



EAST BAY MUNICIPAL UTILITY DISTRICT

CONTINUING DISCLOSURE INFORMATION STATEMENT
(Operating and Financial Data Provided in Addition to
Audited Financial Statements Separately Filed)

FISCAL YEAR 2014

The date of this information statement is as of June 30, 2014, except as specifically noted herein.

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EAST BAY MUNICIPAL UTILITY DISTRICT
CONTINUING DISCLOSURE INFORMATION STATEMENT
(OPERATING AND FINANCIAL DATA PROVIDED IN ADDITION TO
AUDITED FINANCIAL STATEMENTS SEPARATELY FILED)

GENERAL INFORMATION AND PURPOSE

The purpose of this document is to provide information about the East Bay Municipal Utility District (the “District”). The information in this Continuing Disclosure Information Statement is provided in order to comply with the District’s contractual commitment established by certain continuing disclosure undertakings of the District, entered into in accordance with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), to provide certain information specified therein. Certain information in this Continuing Disclosure Information Statement is not required to be provided by the District’s continuing disclosure undertakings. By providing such information, the District does not undertake or agree to provide such information in any future year. The District makes no representation that this Continuing Disclosure Information Statement contains all information material to a decision to purchase or sell any of the District’s bonds.

The information set forth herein has been furnished by the District and includes information obtained from other sources, which are believed to be reliable. Any statements herein involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that such opinion or estimates will be realized. The information and expressions of opinion contained in this Continuing Disclosure Information Statement are provided as of the respective dates specified herein and are subject to change without notice, and the filing of this Continuing Disclosure Information Statement shall not, under any circumstances, create any implication that there has been no change in the affairs of the District or in the other matters described herein since the date as of which such information is provided. The District reserves the right to amend this information at any time.

Investors may obtain further information about the District by obtaining a copy of the District’s most recent official statement from the Municipal Securities Rulemaking Board at <http://emma.msrb.org/>. Information requests may also be directed to:

Director of Finance
East Bay Municipal Utility District
375 Eleventh Street
Oakland, California 94607-4240
Phone: (510) 287-0310
Fax: (510) 287-0293

EAST BAY MUNICIPAL UTILITY DISTRICT

This information statement provides information about the East Bay Municipal Utility District. Generally, this document relates to debt issued by the District under three security structures:

- **General Obligation Bonds**
- **Water System Revenue Bonds**
- **Wastewater System Revenue Bonds**

As of September 15, 2010, the District covenanted and agreed that it will not in the future issue any additional senior lien water system revenue bonds or senior lien wastewater system revenue bonds previously issued under the District's Senior Water Bond Resolution and Senior Wastewater Bond Resolution, respectively. Certain of the District's bonds that were once designated as Water System Subordinated Revenue Bonds and Wastewater System Subordinated Revenue Bonds, respectively, are now referred to as Water System Revenue Bonds and Wastewater System Revenue Bonds, respectively, in order to reflect that the lien of the prior senior lien water system revenue bonds and prior senior lien wastewater system revenue bonds has been closed. There are no senior lien water system revenue bonds or senior lien wastewater system revenue bonds remaining outstanding.

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EAST BAY MUNICIPAL UTILITY DISTRICT

Debt Outstanding

The following Table 1 summarizes the District's Water System outstanding long-term debt. All information is presented as of June 30, 2014.

TABLE 1: SUMMARY OF WATER SYSTEM DEBT OUTSTANDING

<i>Issue</i>	<i>Date of Issue</i>	<i>Last Maturity</i>	<i>Amount Issued</i>	<i>Outstanding June 30, 2014</i>
<u>Water System Revenue Bonds</u>				
Revenue Bonds, Series 2005A	6/02/05	6/01/35	\$ 300,000,000	\$ 83,890,000
Revenue Bonds, Series 2007A	5/23/07	6/01/37	450,000,000	330,000,000
Revenue Refunding Bonds, Series 2007B	5/23/07	6/01/19	54,790,000	30,450,000
Revenue Refunding Bonds, Series 2008A ⁽¹⁾	3/20/08	6/01/38	322,525,000	105,250,000
Revenue Refunding Bonds, Series 2009A ⁽²⁾	3/12/09	6/01/26	331,155,000	82,075,000
Revenue Refunding Bonds, Series 2010A	2/03/10	6/01/36	192,830,000	188,135,000
Revenue Bonds, Series 2010B (Build America Bonds)	2/23/10	6/01/40	400,000,000	400,000,000
Revenue Refunding Bonds, Series 2012A	10/10/12	6/01/37	191,750,000	191,750,000
Revenue Refunding Bonds, Series 2012B	11/13/12	6/01/26	358,620,000	332,840,000
Revenue Refunding Bonds, Series 2013A	3/05/13	6/01/21	48,670,000	45,525,000
Revenue Refunding Bonds, Series 2014A	6/11/14	6/01/35	128,315,000	128,315,000
Revenue Refunding Bonds, Series 2014B	6/11/14	6/01/30	242,730,000	242,730,000
Revenue Bonds, Series 2014C	6/26/14	6/01/44	<u>75,000,000</u>	<u>75,000,000</u>
Total Water System Revenue Bonds			\$3,096,385,000	\$2,235,960,000
<u>Parity Debt:</u>				
Safe Drinking Water State Revolving Fund Loan (Upper San Leandro Reservoir)	1/01/03	1/01/24	2,188,000	1,175,435
State Water Resources Control Board Loan (East Bayshore Recycled Water Project)	5/22/08	4/01/28	<u>20,100,000</u>	<u