Lodi Wine & Business Center	208	-	81	127	84
MLP-263 25 Orinda Way	1,086	-	182	904	207
Total Building Lease Liability	1,403	-	325	1,078	338
Infrastructure					
MLP-098 Mt. Diablo - South Peak License	371	-	38	333	40
MLP-253 EBRPD Vollmer Peak	85	-	3	82	3
Total Infrastructure Lease Liability	456	-	41	415	43
Land					
MLP-133 Oro Loma Sanitary District 23-24	16	-	8	8	8
MLP-160 City of Hayward, Ground Lease	95	-	2	93	2
MLP-215 Stanley Boersma, Monitoring Well	10	-	3	7	3
MLP-216 Monitoring Well	7	-	1	6	1
MLP-217 Monitoring Well San Lorenzo USD	7	-	1	6	1
MLP-218 Hayward Area Recreation District	1	-	1	-	-
MLP-220 5-Crops International, Permit to Enter	10	-	2	8	2
MLP-221 2575 Grant Avenue - New Lease 1	-	12	3	9	2
MLP-221 2575 Grant EXPIRED Alameda County	-	-	-	-	-
MLP-222 Permit to Enter-Salesian College	19	-	2	17	2
MLP-224 Permit & Right of Entry	6	-	1	5	2
MLP-225 Permit & Right of Entry Contra Costa	13	-	1	12	1
MLP-255, Sierra Pacific Land & Timber Co.	32	-	1	31	1
Total Land Lease Liability	216	12	26	202	25
Total Lease Liability	$ 2,075	$ 12	$ 392	$ 1,695	$ 406

B. Lessor

As of June,30 2024, the District had sixty-two active leases. The leases have receipts that range from $1 to $742 and interest rates that range from 0.2000% to 2.6300%. As of June 30, 2024, the total combined value of the lease receivable is $27,981, the total combined value of the short-term lease receivable is $4,309, and the combined value of the deferred inflow of resources is $26,303. The leases had $0 of variable receipts and $0 of other receipts, not included in the lease receivable, within the fiscal year.

Principal and Interest Expected to Maturity

	Business-Type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	$ 4,310	$ 403	$ 4,713
2026	3,596	343	3,939
2027	3,557	293	3,850
2028	3,654	243	3,897
2029	3,290	192	3,482
2030 - 2034	8,804	382	9,186
2035 - 2039	755	19	774
2040 - 2044	15	-	15
Total Payments	$ 27,981	$ 1,875	$ 29,856

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessor (Continued)

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Lease Receivable					
Buildings					
MLP-123, 520 San Pablo Dam Road	$ 52	$ -	$ 11	$ 41	$ 12
MLP-256 District Housing, 7000 Miller	12	-	3	9	3
MLP-257 4998 Happy Valley Road	45	-	12	33	12
MLP-258 3849 Mt Diablo Blvd.	54	-	14	40	15
Total Building Lease Receivable	163	-	40	123	42
Land					
MLP-001 BART Parking Lease	1,050	-	106	944	113
MLP-017 FAA Lease Radio	658	-	56	602	57
MLP-018 Lindsay Wildlife Museum	6	-	3	3	3
MLP-066 Lake Chabot Regional Park	165	-	6	159	6
MLP-071, American Tower Corp.	1,000	-	488	512	512
MLP-106, Del Monte Shopping Center	46	-	11	35	11
MLP-112, Grupe/Brookside Country Club	65	-	7	58	7
MLP-128 - Crown Castle - Telecom Lease	129	-	63	66	66
MLP-135, T-Mobile West, Amador	722	-	60	662	64
MLP-137 T-Mobile West Corporation	664	-	64	600	67
MLP-138 T-Mobile West Corp., Valley View	664	-	64	600	67
MLP-139 Sprint, Castenada Reservoir - Land	609	-	59	550	62
MLP-146, T-Mobile, Castro Reservoir	767	-	64	703	68
MLP-149 Dwelley Farms	163	-	80	83	83
MLP-152, Amador Reservoir, Crown Castle	663	-	56	607	58
MLP-157, T-Mobile, Emmons Pumping Plant	779	-	63	716	65
MLP-161, AT&T, Amador Reservoir, CCC	825	-	47	778	57
MLP-166, AT&T, Alamo Reservoir, CCC	867	-	44	823	46
MLP-169 - Ground Lease - North Interceptor	6	-	1	5	1
MLP-170 AT&T, Castro Reservoir	841	-	43	798	46
MLP-173 Verizon, Pleasant Hill	869	-	39	830	41
MLP-176 New Cingular Wireless (AT&T)	563	-	55	508	57
MLP-182 - ATT - Pleasant Hill Reservoir	191	-	47	144	48
MLP-183 - Verizon - Valley View Reservoir	1,058	-	51	1,007	53
MLP-198 - SBA - Shawn Reservoir	122	-	60	62	62
MLP-199 - ATT Arcadian Reservoir	131	-	65	66	66
MLP-202 - TMobile - Madrone Reservoir	134	-	66	68	68
MLP-203 - ATT - Withers Reservoir	123	-	60	63	63
MLP-205 - Verizon - Los Altos Reservoir	184	-	59	125	61
MLP-211 Verizon, Amador Reservoir - Land	200	-	64	136	67
MLP-212 AT&T, Madrone Reservoir	204	-	65	139	68
MLP-230 EBRCSA, Carter Reservoir	96	-	18	78	19
MLP-231 EBRCSA ACSO, Pearl Reservoir	94	-	17	77	18
MLP-232 EBRCSA, Skyline Reservoir	94	-	17	77	18
MLP-234 City of Oakland, Seneca Reservoir	17	-	17	-	-
MLP-235, City of Oakland, Gwin Reservoir	17	-	17	-	-
MLP-237 - Verizon - May Reservoir	603	-	48	555	50
MLP-238 Alamo Reservoir-Stone Hill Drive	603	-	48	555	50
MLP-239, Verizon Wireless, Berryman	603	-	48	555	50
MLP-240 - Verizon - Walnut Creek PP	603	-	48	555	50
MLP-241 S&S Trucking, McMillan Property	1,527	-	241	1,286	262
MLP-242 EBRCSA, Seneca Reservoir	-	91	18	73	17
MLP-244 - Arcadian Reservoir - Verizon	603	-	48	555	50
MLP-250, Verizon Wireless, Brookwood	641	-	41	600	47
MLP-251 - Verizon - Madrone Reservoir	641	-	41	600	47
MLP-252 Robin Hauge	41	-	1	40	1
NRD, CalShakes, Arts Theater	26	-	5	21	5
NRD, Christmas Tree Farm	-	34	4	30	3
Total Land Lease Receivable	20,677	125	2,693	18,109	2,800
Total Lease Receivable	$ 20,840	$ 125	$ 2,733	$ 18,232	$ 2,842

(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessor (Continued)

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Deferred Inflow of Resources				
Buildings				
MLP-123, 520 San Pablo Dam Road	$ 50	$ -	$ 12	$ 38
MLP-256 District Housing, 7000 Miller	11	-	3	8
MLP-257 4998 Happy Valley Road	43	-	12	31
MLP-258 3849 Mt Diablo Blvd.	52	-	14	38
Total Building Deferred Inflow of Resources	156	-	41	115
Land				
MLP-001 BART Parking Lease	1,007	-	126	881
MLP-017 FAA Lease Radio	634	-	62	572
MLP-018 Lindsay Wildlife Museum	4	-	2	2
MLP-066 Lake Chabot Regional Park	165	-	9	156
MLP-071, American Tower Corp.	1,054	-	436	618
MLP-106, Del Monte Shopping Center	46	-	12	34
MLP-112, Grupe/Brookside Country Club	64	-	8	56
MLP-128 - Crown Castle - Telecom Lease	124	-	62	62
MLP-135, T-Mobile West, Amador	688	-	75	613
MLP-137 T-Mobile West Corporation	638	-	75	563
MLP-138 T-Mobile West Corp., Valley View	640	-	73	567
MLP-139 Sprint, Castenada Reservoir - Land	587	-	69	518
MLP-146, T-Mobile, Castro Reservoir	731	-	79	652
MLP-149 Dwelley Farms	191	-	79	112
MLP-152, Amador Reservoir, Crown Castle	632	-	69	563
MLP-157, T-Mobile, Emmons Pumping Plant	745	-	71	674
MLP-161, AT&T, Amador Reservoir, CCC	783	-	67	716
MLP-166, AT&T, Alamo Reservoir, CCC	822	-	69	753
MLP-169 - Ground Lease - North Interceptor	6	-	1	5
MLP-170 AT&T, Castro Reservoir	804	-	67	737
MLP-173 Verizon, Pleasant Hill	828	-	62	766
MLP-176 New Cingular Wireless (AT&T)	543	-	63	480
MLP-182 - ATT - Pleasant Hill Reservoir	200	-	43	157
MLP-183 - Verizon - Valley View Reservoir	1,042	-	74	968
MLP-198 - SBA - Shawn Reservoir	423	-	206	217
MLP-199 - ATT Arcadian Reservoir	137	-	58	79
MLP-202 - TMobile - Madrone Reservoir	148	-	55	93
MLP-203 - ATT - Withers Reservoir	139	-	50	89
MLP-205 - Verizon - Los Altos Reservoir	164	-	67	97
MLP-211 Verizon, Amador Reservoir - Land	204	-	58	146
MLP-212 AT&T, Madrone Reservoir	208	-	59	149
MLP-230 EBRCSA, Carter Reservoir	96	-	17	79
MLP-231 EBRCSA ACSO, Pearl Reservoir	80	-	15	65
MLP-232 EBRCSA, Skyline Reservoir	80	-	15	65
MLP-234 City of Oakland, Seneca Reservoir	22	-	14	8
MLP-235, City of Oakland, Gwin Reservoir	22	-	14	8
MLP-237 - Verizon - May Reservoir	571	-	61	510
MLP-238 Alamo Reservoir-Stone Hill Drive	580	-	56	524
MLP-239, Verizon Wireless, Berryman	570	-	61	509
MLP-240 - Verizon - Walnut Creek PP	580	-	56	524
MLP-241 S&S Trucking, McMillan Property	1,354	-	246	1,108
MLP-242 EBRCSA, Seneca Reservoir	-	91	9	82
MLP-244 - Arcadian Reservoir - Verizon	535	-	50	485
MLP-250, Verizon Wireless, Brookwood	619	-	55	564
MLP-251 - Verizon - Madrone Reservoir	619	-	55	564
MLP-252 Robin Hauge	40	-	2	38
NRD, CalShakes, Arts Theater	24	-	6	18
NRD, Christmas Tree Farm	-	34	2	32
Total Land Deferred Inflow of Resources	20,276	125	3,122	17,279
Total Deferred Inflow of Resources	$ 20,432	$ 125	$ 3,163	$ 17,394

(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessor (Continued)

WASTEWATER GROUP ACTIVITIES:	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Lease Receivable					
Land					
MLP-114 Syufy Parking Lease	$ 504	$ -	$ 52	$ 452	$ 54
MLP-148 AT&T Network Wastewater	609	-	59	550	62
MLP-200, Clear Channel	2,743	-	324	2,419	328
MLP-243, Bizon GroupCross Section	4,551	-	704	3,847	767
MLP-260 First Element Fuel-West End	2,724	-	243	2,481	256
Total Land Lease Receivable	11,131	-	1,382	9,749	1,467
Total Lease Receivable	$ 11,131	$ -	$ 1,382	$ 9,749	$ 1,467

WASTEWATER GROUP ACTIVITIES:	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Deferred Inflow of Resources				
Land				
MLP-114 Syufy Parking Lease	$ 487	$ -	$ 58	$ 429
MLP-148 AT&T Network Wastewater	585	-	71	514
MLP-200, Clear Channel	2,666	-	355	2,311
MLP-243, Bizon GroupCross Section	4,001	-	698	3,303
MLP-260 First Element Fuel-West End	2,650	-	298	2,352
Total Land Deferred Inflow of Resources	10,389	-	1,480	8,909
Total Deferred Inflow of Resources	$ 10,389	$ -	$ 1,480	$ 8,909

(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessor (Continued)

As of June,30 2023, the District had sixty-one active leases. The leases have receipts that range from $1 to $704 and interest rates that range from 0.2000% to 2.6300%. As of June 30, 2023, the total combined value of the lease receivable is $31,971, the total combined value of the short-term lease receivable is $4,090, and the combined value of the deferred inflow of resources is $30,821. The leases had $0 of variable receipts and $0 of other receipts, not included in the lease receivable, within the fiscal year.

Principal and Interest Expected to Maturity

	Business-Type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	$ 4,093	$ 457	$ 4,550
2025	4,290	400	4,690
2026	3,576	341	3,917
2027	3,535	292	3,827
2028	3,631	242	3,873
2029 - 2033	11,443	551	11,994
2034 - 2038	1,375	40	1,415
2039 - 2043	29	1	30
Total Payments	$ 31,972	$ 2,324	$ 34,296

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Lease Receivable					
Buildings					
MLP-123, 520 San Pablo Dam Road	$ 63	$ -	$ 11	$ 52	$ 11
MLP-256 7000 Miller Road	15	-	3	12	3
MLP-257 4998 Happy Valley Road, Lafayette	56	-	11	45	12
MLP-258 3849 Mt Diablo Blvd, Lafayette, CA	67	-	13	54	14
Total Building Lease Receivable	201	-	38	163	40
Land					
MLP-001 BART Parking Lease, Lafayette	1,149	-	99	1,050	106
MLP-017 FAA Lease Radio Communication	703	-	45	658	56
MLP-018 Lindsay Wildlife Museum 2019-2022	6	-	-	6	-
MLP-066 Lake Chabot Regional Park	170	-	5	165	6
MLP-071, American Tower Corp., Grizzly Peak	1,464	-	464	1,000	488
MLP-106, Del Monte Shopping Center	-	58	12	46	11
MLP-112, Grupe/Brookside Country Club	72	-	7	65	7
MLP-128 - Crown Castle - Telecom Lease	190	-	61	129	63
MLP-129 Crown Castle International Pleasant Hill	53	-	53	-	-
MLP-130 Crown Castle International, Shawn Reservc	53	-	53	-	-
MLP-135, T-Mobile West, Amador Reservoir	779	-	57	722	60
MLP-137 T-Mobile West Corporation Withers Reserv	725	-	61	664	64
MLP-138 T-Mobile West Corp., Valley View Reservoi	725	-	61	664	64
MLP-139 Sprint, Castenada Reservoir - Land, Telecc	665	-	56	609	59
MLP-146, T-Mobile, Castro Reservoir	828	-	61	767	64
MLP-149 Dwelley Farms, Orwood Rd/Bixler Rd	239	-	76	163	80
MLP-152, Amador Reservoir, Crown Castle	716	-	53	663	56

(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessor (Continued)

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Land					
MLP-157, T-Mobile, Emmons Pumping Plant	834	-	55	779	63
MLP-161, AT&T, Amador Reservoir, CCC	869	-	44	825	47
MLP-166, AT&T, Alamo Reservoir, CCC	908	-	41	867	44
MLP-169 - Ground Lease - North Interceptor Propert	7	-	1	6	1
MLP-170 AT&T, Castro Reservoir, El Sobrante	882	-	41	841	43
MLP-173 Verizon, Pleasant Hill Reservoir	906	-	37	869	39
MLP-176 New Cingular Wireless (AT&T)	615	-	52	563	54
MLP-182 - ATT - Pleasant Hill Reservoir	238	-	47	191	47
MLP-183 - Verizon - Valley View Reservoir	-	1,113	55	1,058	51
MLP-198 - SBA - Shawn Reservoir	180	-	58	122	60
MLP-199 - ATT Arcadian Reservoir	194	-	63	131	65
MLP-202 - TMobile - Madrone Reservoir	198	-	64	134	66
MLP-203 - ATT - Withers Reservoir	181	-	58	123	60
MLP-205 - Verizon - Los Altos Reservoir	240	-	56	184	59
MLP-211 Verizon, Amador Reservoir - Land	262	-	62	200	64
MLP-212 AT&T, Madrone Reservoir	267	-	63	204	65
MLP-230 EBRCSA, FY23 Amended FY24	114	-	18	96	18
MLP-231 EBRCSA ACSO, Pearl Reservoir	110	-	16	94	17
MLP-232 EBRCSA, Skyline Reservoir	110	-	16	94	17
MLP-232 EXPIRED EBRCSA, Skyline Reservoir	18	-	18	-	-
MLP-234 City of Oakland, Seneca Reservoir	34	-	17	17	17
MLP-235, City of Oakland, Gwin Reservoir	34	-	17	17	17
MLP-237 - Verizon - May Reservoir	644	-	41	603	48
MLP-238 Alamo Reservoir-Stone Hill Drive	644	-	41	603	48
MLP-239, Verizon Wireless, Berryman Reservoir	644	-	41	603	48
MLP-240 - Verizon - Walnut Creek PP - Larkey Parl	644	-	41	603	48
MLP-241 S&S Trucking, McMillan Property	1,749	-	222	1,527	241
MLP-242 EXPIRED EBRCSA, Seneca Reservoir	17	-	17	-	-
MLP-244 - Arcadian Reservoir - Verizon	635	-	32	603	48
MLP-250, Verizon Wireless, Brookwood Reservoir	681	-	40	641	41
MLP-251 - Verizon - Madrone Reservoir	681	-	40	641	41
MLP-252 Robin Hauge	42	-	1	41	1
NRD, CalShakes, Arts Theater	30	-	4	26	5
NRD, EXPIRED Christmas Tree Farm	4	-	4	-	-
Total Land Lease Receivable	22,153	1,171	2,647	20,677	2,667
Total Lease Receivable	$ 22,354	$ 1,171	$ 2,685	$ 20,840	$ 2,707

(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessor (Continued)

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Deferred Inflow of Resources				
Buildings				
MLP-123, 520 San Pablo Dam Road	$ 62	$ -	$ 12	$ 50
MLP-256 7000 Miller Road	14	-	3	11
MLP-257 4998 Happy Valley Road, Lafayette	55	-	12	43
MLP-258 3849 Mt Diablo Blvd, Lafayette, CA	66	-	14	52
Total Building Deferred Inflow of Resources	197	-	41	156
Land				
MLP-001 BART Parking Lease, Lafayette	1,133	-	126	1,007
MLP-017 FAA Lease Radio Communication	696	-	62	634
MLP-018 Lindsay Wildlife Museum 2019-2022	6	-	2	4
MLP-066 Lake Chabot Regional Park	174	-	9	165
MLP-071, American Tower Corp., Grizzly Peak	1,490	-	436	1,054
MLP-106, Del Monte Shopping Center	-	58	12	46
MLP-112, Grupe/Brookside Country Club	72	-	8	64
MLP-128 - Crown Castle - Telecom Lease	186	-	62	124
MLP-129 Crown Castle International Pleasant Hill	70	-	36	34
MLP-130 Crown Castle International, Shawn Reservoir	69	-	36	33
MLP-135, T-Mobile West, Amador Reservoir	763	-	75	688
MLP-137 T-Mobile West Corporation Withers Reservoir	713	-	75	638
MLP-138 T-Mobile West Corp., Valley View Reservoir	713	-	73	640
MLP-139 Sprint, Castenada Reservoir - Land, Telecom	656	-	69	587
MLP-146, T-Mobile, Castro Reservoir	811	-	80	731
MLP-149 Dwelley Farms, Orwood Rd/Bixler Rd	270	-	79	191
MLP-152, Amador Reservoir, Crown Castle	701	-	69	632
MLP-157, T-Mobile, Emmons Pumping Plant	816	-	71	745
MLP-161, AT&T, Amador Reservoir, CCC	850	-	67	783
MLP-166, AT&T, Alamo Reservoir, CCC	891	-	69	822
MLP-169 - Ground Lease - North Interceptor Property	7	-	1	6
MLP-170 AT&T, Castro Reservoir, El Sobrante	871	-	67	804
MLP-173 Verizon, Pleasant Hill Reservoir	890	-	62	828
MLP-176 New Cingular Wireless (AT&T)	606	-	63	543
MLP-182 - ATT - Pleasant Hill Reservoir	243	-	43	200
MLP-183 - Verizon - Valley View Reservoir	-	1,113	71	1,042
MLP-198 - SBA - Shawn Reservoir	629	-	206	423
MLP-199 - ATT Arcadian Reservoir	195	-	58	137
MLP-202 - TMobile - Madrone Reservoir	203	-	55	148
MLP-203 - ATT - Withers Reservoir	189	-	50	139
MLP-205 - Verizon - Los Altos Reservoir	231	-	67	164
MLP-211 Verizon, Amador Reservoir - Land	262	-	58	204
MLP-212 AT&T, Madrone Reservoir	267	-	59	208
MLP-230 EBRCSA, FY23 Amended FY24	113	-	17	96
MLP-231 EBRCSA ACSO, Pearl Reservoir	95	-	15	80
MLP-232 EBRCSA, Skyline Reservoir	95	-	15	80
MLP-232 EXPIRED EBRCSA, Skyline Reservoir	21	-	14	7
MLP-234 City of Oakland, Seneca Reservoir	36	-	14	22
MLP-235, City of Oakland, Gwin Reservoir	36	-	14	22
MLP-237 - Verizon - May Reservoir	632	-	61	571
MLP-238 Alamo Reservoir-Stone Hill Drive	636	-	56	580
MLP-239, Verizon Wireless, Berryman Reservoir	631	-	61	570

(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessor (Continued)

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Land				
MLP-240 - Verizon - Walnut Creek PP - Larkey Park	636	-	56	580
MLP-241 S&S Trucking, McMillan Property	1,600	-	246	1,354
MLP-242 EXPIRED EBRCSA, Seneca Reservoir	20	-	13	7
MLP-244 - Arcadian Reservoir - Verizon	585	-	50	535
MLP-250, Verizon Wireless, Brookwood Reservoir	674	-	55	619
MLP-251 - Verizon - Madrone Reservoir	674	-	55	619
MLP-252 Robin Hauge	42	-	2	40
NRD, CalShakes, Arts Theater	30	-	6	24
NRD, EXPIRED Christmas Tree Farm	5	-	3	2
Total Land Deferred Inflow of Resources	22,245	1,171	3,140	20,276
Total Deferred Inflow of Resources	$ 22,442	$ 1,171	$ 3,181	$ 20,432

WASTEWATER GROUP ACTIVITIES:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Lease Receivable					
Land					
MLP-114 Syufy Parking Lease	$ 555	$ -	$ 50	$ 505	$ 52
MLP-148 AT&T Network Wastewater Treatment	665	-	56	609	59
MLP-200, Clear Channel, MWWTP Oakland	3,060	-	318	2,742	323
MLP-243, Bizon GroupCross Section	5,211	-	660	4,551	704
MLP-260 First Element Fuel-West End Property	2,954	-	230	2,724	243
Total Land Lease Receivable	12,445	-	1,314	11,131	1,381
Total Lease Receivable	$ 12,445	$ -	$ 1,314	$ 11,131	$ 1,381

WASTEWATER GROUP ACTIVITIES:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Deferred Inflow of Resources				
Land				
MLP-114 Syufy Parking Lease	$ 545	$ -	$ 58	$ 487
MLP-148 AT&T Network Wastewater Treatment	656	-	71	585
MLP-200, Clear Channel, MWWTP Oakland	3,021	-	355	2,666
MLP-243, Bizon GroupCross Section	4,699	-	698	4,001
MLP-260 First Element Fuel-West End Property	2,948	-	298	2,650
Total Land Deferred Inflow of Resources	11,869	-	1,480	10,389
Total Deferred Inflow of Resources	$ 11,869	$ -	$ 1,480	$ 10,389

(Dollars in Thousands)

NOTE 9: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

As of June 30, 2024, the District had three active subscriptions. The subscriptions have payments that range from $207 to $757 and interest rates that range from 2.0380% to 2.5830%. As of June 30, 2024, the total combined value of the subscription liability is $3,062, and the total combined value of the short-term subscription liability is $1,245. The combined value of the right to use asset, as of June 30, 2024 of $21,889 with accumulated amortization of $6,779 is disclosed in the Note 3 – Capital Asset table on page 53. Within the fiscal year 2024, the subscriptions had $0 of variable payments and $0 of other payment not included in the subscription liability.

Water System's subscription payable activities during fiscal year 2023-2024 are summarized below. There were no subscription payable activities in Wastewater System during fiscal year 2023-2024.

	Balance June 30, 2023	Adjustments	Reductions	Balance June 30, 2024	Amount due within one year
Water System Subscription Liabilities:					
Software					
ConvergeOne	$ 357	$ 6	$ 207	$ 156	$ 156
Crayon Software	1,874	(1)	757	1,116	763
DLT Solutions (Oracle Cloud)	2,102	(8)	304	1,790	326
Total Subscription Liability	$ 4,333	$ (3)	$ 1,268	$ 3,062	$ 1,245

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amount due within one year
Water System Subscription Liabilities:					
Software					
ConvergeOne	$ -	$ 559	$ 202	$ 357	$ 202
Crayon Software	-	2,153	279	1,874	698
DLT Solutions (Oracle Cloud)	-	2,398	296	2,102	306
Total Subscription Liability	$ -	$ 5,110	$ 777	$ 4,333	$ 1,206

The remaining annual debt service schedule on the subscription agreement as of June 30, 2024 is summarized below.

For the Year Ending	Water System		Total	
June 30	Principal	Interest	Principal	Interest
2025	$ 1,245	$ 62	$ 1,245	$ 62
2026	691	36	691	36
2027	346	25	346	25
2028	355	16	355	16
2029	364	6	364	6
2030	61	-	61	-
Totals	$ 3,062	$ 146	$ 3,062	$ 146

NOTE 10: NET POSITION

Net Position is the excess of all the District's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets and any related deferred outflows and inflows.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and fees charged for the provision of future water resources.

Unrestricted describes the portion of Net Position which is not restricted to use.

NOTE 11: EMPLOYEES' RETIREMENT PLAN

A. Description

The Employees' Retirement System is a single-employer, contributory, defined benefit pension plan (the Plan) which provides retirement, disability, survivorship, and post-employment healthcare benefits for eligible directors, officers, and employees of the District. The Plan is administered by a Retirement Board composed of three members appointed by the District's Board of Directors and two members elected by and from the active membership of the Plan, and a nonvoting member elected by the retirees of the Plan. Retirement Ordinance No. 40 assigns the authority to establish Plan benefit provisions to the District's Board of Directors. A stand-alone financial report of the Employees' Retirement System is available. Please send request to the Controller, Accounting Division, P.O. Box 24055, Oakland, CA 94623-1055 or visit the District website at http://www.ebmud.com.

All regular full-time employees of the District are members of the Plan in addition to certain job share and intermittent employees. In accordance with the ordinance governing the System, eligible employees become members on the first day they are physically on the job. Members become vested in the Plan 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.

The Plan is funded by contributions from its members and from the District. District contribution percentages are recommended by the Retirement Board; employee contribution rates are established by the Board of Directors pursuant to the Ordinance, giving consideration to actuarial recommendations and prospective changes in factors which affect funding.

B. Retirement Benefits and Allowances

Within the Pension Plan, there are two tiers in effect currently, the 1980 Plan and the 2013 Plan. Employees who became Members of the Retirement System prior to January 1, 2013, or who have reciprocal membership prior to January 1, 2013, are in the 1980 Plan (1980 Plan Members). Employees who became Members on or after January 1, 2013, or who have reciprocal membership after January 1, 2013 are in the 2013 Plan (2013 Plan Members).

1980 Plan Members may elect voluntary reduced service retirement upon attaining the age of 54 and completing 5 years of continuous full-time employment. Members may elect voluntary unreduced service retirement upon attaining the age of 62 and completing 5 years of continuous full-time employment or age 65 without restriction. Members who continue to work upon attaining the normal retirement age of 65 continue to contribute to the Plan, and at the time they retire, computation of their retirement allowance is based upon their compensation and length

(Dollars in Thousands)

NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

of service as of the date of retirement. Service retirement allowances are computed by formulas specified in the Ordinance and are based on date of employment, length of employment, age at date of retirement, and compensation earned during employment.

2013 Plan Members may elect voluntary reduced service upon attaining the age of 52 and completing 5 years of continuous full-time employment. Members may elect voluntary unreduced service retirement upon attaining the age of 67 and completing 5 years of continuous full-time employment. Members who continue to work upon attaining the normal retirement age of 67 continue to contribute to the Plan, and at the time they retire, computation of their allowance is based upon their compensation and length of service as of the date of retirement. Service retirement allowances are computed by formulas specified in the Ordinance and are based on length of service, age at retirement, and compensation earned during employment.

C. Postemployment Healthcare Cost

In addition to retirement benefits, the District provides post-employment health benefits assistance (administered by the Employees' Retirement System) for employees who retire from the District or their surviving spouses. As of June 30, 2023 (date of latest actuarial valuation), there were 1,870 participants receiving these health care benefits.

Effective July 1, 1996, a 20-year vesting schedule for full benefits was implemented for all new participants. Eligible participants are reimbursed up to $450 per month for service members and up to $550 for members with a spouse or registered domestic partner for any combined health, dental, or long- term care insurance premiums paid by the participant or his/her surviving spouse. Effective July 1, 1999, retirees may be reimbursed up to the designated maximum for the combined health insurance premiums for themselves, their current spouses, or registered domestic partners. The benefits were funded entirely by the District on an actuarial basis up until June 17, 2002. Effective June 18, 2002, a portion of the post-employment healthcare benefit costs is recovered through employee contributions. The actual benefits paid in cash to retirees were $9,804 and $9,705 for the years ended June 30, 2024 and 2023, respectively.

Membership in the OPEB Plan consisted of the following as of June 30, 2023, the measurement date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,870
Terminated plan members entitled to but not yet receiving benefits	381
Active plan members	1,955
Total	4,206

D. Actuarial Assumptions and Funding Policy

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 ordinance. The individual entry age normal method is used to determine the normal cost for other post-employment benefits (OPEB) and service cost for pension, and the OPEB unfunded actuarial accrued liability (past service liability) is amortized as a level percentage of future payroll over 30 years open period.

(Dollars in Thousands)

NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

District adopted contribution rates for the year ended June 30, 2024 are as follows:

1980 Plan:	
Pension plan:	
Employer service cost	19.24%
Toward unfunded pension liability	24.49%
Other post-employment benefits:	
Employer normal cost	0.99%
Unfunded actuarial accrued liability	3.76%
2013 Plan:	
Pension plan:	
Employer service cost	10.20%
Toward unfunded pension liability	24.49%
Other post-employment benefits:	
Employer normal cost	0.76%
Unfunded actuarial accrued liability	3.76%

District adopted contribution rates for the year ended June 30, 2025 are as follows:

1980 Plan:	
Pension plan:	
Employer service cost	19.17%
Toward unfunded pension liability	25.42%
Other post-employment benefits:	
Employer normal cost	0.86%
Unfunded actuarial accrued liability	3.57%
2013 Plan:	
Pension plan:	
Employer service cost	10.38%
Toward unfunded pension liability	25.42%
Other post-employment benefits:	
Employer normal cost	0.70%
Unfunded actuarial accrued liability	3.57%

(Dollars in Thousands)

NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Significant assumptions used to compute contribution requirements from the latest unaudited actuarial are as follows:

Valuation date	June 30, 2023
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	Prior to July 1, 2011, the UAAL from plan changes, assumption changes, and experience gains/losses were amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, any new UAAL resulting from plan changes are amortized over separate decreasing 15-year periods; assumption and method changes are amortized over seprate decreasing 25-year periods (prior to July 1, 2021); and experience gains/losses 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.
Assets valuation method	Market value of assets less unrecognized returns in each last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the market value.
Actuarial assumptions:	
Net Investment Return	6.75%, net of Pension Plan investment expense, including inflation
Average projected salary increases*	Ranges from 3.75% to 9.25% based on years of service
Inflation rate	2.50%
Cost-of-living adjustments	2.75% per annum
Mortality	Pre-retirement: Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables, projected generationally with the two-dimensional mortality improvement scale MP-2020. Post-retirement: *Healthy Members* - Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. *Disabled Members*- Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. *Beneficiaries* - Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

*Includes inflation of 2.50% plus across the board salary increase of 0.50% plus merit and promotional increases.

(Dollars in Thousands)

NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

E. Contributions Required and Contributions Made

Contributions for the years ended June 30, 2024, and June 30, 2023, based on the June 30, 2023, actuarial valuation (latest available and includes amounts for post-employment healthcare benefits), were as follows:

	2024			
	Pension	Healthcare Benefit Plan	Total	2023
Regular contributions:				
District contributions	$ 105,111	$ 12,231	$ 117,342	$ 106,523
Member contributions	23,613	240	23,853	22,017
	128,724	12,471	141,195	128,540
Other contributions:				
Member buybacks	24	-	24	71
	$ 128,748	$ 12,471	$ 141,219	$ 128,611

Regular District and member contributions in fiscal year 2024 represent an aggregate of 44.07% and 8.97% of covered payroll, respectively. The District's contributions include amounts for post-employment healthcare benefits at a rate of 4.59% of covered payroll. The actual payroll for the District employees covered by the Plan for the year ended June 30, 2024, was $266,278 which was 91.08% of the total District payroll of $292,365.

The total District contributions of $177,342 is comprised of the normal cost of $45,939 and the unfunded actuarial accrued liability of $71,403.

Regular District and member contributions in fiscal year 2023 represent an aggregate of 43.03% and 8.89% of covered payroll, respectively. The District's contributions include amounts for post-employment healthcare benefits at a rate of 4.70% of covered payroll. The actual payroll for the District employees covered by the Plan for the year ended June 30, 2023, was $247,569 which was 89.73% of the total District payroll of $275,899.

The total District contributions of $106,523 is comprised of the normal cost of $40,734 and the unfunded actuarial accrued liability of $65,789.

Member buyback contributions relate to prior years' service credits for Plan participants. The Plan was amended in 1998 for limited temporary construction workers and in 2003 for intermittent employees to allow current members, who previously worked for the District in a status which did not qualify for membership in the System, to establish retirement service credit for prior service with payments over a period of two to eight years.

F. Net Pension Liability

The net pension liability (the Plan's liability determined in accordance with GASB 68 less the fiduciary net position) as of June 30, is as shown below:

	2024	2023
Total Pension Liability	$ 2,994,429	$ 2,835,771
Plan Fiduciary Net Position	(2,194,142)	(2,005,352)
Employer Net Pension Liability	$ 800,287	$ 830,419
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	73.27%	70.72%
Covered Payroll	$ 246,231	$ 233,940
Liability as a Percentage of Covered Payroll	325.02%	354.97%

(Dollars in Thousands)

NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

The actuarial assumptions used in the June 30, 2023 valuation were based on the July 1, 2016 through June 30, 2020 Actuarial Experience Study report dated November 12, 2020 and the June 30, 2022 Economic Assumptions Review report dated November 8, 2022. Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Employers' net pension liability presents multi-year trend information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. These schedules are presented in the Required Supplementary Information section. The net pension liability was measured as of June 30, 2023 and 2022, while the total pension liability was determined based upon the results of the actuarial valuations as of June 30, 2023 and 2022, respectively.

For the year ended June 30, 2024, the District recognized pension expense as follows:

	Water	Wastewater	Total
Contributions made after measurement date	$ (89,992)	$ (15,119)	$ (105,111)
Current year changes in the net pension liability:			
Service cost	48,439	7,939	56,378
Interest on total pension liability	163,668	26,824	190,492
Member contributions	(106)	(3,079)	(3,185)
Projected earnings on investments	(115,566)	(18,941)	(134,507)
Difference in expected and actual earnings	(13,680)	(2,242)	(15,922)
Other	56,899	11,802	68,701
Total current year activity	139,654	22,303	161,957
Total pension expense	$ 49,662	$ 7,184	$ 56,846

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Water	Wastewater	Total	Water	Wastewater	Total
Pension contributions subsequent to measurement date	$ 89,992	$ 15,119	$ 105,111	$ -	$ -	$ -
Differences between expected and actual experiences	67,416	11,049	78,465	-	-	-
Changes of assumption	61,355	10,056	71,411	-	-	-
Change in proportion and difference between employer contributions and proportionate share of contributions	983	468	1,451	468	983	1,451
Net difference between projected and actual earnings on pension plan investments	45,926	7,527	53,453	16,096	2,638	18,734
Total	**$ 265,672**	**$ 44,219**	**$ 309,891**	**$ 16,564**	**$ 3,621**	**$ 20,185**

(Dollars in Thousands)

NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

A total of $105,111 was reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Water	Wastewater	Total
2025	$ 49,239	$ 7,652	$ 56,891
2026	22,011	3,420	25,431
2027	80,884	13,168	94,052
2028	3,723	654	4,377
2029	3,259	585	3,844
	$ 159,116	$ 25,479	$ 184,595

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and projected arithmetic real rates of return, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class are summarized below:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Domestic Large Cap Equity	21.75%	5.60%
Domestic Small Cap Equity	3.25%	6.63%
Developed International Large Cap Equity	17.50%	6.39%
Emerging Market Equity	7.50%	8.34%
Core Bond	20.00%	0.59%
High-Yield Bond	2.50%	3.22%
Bank Loan	2.50%	2.76%
Real Estate	5.00%	5.00%
Covered Calls	20.00%	5.07%
Total	100.00%	

The discount rates used to measure the total pension liability was 6.75% as of June 30, 2023, and June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both June 30, 2023 and June 30, 2022.

(Dollars in Thousands)

NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Changes in net pension liability for fiscal year ended June 30, 2024 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (c) = (a) - (b)**
Beginning Balance	$ 2,835,771	$ 2,005,352	$ 830,419
Changes Recognized during the Measurement Period:			
Service cost	56,378	-	56,378
Interest on total pension liability	190,492	-	190,492
Difference between expected and actual experience	51,869	-	51,869
Changes of assumptions	-	-	-
Contributions from the employer	-	95,103	(95,103)
Contributions from the employee	-	21,865	(21,865)
Net investment income	-	214,117	(214,117)
Benefit payments, including refunds of employee contributions	(140,081)	(140,081)	-
Administrative expenses	-	(2,214)	2,214
Net Changes during the Measurement Period	158,658	188,790	(30,132)
Ending Balance	$ 2,994,429	$ 2,194,142	$ 800,287

In accordance with GASB 67 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following table presents the net pension liability of the Plan as of June 30, 2023, calculated using the discount rate of 6.75% as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1- percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Net Pension Liability	$ 1,190,976	$ 800,287	$ 477,233

G. <u>Net OPEB Liability</u>

The net OPEB liability (The Plan's liability determined according to GASB 74) as of June 30, is shown below:

	2023	2022
Total OPEB Liability	$ 193,546	$ 181,229
Plan Fiduciary Net Position	(61,165)	(53,571)
Employer Net OPEB Liability	$ 132,381	$ 127,658
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	31.60%	29.56%

The actuarial assumptions used in the June 30, 2023 valuation were based on the July 1, 2016 through June 30, 2020 Actuarial Experience Study report dated November 12, 2020, the June 30, 2022 Economic Assumptions Review report dated November 8, 2022, and the Retiree Health assumptions letter dated January 12, 2023. They are the same as the assumptions used in the June 30, 2023 funding actuarial valuation except the discount rate is calculated as a blend of the investment return on plan assets and municipal bond rate in accordance with GASB 74, and implicit subsidy benefit payments are based on the age-based costs. The net OPEB liability is measured as of June 30, 2023 and 2022 and is not adjusted or rolled forward to the June 30, 2024 and 2023 reporting dates.

(Dollars in Thousands)

NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

Valuation date	June 30, 2023
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	Plan changes, assumption changes, and experience gains/losses prior to July 1, 2011 are amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, plan changes are amortized over separate decreasing 15-year periods; assumption changes are amortized over separate decreasing 25-year periods; and experience gains/losses and retiree health assumption changes are amortized over separate decreasing 20-year periods. The amortization methodology decribed above was first applied beginning with the June 30, 2021 valuation, which determined the ADC for fiscal year ending June 30, 2022.
Assets valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the market value.
Actuarial assumptions:	
Net Investment Return	5.23%, net of OPEB Plan investment expense, including inflation
Average projected salary increases*	Ranges from3.75% to 9.25% based on years of service
Inflation rate	2.50%
Health Care Trend	Non-Medicare: 7.375% graded down to 4.50% over 12 years Medicare: 6.375% graded down to 4.50% over 8 years
HIB increases	0.00%
Mortality	*Pre-Retirement- Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables, projected generationally with the two-dimensional mortality improvement scale MP-2020.* *Post-Retirement Healthy Members* - Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. *Post-Retirement Disabled Members* - Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. *Beneficiaries* - Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

*Includes inflation of 2.50% plus across the board salary increase of 0.50% plus merit and promotional increases.

(Dollars in Thousands)

NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin.

The target allocation and projected arithmetic real rates of return, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class are summarized below:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Domestic Large Cap Equity	21.75%	5.60%
Domestic Small Cap Equity	3.25%	6.63%
Developed International Large Cap Equity	17.50%	6.39%
Emerging Market Equity	7.50%	8.34%
Core Bond	20.00%	0.59%
High-Yield Bonds	2.50%	3.22%
Bank Loans	2.50%	2.76%
Real Estate	5.00%	5.00%
Covered Calls	20.00%	5.07%
Total	100.00%	

The municipal bond rates used to determine the blended discount rate, as discussed below, were 3.65% and 3.54% which are based on the 20-year municipal bond rate for the Bond Buyer 20-Bond GO Index as of June 30, 2023 and June 30, 2022, respectively.

The discount rates used to measure the total OPEB liability were 5.23% and 5.35% as of June 30, 2023 and June 30, 2022, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates for the $450/$550 HIB Subsidy excluding the implicit subsidy that will continue to be paid on a pay-as-you-go basis. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Only the implicit subsidies for current members were includes as employer contributions since the employer is funding the implicit subsidy on a pay-as-you go basis.

Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be sufficient to make projected future benefit payments for current plan members through June 30, 2048. Payments after that date would be funded by employer assets. Therefore, the long-term expected rate of return on OPEB Plan investments (6.75%) was applied to periods of projected benefit payments through June 30, 2048, and the 20-year municipal bond rate (3.65%) was applied to periods after June 30, 2048, to determine the total OPEB liability.

(Dollars in Thousands)

NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Change in Net OPEB liability for fiscal year ended June 30, 2024 were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (c) = (a) - (b)**
Beginning Balance	$ 181,229	$ 53,571	$ 127,658
Changes Recognized during the Measurement Period:			
Service cost	5,088	-	5,088
Interest on total OPEB liability	9,646	-	9,646
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(438)	-	(438)
Changes of assumptions	10,206	-	10,206
Contributions from the employer	-	11,420	(11,420)
Contributions from the employee	-	223	(223)
Net investment income	-	5,715	(5,715)
Administrative expenses	-	(59)	59
Benefit payments, including implicit subsidies*	(12,185)	(12,185)	-
Other**	-	2,480	(2,480)
Net Changes during the Measurement Period	12,317	7,594	4,723
Ending Balance	$ 193,546	$ 61,165	$ 132,381

* Sum of cash benefit payments ($9,705) and estimated implicit subsidy benefit payments ($2,480) for 2023.
Sum of cash benefit payments ($9,341) and estimated implicit subsidy benefit payments ($2,436) for 2022.

** The total employer contributions for estimated implicit subsidy

In accordance with GASB 74 regarding the disclosure of the sensitivity of the net OPEB liability to changes in the discount rate, the following table presents the net OPEB liability of the Plan as of June 30, 2023, calculated using the discount rate of 5.23% as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.23%) or 1-percentage-point higher (6.23%) than the current rate:

	1% Decrease (4.23%)	Current Discount (5.23%)	1% Increase (6.23%)
Net OPEB Liability	$ 152,405	$ 132,381	$ 115,294

Additionally, in accordance with GASB 74 regarding disclosure of the sensitivity of the net OPEB liability to changes in the trend rate (only applied to implicit subsidy and not the $450/$550 cash subsidy), the following table presents the net OPEB liability of the Plan as of June 30, 2023, calculated using the current trend rates as well as what the Plan's net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1 - percentage-point higher than the current rate:

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	$ 128,362	$ 132,381	$ 137,020

(Dollars in Thousands)

NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2024, the District recognized OPEB expense as follows:

	Water	Wastewater	Total
Contributions made after measurement date	$ (10,448)	$ (1,783)	$ (12,231)
Current year changes in the net OPEB liability:			
Service cost	4,361	727	5,088
Interest on total OPEB liability	8,268	1,378	9,646
Member contributions	(191)	(32)	(223)
Projected earnings on investments	(3,153)	(526)	(3,679)
Difference in expected and actual earnings	(66)	(58)	(124)
Other	(293)	(105)	(398)
Total current year activity	8,926	1,384	10,310
Total OPEB Expense	$ (1,522)	$ (399)	$ (1,921)

Components of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2024 were as follows:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Water	Wastewater	Total	Water	Wastewater	Total
OPEB contributions subsequent to measurement date	$ 10,448	$ 1,783	$ 12,231	$ -	$ -	$ -
Differences between expected and actual experiences	3,033	505	3,538	2,378	396	2,774
Changes of assumption	15,274	2,546	17,820	15,720	2,619	18,339
Change in proportion and difference between employer contributions and proportionate share of contributions	193	176	369	176	193	369
Net difference between projected and actual earnings on OPEB plan investments	777	129	906	-	-	-
Total	**$ 29,725**	**$ 5,139**	**$ 34,864**	**$ 18,274**	**$ 3,208**	**$ 21,482**

$12,231 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2025. Amounts reported as deferred outflows and resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year Ended June 30	Water	Wastewater	Total
2025	$ 1,796	$ 226	$ 2,022
2026	(36)	(22)	(58)
2027	(197)	(20)	(217)
2028	(1,587)	(238)	(1,825)
2029	1,026	202	1,228
	$ 1,002	$ 148	$ 1,150

(Dollars in Thousands)

NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

H. Public Employees' Pension Reform Act (PEPRA)

Assembly Bill 340 (AB 340) created the Public Employees' Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation periods. PEPRA also implemented new contribution requirements for employees hired on or after January 1, 2013, who meet the definition of a new member under PEPRA. In the System, Members covered under PEPRA are 2013 Plan Members.

The table below provides the details of the 2013 Plan provisions in accordance with PEPRA.

Benefit Formula	2.5% at age 67
Final Compensation Period	Average of last 3 years
Employer Normal Cost Constibution Rate as a Percentage Payroll	10.20% of Reportable Compensation
Member Normal Cost Contribution Rate as a Percentage of Payroll	9.41% of Reportable Compensation

The employer contribution rate listed above was in effect as of June 30, 2024. In accordance with the provisions of PEPRA, the member contribution rate shown above was originally set at 50 percent of the expected total normal cost rate for the benefits that will apply to new members on January 1, 2013. Under PEPRA, the member contributions rate is adjusted when the normal cost deviates by 1% or more from the original PEPRA valuation in 2013. The member contribution rate was last adjusted on July 1, 2021. The total normal cost rate for 2013 Plan Members for fiscal year 2024 is 19.61% of payroll.

NOTE 12: RISK MANAGEMENT

The District has purchased commercial insurance for general, property, public officials' liability and workers' compensation. During the fiscal year ended June 30, 2024, the District paid $3,815 for current year coverage.

The District's liability, property, and workers' compensation risks are insured by commercial insurance carriers, all of which are subject to the District's self-insurance retentions, which vary by type of coverage.

Selected other coverages are:

Coverage	Policy Limit	Self-insurance retention
Workers' Compensation	Statutory Limit	$5,000
All risk property (except flood)	$200,000	500
Flood	25,000	1,500
Liability	90,000	10,000 Water/ 10,000 Wastewater
Crime	10,000	25
Boiler and Machinery	25,000	25
Pardee and Camanche Dams	25,000	25
Main Wastewater Treatment Plant	25,000	25

(Dollars in Thousands)

NOTE 12: RISK MANAGEMENT (CONTINUED)

Settled claims have not exceeded the District's policy limits in any of the past five fiscal years.

Claim expenses and liabilities are recorded when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. As of June 30, 2024, the amount of these liabilities was $55,739. This amount (which has not been discounted) has been actuarially determined and includes an estimate of incurred but not reported losses. Changes in the reported liability are as follows:

	2024	2023
Liability at beginning of year	$ 52,407	$ 63,118
Current year claims and changes in estimates	13,327	(2,736)
Payments of claims	(9,995)	(7,975)
Liability at end of year	$ 55,739	$ 52,407
Estimated liability:		
Due within one year	$ 12,897	$ 11,992
Due in more than one year	42,842	40,415
	$ 55,739	$ 52,407

NOTE 13: KNOWN ENVIRONMENTAL LIABILITIES

GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, provides guidance on accounting and financial reporting for pollution remediation obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. Pollution remediation activities include: pre-cleanup activities, cleanup activities, external government oversight and enforcement, and operation and maintenance of the remedy. The following is a summary of the District's known environmental liabilities as of August 22, 2023, that may meet the requirements of GASB Statement No. 49:

- Under a National Pollutant Discharge Elimination System (NPDES) permit issued by the San Francisco Regional Water Quality Control Board, discharges from the District's wet weather facilities are prohibited. In 2014, the District signed a Consent Decree on this matter that focuses on the excess wet weather flow entering the District's system and allows discharges to continue while work to reduce them is performed. The Consent Decree requires the District and its seven satellite agencies to do a range of work to reduce flows, including working with property owners to address leaks in their private sewer laterals. In 2022, the District achieved interim compliance by exceeding the required benchmarks for reductions in discharge volumes from the wet weather facilities. The Consent Decree is expected to be in place until 2036. The District's cost to meet the requirements in the Consent Decree is approximately $5 million/year.

- In summer 2016, the Central Valley Regional Water Quality Control Board (CVRWQCB) requested that the District produce a technical report to reexamine the groundwater network at the Camanche North Shore (CANS) and Camanche South Shore (CASS) Wastewater Treatment Plants including the effectiveness of existing monitoring wells and hydraulic connections between the wastewater ponds and the aquifers. The technical report for CANS was provided in March 2017. The CVRWQCB stated in its winter 2018 response that it agreed with the CANS recommendations in the technical report and subsequently required the District to submit a work plan for new well installations as well as conduct additional monitoring. In May 2018, the District submitted its response to the CVRWQCB, including the work plan for the new CANS wells.

NOTE 13: KNOWN ENVIRONMENTAL LIABILITIES (CONTINUED)

The District never received formal approval on the CANS workplan. In March 2022, the District submitted a proposal to the CVRWQCB for an updated CANS groundwater monitoring well network that would enhance the groundwater quality monitoring. The proposal requests that the CVRWQCB's review of the on-file 2018 workplan for new well installations be put on hold until the new network was considered. Once the new proposal is approved, it will result in the installation of five new wells better strategically located, in addition to reducing the network from the current nine wells to a total of six. The District is awaiting a response from CVRWQCB. In August 2018, the District submitted a required technical memorandum for CASS. In September 2018, the District submitted an assessment report for the cap on the closed CASS landfill also required by the CVRWQCB. The CVRWQCB has not responded to either submittal. The CVRWQCB requested additional analysis for the CASS facility which is ongoing. It is possible that the CVRWQCB could mandate the District to construct wastewater treatment pond upgrades. At this preliminary planning stage, it is estimated that the cost would be approximately $7 million to upgrade the existing facilities or, alternatively, approximately $8 million to construct a joint wastewater project with Amador County. Earlier this year, the District conducted a condition assessment of the CASS wastewater treatment plant's groundwater monitoring well network. The existing wells are ending their life span, so the District took a proactive approach to determine if network improvements are available for better groundwater quality monitoring. The District is reviewing the assessment findings and respective recommendations to determine next steps.

- The Alameda County Department of Environmental Health (ACDEH) requested that the District conduct site investigations at the Adeline Maintenance Center (AMC) Shops to define the extent of petroleum hydrocarbons in soil and groundwater associated with former underground storage tanks (USTs). The District completed site investigations in accordance with an approved work plan in 2009. The results indicated that elevated concentrations of petroleum hydrocarbons remain in soil and groundwater in localized areas near the former USTs. In June 2016, the ACDEH then requested that the District conduct a Sensitive Receptor Survey for the AMC Shops parcel and that all environmental data collected during previous investigations be posted to the State's GeoTracker website, after which a meeting would be scheduled to agree upon final actions necessary to obtain regulatory closure of the site under the State Water Resource Control Board's (SWRCB) Low Threat Closure Policy. The ACDEH met with the District in July 2018 to discuss next steps towards site closure. In 2021, the ACDEH requested a Site Conceptual Model and Workplan to help address data gaps for the site. Both were delivered to the ACDEH. The work was conducted, and sampling results delivered to the ACDEH in the summer of 2023. The ACDEH will review the results and potentially recommend further site characterization based on the results that indicate the groundwater plume has not been completely delineated.

- In April 2023 the CVRWQCB requested that the District submit a workplan to address potential non-compliant discharges from watershed lands into Camanche Reservoir. The Lancha Plana Historic Area (Lancha Plana) is located in the north-east portion of Camanche Reservoir. The Lancha Plana pond, which has formed behind an earthen embankment, holds low-pH water from presumed historic mine workings upstream from the site. It is unknown who originally constructed the historic embankment or when. The pond is approximately a half-acre in size and has an average depth of approximately 6 to 8 feet which fluctuates based on precipitation. The earthen embankment has a spillway and has been observed to spill periodically during extreme rainfall events but, dries up relatively quickly after rainfall ceases. The earthen embankment was flagged as a watch area by the District when it incurred minor damage that was discovered during extreme rainfall events in 2017 and in 2023. Actions have been taken to protect the embankment including installation of exclusion fencing to keep cattle away from the embankment to prevent any further degradation.

A plan for temporary repairs was submitted to the CVRWQCB and will be implemented over several months. Once the site is stable, the CVRWQCB may require a permanent remediation solution for the site. Ongoing work at the location may cost up to $1 million.

- In November 2022 the District removed a 12,000-gallon diesel Underground Storage Tank (UST) from its Fleet East Facility located in the City of Walnut Creek in accordance with regulatory requirements. The tank removal was part of an upgrade project at the vehicle maintenance facility. Required soils monitoring was performed in association with the UST removal and results indicated that in a few locations the soil exceeded Environmental Screening Levels for Total Extractable Petroleum Hydrocarbons (TPH-d). At their request,

NOTE 13: KNOWN ENVIRONMENTAL LIABILITIES (CONTINUED)

the San Francisco Regional Water Quality Control Board (SFRWQCB) has provided a detailed history of tank removals at the site. After review they may require additional monitoring and/or remediation at the facility to obtain site closure under their SWRCB Low Threat Closure Policy. Ongoing sampling, monitoring and potential remediation work may cost up to $100,000 depending on the agreed upon scope.

- The District operates many facilities throughout Northern California that have NPDES permits, waste discharge requirements, and air permits. The total estimated liability for all known violations, excluding the items detailed above, is less than $350,000.

NOTE 14: CONTINGENT LIABILITIES

In the normal course of operations, the District is a party to various claims, legal actions and complaints, including challenges over certain rates and charges. The ultimate outcome of these matters is not presently determinable. In the opinion of the District, these actions when finally adjudicated will not have a material adverse effect on the financial position of the District.

NOTE 15: COMMITMENTS AND CONTINGENCIES

Central Valley Project

In December 1970, the District entered into a contract with the US Bureau of Reclamation for access to up to 150,000 acre feet per year of Central Valley Project (CVP) water from a diversion point on the American River. The successor contract, the Long Term Renewal Contract, was executed in in April 2006 with a 40 year term. The Long Term Renewal Contract provides for delivery of up to 133,000 acre feet per year of CVP water in dry years to supplement the District's surface water supplies. Deliveries to the District are limited to a 165,000 acre foot total over any three successive dry years. In years in which the District takes delivery of CVP water, the District's allocated CVP capital cost and the District's operations and maintenance deficit balance will be paid down commensurately with the quantity of water delivered. For example, if the District had to take delivery of 80,000 acre feet in fiscal year 2015, the District's CVP capital and deficit balances would each be reduced by approximately 20%. The balances must be paid off by 2030.

NOTE 16: SETTLEMENT PAYMENT

Pursuant to Board Resolution No. 35337-23, the Board of Directors approved an agreement to settle the matter of Waste Management of Alameda County, Inc. versus EBMUD, Alameda County Superior Court, Case No. RG21094336, for $15 million to be paid to the plaintiff from the Wastewater System fund. The payment was made on March 20, 2023, and is included in other income (expense) in the statements of revenues, expenses, and changes in net position.

NOTE 17: SUBSEQUENT EVENTS

The District evaluated subsequent events for recognition and disclosure through October 29, 2024, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2024, that required recognition or disclosure in these financial statements.

(Dollars in Thousands)

NOTE 18: PRIOR PERIOD ADJUSTMENTS

Correction and restatements of previously issued financial statements

During fiscal year 2024, the District implemented a new online platform to enhance lease and SBITAs financial reporting and auditing process. According to GASB Statement No. 100 paragraph 8, the District is required to restate previously issued fiscal year 2023 and 2022 financial statements for accurate financial reporting purposes.

As of June 30, 2023, the lease receivable was overstated by $5,797, the lease – right of use assets, net of accumulated amortization was understated by $862, the deferred inflow of resources – lease was overstated by $6,772, and the lease payable was understated by $114. As of June 30, 2022, the lease receivable was overstated by $8,608, the lease – right of use assets, net of accumulated amortization was understated by $13, the deferred inflow of resources – lease was overstated by $9,096, and the lease payable was understated by $82. The effect of error correction is shown in the table below.

	June 30, 2023 as previously reported	Changes to or within the reporting entity	Error correction	Changes in accounting principle	June 30, 2023 as restated
Proprietary fund net position					
Water System	$ 2,416,743	$ -	$ 1,026	$ -	$ 2,417,769
Wastewater System	465,131	-	697	-	465,828
Total proprietary funds	$ 2,881,874	$ -	$ 1,723	$ -	$ 2,883,597

	June 30, 2022 as previously reported	Changes to or within the reporting entity	Error correction	Changes in accounting principle	June 30, 2022 as restated
Proprietary fund net position					
Water System	$ 2,208,682	$ -	$ (157)	$ -	$ 2,208,525
Wastewater System	450,993	-	576	-	451,569
Total proprietary funds	$ 2,659,675	$ -	$ 419	$ -	$ 2,660,094

REQUIRED SUPPLEMENTAL INFORMATION

EAST BAY MUNICIPAL UTILITY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2024
(Dollars in thousands)

(1) Pension Plan

Schedule of Changes in Employer's Net Pension Liability:

Reporting Date	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Measurement Date	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*	*2015*	*2014*
Total Pension Liability										
Service cost	$ 56,378	$ 51,706	$ 52,212	$ 46,124	$ 44,710	$ 40,636	$ 41,106	$ 37,828	$ 36,791	$ 34,987
Interest	190,492	181,464	176,878	163,114	154,896	149,324	144,392	138,135	131,595	127,558
Differences between expected and actual experience	51,869	54,807	(37,465)	(6,199)	25,974	48,581	(22,641)	5,278	(1,390)	438
Changes of assumptions	-	72,120	-	104,814	-	12,484	-	52,596	-	18,421
Benefit payments, including refunds of employee contributions	(140,081)	(129,940)	(121,249)	(113,388)	(105,785)	(98,062)	(90,705)	(83,886)	(77,790)	(71,232)
Net change in total pension liability	**158,658**	**230,157**	**70,376**	**194,465**	**119,795**	**152,963**	**72,152**	**149,951**	**89,206**	**110,172**
Total pension liability - beginning	**2,835,771**	**2,605,614**	**2,535,238**	**2,340,773**	**2,220,978**	**2,068,015**	**1,995,863**	**1,845,912**	**1,756,706**	**1,646,534**
Total pension liability - ending (a)	**$ 2,994,429**	**$ 2,835,771**	**$ 2,605,614**	**$ 2,535,238**	**$ 2,340,773**	**$ 2,220,978**	**$ 2,068,015**	**$ 1,995,863**	**$ 1,845,912**	**$ 1,756,706**
Plan fiduciary net position										
Contributions - employer	$ 95,103	$ 91,393	$ 79,252	$ 77,645	$ 74,033	$ 71,221	$ 67,096	$ 65,218	$ 64,177	$ 61,660
Contributions - employee	21,865	20,915	19,136	18,690	17,681	16,860	15,820	14,741	13,260	11,963
Net investment income	214,117	(245,904)	481,909	39,973	91,194	147,424	197,977	13,934	59,288	216,601
Benefit payments, including refunds of employee contributions	(140,081)	(129,940)	(121,249)	(113,388)	(105,785)	(98,062)	(90,705)	(83,886)	(77,790)	(71,232)
Administrative expense	(2,214)	(1,875)	(1,876)	(1,453)	(1,477)	(1,521)	(1,403)	(1,289)	(1,269)	(1,233)
Net change in plan fiduciary net position	**188,790**	**(265,411)**	**457,172**	**21,467**	**75,646**	**135,922**	**188,785**	**8,718**	**57,666**	**217,759**
Plan fiduciary net position - beginning	**2,005,352**	**2,270,763**	**1,813,591**	**1,792,124**	**1,716,478**	**1,580,556**	**1,391,771**	**1,383,053**	**1,325,387**	**1,107,628**
Plan fiduciary net position - ending (b)	**$ 2,194,142**	**$ 2,005,352**	**$ 2,270,763**	**$ 1,813,591**	**$ 1,792,124**	**$ 1,716,478**	**$ 1,580,556**	**$ 1,391,771**	**$ 1,383,053**	**$ 1,325,387**
Plan's net pension liability - ending (a) - (b)	**$ 800,287**	**$ 830,419**	**$ 334,851**	**$ 721,647**	**$ 548,649**	**$ 504,500**	**$ 487,459**	**$ 604,092**	**$ 462,859**	**$ 431,319**

EAST BAY MUNICIPAL UTILITY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2024
(Dollars in thousands)

(2) Pension Plan

Schedule of Employer's Net Pension Liability:

Reporting Date	**2024**	**2023**	**2022**	**2021**	**2020**
Measurement Date	*2023*	*2022*	*2021*	*2020*	*2019*
Total Pension Liability	$ 2,994,429	$ 2,835,771	$ 2,605,614	$ 2,535,238	$ 2,340,773
Plan fiduciary net position	(2,194,142)	(2,005,352)	(2,270,763)	(1,813,591)	(1,792,124)
Net pension liability	$ 800,287	$ 830,419	$ 334,851	$ 721,647	$ 548,649
Plan fiduciary net position as a percentage of total pension liability	73.27%	70.72%	87.15%	71.54%	76.56%
Covered payroll*	$ 246,231	$ 233,940	$ 221,809	$ 215,110	$ 203,541
Plan net pension liability as a percentage of covered payroll	325.02%	354.97%	150.96%	335.48%	269.55%

Reporting Date	**2019**	**2018**	**2017**	**2016**	**2015**
Measurement Date	*2018*	*2017*	*2016*	*2015*	*2014*
Total Pension Liability	$ 2,220,978	$ 2,068,015	$ 1,995,863	$ 1,845,912	$ 1,756,706
Plan fiduciary net position	(1,716,478)	(1,580,556)	(1,391,771)	(1,383,053)	(1,325,387)
Net pension liability	$ 504,500	$ 487,459	$ 604,092	$ 462,859	$ 431,319
Plan fiduciary net position as a percentage of total pension liability	77.28%	76.43%	69.73%	74.93%	75.45%
Covered payroll*	$ 193,717	$ 182,032	$ 174,586	$ 166,886	$ 159,513
Plan net pension liability as a percentage of covered payroll	260.43%	267.79%	346.01%	277.35%	270.40%

*In accordance with GASB 82, the covered payroll amounts are defined as the payroll on which contributions to a pension plan are based. The covered payroll amounts for fiscal year 2014 through fiscal year 2016, were updated to adopt the provisions of GASB 82.

EAST BAY MUNICIPAL UTILITY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2024
(Dollars in thousands)

(3) Pension Plan

Schedule of Employer's Contributions:

Year ended June 30	Actuarially determined contributions	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered payroll*	Contributions as a percentage of covered payroll
2015	$ 64,177	$ 64,177	$ -	$ 166,886	38.46%
2016	65,218	65,218	-	174,586	37.36%
2017	67,096	67,096	-	182,032	36.86%
2018	71,221	71,221	-	193,717	36.77%
2019	74,033	74,033	-	203,541	36.37%
2020	77,645	77,645	-	215,110	36.10%
2021	79,252	79,252	-	221,809	35.73%
2022	91,393	91,393	-	233,940	39.07%
2023	95,103	95,103	-	247,569	38.41%
2024	105,111	105,111	-	266,278	39.47%

*Derived by dividing the contributions in relation to the actuarial determined contributions by the contributions as a percentage of covered employee payroll. These amounts may be different from the actual payroll of the District. In accordance with GASB 82, the covered payroll is defined as the payroll on which contributions to the pension plan are based. These amounts may be different from the actual payroll of the District. The actuarially determined contributions for the fiscal year ended June 30, 2024 are based on the reporting date. Years preceding fiscal year ended June 30, 2024 are based on the measurement date.

(4) Pension Plan

Schedule of Investment Returns:

Reporting Date	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Annual money weighted rate of return, net of investment expense	12.74%	10.96%	-10.81%	26.85%	2.27%	5.37%	9.29%	14.46%	0.91%	4.40%

EAST BAY MUNICIPAL UTILITY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2024
(Dollars in thousands)

(5) Post-Employment Healthcare Plan

Schedule of Changes in Employer's Net OPEB Liability:

Reporting Date	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Measurement Date	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*	*2015*
Total OPEB Liability									
Service cost	$ 5,088	$ 6,725	$ 5,538	$ 4,864	$ 4,692	$ 4,827	$ 5,276	$ 4,514	$ 4,460
Interest	9,646	8,061	8,608	9,042	9,332	9,265	8,797	9,374	9,159
Differences between expected and actual experience	(438)	5,102	(4,383)	704	(2,783)	(3,299)	(1,711)	(3,286)	(309)
Changes of assumptions	10,206	(28,016)	7,163	18,913	5,753	(527)	(6,107)	12,471	-
Benefity payments - cash*	-	-	-	-	-	-	-	(7,685)	(7,394)
Benefit payments- estimated implicit subidy	(12,185)	(11,778)	(11,644)	(11,382)	(11,052)	(10,390)	(9,804)	(2,164)	(2,241)
Net change in total OPEB liability	**12,317**	**(19,906)**	**5,282**	**22,141**	**5,942**	**(124)**	**(3,549)**	**13,224**	**3,675**
Total OPEB liability - beginning	**181,229**	**201,135**	**195,853**	**173,712**	**167,770**	**167,894**	**171,443**	**158,219**	**154,544**
Total OPEB liability - ending (a)	**$ 193,546**	**$ 181,229**	**$ 201,135**	**$ 195,853**	**$ 173,712**	**$ 167,770**	**$ 167,894**	**$ 171,443**	**$ 158,219**
Plan fiduciary net position									
Employer contributions - cash	$ 11,420	$ 10,892	$ 11,372	$ 11,089	$ 10,518	$ 9,875	$ 9,764	$ 9,454	$ 8,964
Employer contributions - estimated implicit subsidy	-	-	-	-	-	-	-	2,164	2,241
Employee contributions - total	11,420	10,892	11,372	11,089	10,518	9,875	9,764	11,618	11,205
Employee contributions	223	212	200	195	184	219	198	184	167
Net investment income	5,715	(6,105)	11,638	890	2,060	2,925	3,706	271	938
Benefity payments - cash*	-	-	-	-	-	-	-	(7,685)	(7,394)
Benefit payments- estimated implicit subidy	(12,185)	(11,778)	(11,644)	(11,382)	(11,052)	(10,390)	(9,804)	(2,164)	(2,241)
Administrative expense	(59)	(46)	(46)	(34)	(33)	(30)	(26)	(22)	(20)
Other	2,480	2,437	2,421	2,419	2,402	2,075	1,892	-	-
Net change in plan fiduciary net position	**7,594**	**(4,388)**	**13,941**	**3,177**	**4,079**	**4,674**	**5,730**	**2,202**	**2,655**
Plan fiduciary net position - beginning	**53,571**	**57,959**	**44,018**	**40,841**	**36,762**	**32,088**	**26,358**	**24,156**	**21,501**
Plan fiduciary net position - ending (b)	**$ 61,165**	**$ 53,571**	**$ 57,959**	**$ 44,018**	**$ 40,841**	**$ 36,762**	**$ 32,088**	**$ 26,358**	**$ 24,156**
Plan's net OPEB liability - ending (a) - (b)	**$ 132,381**	**$ 127,658**	**$ 143,176**	**$ 151,835**	**$ 132,871**	**$ 131,008**	**$ 135,806**	**$ 145,085**	**$ 134,063**

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*Benefit Payments and Employer Contributions - cash and estimated implicit subsidy report together starting fiscal year 2018.

(6) Post-Employment Healthcare Plan

Schedule of Employer's Net OPEB Liability:

Reporting Date	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Measurement Date	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*	*2015*
Total OPEB Liability	$ 193,546	$ 181,229	$ 201,135	$ 195,853	$ 173,712	$ 167,770	$ 167,894	$ 171,443	$ 158,219
Plan fiduciary net position	(61,165)	(53,571)	(57,959)	(44,018)	(40,841)	(36,762)	(32,088)	(26,358)	(24,156)
Net OPEB liability	$ 132,381	$ 127,658	$ 143,176	$ 151,835	$ 132,871	$ 131,008	$ 135,806	$ 145,085	$ 134,063
Plan fiduciary net position as a percentage of total OPEB liability	31.60%	29.56%	28.82%	22.48%	23.51%	21.91%	19.11%	15.37%	15.27%
Covered payroll	$ 246,231	$ 233,940	$ 221,809	$ 215,110	$ 203,541	$ 193,717	$ 182,032	$ 174,586	$ 166,886
Plan net OPEB liability as a percentage of covered payroll	53.76%	54.57%	64.55%	70.58%	65.28%	67.63%	74.61%	83.10%	80.33%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(Dollars in thousands)

(7) Post-Employment Healthcare Plan

Schedule of Employer's Contributions:

Year ended June 30	Actuarially determined contributions	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered payroll*	Contributions as a percentage of covered payroll
2015	$ 8,964	$ 8,964	$ -	$ 166,886	5.37%
2016	9,454	9,454	-	174,586	5.42%
2017	9,764	9,764	-	182,032	5.36%
2018	9,875	9,875	-	193,717	5.10%
2019	10,518	10,518	-	203,541	5.17%
2020	11,089	11,089	-	215,110	5.16%
2021	11,372	11,372	-	221,809	5.13%
2022	10,892	10,892	-	233,940	4.66%
2023	11,420	11,420	-	247,569	4.61%
2024	12,231	12,231	-	266,278	4.59%

*Derived by dividing the contributions in relation to the actuarial determined contributions by the contributions as a percentage of covered payroll. These amounts may be different from the actual payroll of the District. In accordance with GASB 82, the covered payroll is defined as the payroll on which contributions to the pension plan are based. These amounts may be different from the actual payroll of the District. The actuarially determined contributions for the fiscal year ended June 30, 2024 are based on the reporting date. Years preceding fiscal year ended June 30, 2024 are based on the measurement date.

EAST BAY MUNICIPAL UTILITY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2023
(Dollars in thousands)

(8) Notes to Required Supplementary Information

The pension-related information presented in the required supplementary schedules was determined as part of the Pension actuarial valuation at the date indicated. Additional information as of the latest Pension actuarial valuation is as follows:

Valuation date	June 30, 2023
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	Prior to July 1, 2011, the UAAL from plan changes, assumption changes, and experience gains/losses were amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, any new UAAL resulting from plan changes are amortized over separate decreasing 15-year periods; assumption and method changes are amortized over seprate decreasing 25-year periods (prior to July 1, 2021); and experience gains/losses 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.
Assets valuation method	Market value of assets less unrecognized returns in each last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the market value.
Actuarial assumptions:	
Net Investment Return	6.75%, net of Pension Plan investment expense, including inflation
Average projected salary increases*	Ranges from 3.75% to 9.25% based on years of service
Inflation rate	2.50%
Cost-of-living adjustments	2.75% per annum
Mortality	Pre-retirement: Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables, projected generationally with the two-dimensional mortality improvement scale MP-2020. Post-retirement: *Healthy Members* - Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. *Disabled Members*- Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. *Beneficiaries* - Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

*Includes inflation of 2.50% plus across the board salary increase of 0.50% plus merit and promotional increases.

(Dollars in thousands)

(8) Notes to Required Supplementary Information (Continued)

The OPEB-related information presented in the required supplementary schedules was determined as part of the OPEB actuarial valuation at the date indicated. Additional information as of the latest OPEB actuarial valuation is as follows:

Valuation date	June 30, 2023
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	Plan changes, assumption changes, and experience gains/losses prior to July 1, 2011 are amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, plan changes are amortized over separate decreasing 15-year periods; assumption changes are amortized over separate decreasing 25-year periods; and experience gains/losses and retiree health assumption changes are amortized over separate decreasing 20-year periods. The amortization methodology decribed above was first applied beginning with the June 30, 2021 valuation, which determined the ADC for fiscal year ending June 30, 2022.
Assets valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the market value.
Actuarial assumptions:	
Net Investment Return	5.23%, net of OPEB Plan investment expense, including inflation
Average projected salary increases*	Ranges from3.75% to 9.25% based on years of service
Inflation rate	2.50%
Health Care Trend	Non-Medicare: 7.375% graded down to 4.50% over 12 years Medicare: 6.375% graded down to 4.50% over 8 years
HIB increases	0.00%
Mortality	*Pre-Retirement- Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables, projected generationally with the two-dimensional mortality improvement scale MP-2020.* *Post-Retirement Healthy Members* - Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. *Post-Retirement Disabled Members* - Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. *Beneficiaries* - Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

*Includes inflation of 2.50% plus across the board salary increase of 0.50% plus merit and promotional increases.

SUPPLEMENTAL INFORMATION

EAST BAY MUNICIPAL UTILITY DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the East Bay Municipal Utility District)

Statement of Fiduciary Net Position
June 30, 2024
(With summarized comparative financial information as of June 30, 2023)
(Dollars in Thousands)

	2024			
	Pension Plan benefits	**Post-employment healthcare benefits**	**Total**	**2023 Total**
Assets:				
Cash and cash equivalents, at fair value (Note 5)	$ 27,985	$ 806	$ 28,791	$ 27,677
Invested securities lending collateral	103,576	2,985	106,561	77,906
Prepaid expenses	-	598	598	575
Receivables:				
Brokers, securities sold	2,010	58	2,068	2,854
Employer	4,129	493	4,622	3,705
Plan members	962	-	962	788
Interest, dividends and recoverable taxes	4,972	143	5,115	4,833
Total Receivables	**12,073**	**694**	**12,767**	**12,180**
Investments, at fair value (Note 5):				
U.S. government obligations	329,066	9,483	338,549	316,624
Domestic corporate bonds	174,918	5,041	179,959	180,262
International bonds	14,200	409	14,609	18,808
Domestic stocks	1,178,448	33,960	1,212,408	1,033,186
International stocks	595,407	17,158	612,565	548,124
Real estate	115,528	3,329	118,857	122,000
Total Investments	**2,407,567**	**69,380**	**2,476,947**	**2,219,004**
Capital assets:				
Subscription Asset In-Progress (note 9)	4,121	119	4,240	1,692
Total Assets	**2,555,322**	**74,582**	**2,629,904**	**2,339,034**
Liabilities:				
Accounts payable and accrued expenses	2,694	78	2,772	3,225
Payables to brokers, securities purchased	3,441	99	3,540	2,597
Securities lending collateral (Note 2B)	103,576	2,985	106,561	77,905
Total Liabilities	**109,711**	**3,162**	**112,873**	**83,727**
Net Position:				
Net position restricted for pension benefits and post-employment healthcare benefits	2,445,611	71,420	2,517,031	2,255,307
Total Net Position	**$ 2,445,611**	**$ 71,420**	**$ 2,517,031**	**$ 2,255,307**

EAST BAY MUNICIPAL UTILITY DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the East Bay Municipal Utility District)

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024
(With summarized comparative financial information for the year ended June 30, 2023)
(Dollars in Thousands)

	2024			
	Pension Plan benefits	**Post-employment healthcare benefits**	**Total**	**2023 Total**
Additions:				
Contributions:				
Employers	$ 105,111	$ 12,231	$ 117,342	$ 106,523
Plan members	23,637	240	23,877	22,088
Total Contributions	**128,748**	**12,471**	**141,219**	**128,611**
Investment Income:				
From Investment Activities				
Net appreciation (depreciation) in fair value investments:				
Traded securities	248,070	6,942	255,012	193,008
Real estate	(7,753)	(217)	(7,970)	(5,111)
Interest	24,718	692	25,410	21,206
Dividends	10,139	284	10,423	11,243
Real estate operating income, net	2,510	70	2,580	2,909
Total Investment Income	**277,684**	**7,771**	**285,455**	**223,255**
Less:				
Investment expense	(3,489)	(98)	(3,587)	(3,549)
Net Income from Investment Activities	**274,195**	**7,673**	**281,868**	**219,706**
From Security Lending Activities				
Security lending income	5,912	165	6,077	3,195
Borrowers' rebates and other agent fees on securities lending transactions	(5,732)	(162)	(5,894)	(3,069)
Security Lending Activities	**180**	**3**	**183**	**126**
Net Investment Income	**274,375**	**7,676**	**282,051**	**219,832**
Total Additions, net	**403,123**	**20,147**	**423,270**	**348,443**
Deductions:				
Benefits paid (Notes 1C - 1E)	147,947	9,824	157,771	149,102
Refunds of contributions (Note 4)	1,269	-	1,269	684
Administrative expenses	2,438	68	2,506	2,273
Total Deductions	**151,654**	**9,892**	**161,546**	**152,059**
Changes in Net Position	**251,469**	**10,255**	**261,724**	**196,384**
Net Position - Beginning of the Year	**2,194,142**	**61,165**	**2,255,307**	**2,058,923**
Net Position - End of the Year	**$ 2,445,611**	**$ 71,420**	**$ 2,517,031**	**$ 2,255,307**

EAST BAY MUNICIPAL UTILITY DISTRICT
Combining Statement of Net Position - Custodial Funds
For the Year Ended June 30, 2024
(With summarized comparative financial information as of June 30, 2023)
(Dollars in Thousands)

	2024					
	Bay Area Clean Water Agencies	**Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority**	**Freeport Regional Water Authority**	**Upper Mokelumne River Watershed Authority***	**Total**	**2023 Total***
Assets:						
Cash and cash equivalents, at fair value (Note 2)	$ 3,386	$ 2,275	$ 3,128	$ 521	$ 9,310	$ 8,536
Accounts receivable:						
Miscellaneous receivables	2	2,261	535	276	3,074	3,004
Interest receivable	26	11	11	-	48	32
Total Receivables	**28**	**2,272**	**546**	**276**	**3,122**	**3,036**
Capital assets:						
Capital assets not being depreciated	-	2,004	11,702	-	13,706	13,743
Capital assets, net of accumulated depreciation	-	65,464	310,155	-	375,619	384,586
Total capital assets, net of accumulated depreciation	**-**	**67,468**	**321,857**	**-**	**389,325**	**398,329**
Total Assets	**3,414**	**72,015**	**325,531**	**797**	**401,757**	**409,901**
Liabilities:						
Accounts payable and accrued expenses	134	726	87	237	1,184	1,055
Long-term liabilities:						
Due in one year	-	633	-	-	633	2,223
Due in more than one year	-	1,590	-	-	1,590	1,551
Total Liabilities	**134**	**2,949**	**87**	**237**	**3,407**	**4,829**
Net Position:						
Net investment in capital assets	-	65,245	321,857	-	387,102	394,555
Restricted for specified purpose	3,280	3,821	3,587	560	11,248	10,517
Total Net Position	**$ 3,280**	**$ 69,066**	**$ 325,444**	**$ 560**	**$ 398,350**	**$ 405,072**

* Upper Mokelumne River Watershed Authority is presented using the most recent fiscal yearend. Therefore, 2024 and 2023 information are as of September 30, 2023 and September 30, 2022, respectively.

EAST BAY MUNICIPAL UTILITY DISTRICT
Combining Statement of Changes in Net Position - Employees' Retirement System Trust Fund
For the Year Ended June 30, 2024
(With summarized comparative financial information as of June 30, 2023)
(Dollars in Thousands)

	2024					
	Bay Area Clean Water Agencies	Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority	Freeport Regional Water Authority	Upper Mokelumne River Watershed Authority*	Total	2023 Total*
Additions:						
Contributions - members	$ 1,521	$ 8,779	$ 1,510	$ 172	$ 11,982	$ 9,432
Grants and other receipts	1,612	28	1,199	831	3,670	3,701
Total Contributions	**3,133**	**8,807**	**2,709**	**1,003**	**15,652**	**13,133**
Investment Income:						
Interest	194	200	198	2	594	101
Total Investment Income	**194**	**200**	**198**	**2**	**594**	**101**
Total Additions, net	**3,327**	**9,007**	**2,907**	**1,005**	**16,246**	**13,234**
Deductions:						
General and administrative expenses	568	364	2,510	397	3,839	3,825
Professional services expense	2,776	5	-	-	2,781	2,653
Operation and maintenance expense	-	5,888	-	127	6,015	3,285
Grants and other expenses	-	-	-	654	654	654
Interest expense	-	94	-	-	94	132
Depreciation expense	-	2,320	7,265	-	9,585	9,597
Total Deductions	**3,344**	**8,671**	**9,775**	**1,178**	**22,968**	**20,146**
Changes in Net Position	**(17)**	**336**	**(6,868)**	**(173)**	**(6,722)**	**(6,912)**
Net Position - Beginning of the Year	**3,297**	**68,730**	**332,312**	**733**	**405,072**	**411,984**
Net Position - End of the Year	**$ 3,280**	**$ 69,066**	**$ 325,444**	**$ 560**	**$ 398,350**	**$ 405,072**

* Upper Mokelumne River Watershed Authority is presented using the most recent fiscal yearend. Therefore, 2024 and 2023 information are as of September 30, 2023 and September 30, 2022, respectively.

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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*

To the Board of Directors
East Bay Municipal Utility District
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund, and the aggregate remaining fund information of East Bay Municipal Utility District (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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To the Board of Directors
East Bay Municipal Utility District
Oakland, California

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lunghard, LLP

Sacramento, California
October 29, 2024

To the Board of Directors
East Bay Municipal Utility District
Oakland, California

SCHEDULE OF FINDINGS AND RESPONSES

Reference Number
2024-001

Evaluation of Finding
Significant Deficiency over Financial Reporting

Condition
The District improperly excluded construction payments from accounts payable and construction-in-progress amounting to $4.8 million in total activity that occurred during the 2024 fiscal year, from the Water System fund.

Criteria
Per Generally Accepted Accounting Principles, an expense must be recognized as soon as a liability is incurred within the applicable accounting period, for services rendered or goods received. Additionally, activity related to construction-in-progress should be capitalized in the year an associated expense and liability are recognized.

Cause of Condition
During audit test work performed to ensure the completeness of accounts payable, we identified activity that was improperly excluded from accounts payable at June 30, 2024. Through discussions with the District, this was excluded in error, and was not identified during the yearend closing review process over accounts payable and capital asset activity.

Effect or Potential Effect of Condition
If uncorrected, this misstatement would have resulted in a material understatement of accounts payable and capital assets for construction-in-progress activity.

Recommendation
We recommend the District perform a thorough review of invoices that are received subsequent to yearend, including beyond the District's internal cutoff date, in conjunction with their year-end closing, to ensure that items are properly accrued and reflected in the correct fiscal year.

Client Response
The District will enhance its pre-audit review of invoices that are received subsequent to year-end closing to ensure that activity is properly accrued and reflected in the correct fiscal year. The District is also implementing other process improvements in accounts payable to increase efficiency and accuracy.

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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. See also APPENDIX H – "PROPOSED CHANGES TO 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.

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APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

Upon the delivery of the Series 2025 Bonds, Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, proposes to render its final approving opinion with respect to the Series 2025 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)

$259,455,000 **Water System Revenue Bonds,** **Series 2025A (Green Bonds)**	**$478,995,000** **Water System Revenue** **Refunding Bonds, Series 2025B**

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 $259,455,000 aggregate principal amount of Water System Revenue Bonds, Series 2025A (Green Bonds) (the "Series 2025A Bonds") and $478,995,000 aggregate principal amount of Water System Revenue Refunding Bonds, Series 2025B (the "Series 2025B Bonds" and, collectively with the Series 2025A Bonds, the "Series 2025 Bonds"). The Series 2025 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), 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 2025B 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 trustee (the "Trustee"), as amended and restated pursuant to the Thirty-First Supplemental Indenture, dated as of March 1, 2024, and as otherwise supplemented and amended, including by the Thirty-Third Supplemental Indenture, dated as of May 1, 2025, by and between the District and the Trustee, relating to the Series 2025 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 2025 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 on the Series 2025 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 2025 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 XIIIC and XIIID 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 2025 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 2025 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 2025 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 2025 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 2025 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 2025 Bonds.

5. Interest on the Series 2025 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, 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 2025

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 2025 Bonds is exempt from State of California personal income tax.

7. The difference between the issue price of a Series 2025 Bond (the first price at which a substantial amount of the Series 2025 Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Series 2025 Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Series 2025 Bond owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Series 2025 Bond owner will increase the Series 2025 Bond owner's basis in the applicable Series 2025 Bond. Original issue discount that accrues for the Series 2025 Bond owner is excluded from the gross income of such Series 2025 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 2025 Bond owner's original basis for determining loss on sale or exchange in the applicable Series 2025 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 2025 Bond owner's basis in the applicable Series 2025 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 2025 Bond owner realizing a taxable gain when a Series 2025 Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2025 Bond to the owner.

The opinions expressed herein as to the exclusion from gross income of interest on the Series 2025 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 2025 Bonds to assure that such interest 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 to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025 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 for federal income tax purposes with respect to any Series 2025 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 2025 Bond owners. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Series 2025 Bonds.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the official statement relating to the Series 2025 Bonds or other offering material relating to the Series 2025 Bonds and we expressly disclaim any duty to advise the owners of the Series 2025 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 2025 Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Series 2025 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2025 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 2025 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 2025 Bonds. The Series 2025 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 2025 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 2025 Bonds under the DTC book-entry system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025 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 2025 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 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 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 2025 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 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 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 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2025 Bond documents. For example, Beneficial Owners of the Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 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 2025 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 2025 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 2025 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 2025 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 2025 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 2025 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 2025 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 2025 Bonds through DTC (or a successor securities depository). In that event, Series 2025 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 2025 Bonds will be payable upon presentation thereof, at the principal corporate trust office of the Trustee, in San Francisco, California; interest on the Series 2025 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 2025 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 2025 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.

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement"), dated May 15, 2025, 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 $259,455,000 aggregate principal amount of Water System Revenue Bonds, Series 2025A (Green Bonds) (the "Series 2025A Bonds") and $478,995,000 aggregate principal amount of Water System Revenue Refunding Bonds, Series 2025B (the "2025B Bonds" and collectively with the Series 2025A Bonds, the "Bonds"). The Bonds are being issued 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, restated and supplemented, including as supplemented by the Thirty-Third Supplemental Indenture, dated as of May 1, 2025, relating to the Series 2025A Bonds and the Series 2025B Bonds (as so amended, restated and supplemented, 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 2024-25 (which is due not later than December 31, 2025), 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 Accounts 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. <u>Reporting of Significant Events</u>.

(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

<u>EXHIBIT A</u>

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: EAST BAY MUNICIPAL UTILITY DISTRICT

Name of Bond Issue: $259,455,000 Water System Revenue Bonds, Series 2025A (Green Bonds)
$478,995,000 Water System Revenue Refunding Bonds, Series 2025B

Date of Issuance: May 15, 2025

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 May 15, 2025, by and between the District and Digital Assurance Certification, LLC, and in accordance with Section 48.15 of the Thirty-Third Supplemental Indenture, dated as of May 1, 2025, relating to the Series 2025A Bonds and the Series 2025B Bonds, by and between the District and U.S. Bank Trust Company, National Association, as successor trustee (the "Trustee"), supplementing the Water System Revenue Bond Indenture, dated as of April 1, 1990, as amended, restated and supplemented, 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

APPENDIX G

THE DISTRICT'S GREEN BOND GUIDANCE AND EXPECTED SERIES 2025A GREEN BOND PROJECTS

The District anticipates funding or reimbursing capital improvement program expenditures for the Water System projects identified in the table below using proceeds of the Series 2025A 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 2025A 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, the Orinda WTP Disinfection and Chemical Safety System Improvements Project, the Upper San Leandro WTP Maintenance and Reliability and Upper San Leandro and Sobrante Chemical Safety System Improvements Project, the Walnut Creek WTP Filters Upgrade Project, the Walnut Creek WTP and Lafayette Chemical Safety Systems Project, the Lafayette Control Systems Improvements Project and the Walnut Creek WTP Pretreatment and Ozone Project.	1, 2, 5, 6	$165.9 million

(chart continued on next page)

East Bay Municipal Utility District
Expected Series 2025A 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	$87.4 million
Pumping Plant Rehabilitation	The Distribution Pumping Plant Infrastructure Rehabilitation Plan identifies the highest priority pumping plants for rehabilitation, replacement, or demolition to ensure efficient, reliable, and safe operation.	1, 2	$16.6 million
Mokelumne Aqueducts Recoating	This project continues the ongoing removal of existing lead-based paint and recoating above-ground sections of the Mokelumne Aqueducts in the Delta.	1, 2, 5	$5.2 million
		Total[(1)]	**$275.0 million**

(1) Totals may not add due to rounding.
Source: The District.

The proceeds of the Series 2025A Bonds (exclusive of amounts applied to pay costs of issuance and other costs related to the issuance of the Series 2025 Bonds) are to be allocated to costs of the projects identified above. Because proceeds of the Series 2025A 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 2025A 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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EAST BAY MUNICIPAL UTILITY DISTRICT

Guidance for Issuing Green Bonds

This Guidance for Issuing Green Bonds is the framework the District will use when issuing bonds labeled as green bonds. As adopted by the District's Board of Directors in Policy 7.05 Sustainability and Resilience, it is the policy of the District to, "Provide reliable, high-quality drinking water and wastewater service through sustainable and resilient planning, design, and construction, operations, maintenance, rehabilitation, and disposal activities that manage long-term economic, environmental, and human resource benefits." Sustainability is defined in Policy 7.05 as, "practices that support environmental, economic, and social needs in a responsible manner to meet the needs of tomorrow. This triple bottom line approach seeks to minimize waste; conserve water, energy, and natural resources; promote long-term economic viability; and promote the safety and well-being of the District's employees, communities, and customers." Resilience is defined as, "the ability to prepare and plan for, absorb, recover from, and adapt to adverse events."

The District's commitment to the triple bottom line (in this instance, long-term economic viability) can be underscored by promoting the development of the green bond market through the responsible use of green bonds to finance its qualifying capital projects. This Guidance offers criteria that the District will use to evaluate projects for green bond funding that demonstrate a meaningful, quantifiable commitment to sustainability and resilience.

Green bonds are part of a broader trend to incorporate environmental, social and governance (ESG) factors into investment decisions. The market for ESG investments continues to evolve and there are multiple proposed standards or frameworks related to ESG investing or sustainable development, including the following:

- Green Bond Principles from the International Capital Market Association
- Sustainable Development Goals from the United Nations
- Climate Bonds Taxonomy from the Climate Bonds Initiative

As of the date of this Guidance, there is no single green bond standard mandated by a regulatory body nor universally accepted by investors. Accordingly, since 2015, the District has implemented its own set of green bond criteria, presented in the first column in the table on the following page. Projects identified as eligible for green bond funding by the District will be anticipated to further one or more of these criteria. Where relevant, the table on the following page also maps the District's criteria to principles, targets or green bond categories identified by the above-referenced frameworks in order to provide additional transparency to investors and the public. The mapping is shown only for additional context and no representation is made that the projects that fall under the District's criteria will necessarily fit the mapped criteria from other frameworks.

In selecting projects for green bond financing, District staff will focus on the projects that best meet the District's criteria and exclude those that appear marginal or that have unresolved sustainability issues.

Offering statements should provide project information and identify the most relevant criteria the project is expected to satisfy. Additionally, if debt is issued to prefund projects, the District will produce annual transparency reports on the use of proceeds of the green bonds. When debt is issued to reimburse the District for existing projects or capital expenses, no further reporting on use of proceeds is necessary. This Guidance can also be used, if appropriate, for refunding bonds, if information on the original projects funded by the bonds is sufficiently detailed for the evaluation criteria to be effectively used.

Board Approval: Board Motion No. 063-22 on March 22, 2022
Supersedes version approved under Board Motion No. 074-15 on April 28, 2015.

EBMUD Green Bond Criteria

and Mapping to Other Frameworks

EBMUD Green Bond Criteria	Green Bond Principles from the International Capital Market Association	Sustainable Development Goals from the United Nations	Climate Bonds Taxonomy from the Climate Bonds Initiative
Maintain water quality	Sustainable water and wastewater management	Target 6.1 - Safe and affordable drinking water	Water treatment [includes wastewater treatment facilities]
Improve water use efficiency, including conservation through reduced water loss	Sustainable water and wastewater management	Target 6.4 – Increase water-use efficiency	Water monitoring; Drought defence
Improve biodiversity and ecosystem quality	Terrestrial and aquatic biodiversity; Environmentally sustainable management of living natural resources and land use	Target 6.6 – Protect and restore water-related ecosystems	Ecological restoration / management
Protect against flooding	Sustainable water and wastewater management	Target 13.1 – Strengthen resilience and adaptive capacity to climate-related hazards	Water monitoring; Flood defence; Water storage
Reduce pollution	Pollution prevention and control	Target 6.3 – Improve water quality	Water treatment [includes wastewater treatment facilities]
Improve resilience (adaptation) to climate change	Climate change adaptation	Target 13.1 – Strengthen resilience and adaptive capacity to climate-related hazards	Water storage
Reduce the combustion of fossil fuels	Energy efficiency; Pollution prevention and control	Target 9.4 – Upgrade infrastructure	Depends on asset or project, e.g. Solar, Bio-Energy, or Transmission & Distribution
Reduce greenhouse gas emissions	Energy efficiency; Pollution prevention and control	Target 9.4 – Upgrade infrastructure	Depends on asset or project, e.g. Solar, Bio-Energy, or Transmission & Distribution
Implement “reduce, reuse, recycle” practices in preference to raw materials	Circular economy adapted products, production technologies and processes	Target 12.5 – Substantially reduce waste generation through prevention, reduction, recycling and reuse	Material Reuse; Material Recycling
Adhere to sustainable purchasing guidelines	Circular economy adapted products, production technologies and processes	Target 12.7 – Promote public procurement practices that are sustainable	N/A

Note: This table references quoted material from the source frameworks and as such, British English spelling and grammar conventions are left unchanged from the source texts.

APPENDIX H

PROPOSED CHANGES TO THE INDENTURE

The following is a summary of proposed amendments to the Original Subordinated Water Revenue Bond Indenture as set forth in Thirty-Second Supplemental Indenture. This summary does not purport to be comprehensive and reference should be made to the Thirty-Second Supplemental Indenture for a full and complete statement of the provisions thereof.

The amendments described in this Appendix H will become effective on the date on which the consent of the Owners of a majority in principal amount of the Bonds then Outstanding has been obtained and a written certificate of the District to such effect has been delivered by the District to the Trustee (the "Amendments Effective Date") as described under the caption "AMENDMENT AND RESTATEMENT OF THE INDENTURE; ADDITIONAL AMENDMENTS TO TAKE EFFECT IN THE FUTURE – Future Amendments to the Indenture" in the Official Statement. 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.

Capitalized terms used and not defined in this Appendix H will have the meanings ascribed thereto in Appendix C to the Official Statement under the heading "Certain Definitions."

This Appendix H describes the modifications to existing provisions of the Indenture (as heretofore amended and restated) that will be effected through the proposed amendments. Set forth below is a comparison of the current provisions in the Indenture against the amendments to such provisions set forth in the Thirty-Second Supplemental Indenture that will become effective on the Amendments Effective Date. In this Appendix H, blue underlining indicates additions and ~~red strikethrough~~ indicates deletions.

AMENDED PROVISIONS

Issuance of Bonds. The District may by Supplemental Indenture establish one or more Series of Bonds, payable from 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~~either: (~~1~~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~~; plus~~ 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 (~~2~~II) ~~90 percent of~~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 ~~during~~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); ~~plus~~and (~~3~~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 ~~commencing on the date of issuance of such additional Series of Bonds~~(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~~, 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.In the event additional assets or revenues are included within the definition of "~~ or such Parity Debt, that are not reflected in Adjusted Net Water Revenues~~" by a Supplemental Indenture, such additional assets or revenues shall be included in the calculations in subsection~~ for such Fiscal Years or such period of 12 months (~~c) above~~ as ~~if such additional assets or revenues had always been included in Adjusted Net Water Revenues~~applicable).

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 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~~eighty (~~120~~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 ~~District~~Trustee.

Rates and Charges. ~~The~~To the fullest extent permitted by law, the District will, at all times while any of the Bonds remain outstanding, fix~~,~~ and 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 which are reasonably expected in each Fiscal Year to be sufficient so that the Adjusted Net Water Revenues for such ~~year~~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 at the commencement of the succeeding Fiscal Year.

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EAST BAY MUNICIPAL UTILITY DISTRICT (ALAMEDA AND CONTRA COSTA COUNTIES, CALIFORNIA)
WATER SYSTEM REVENUE BONDS, SERIES 2025A (GREEN BONDS) AND WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2025B

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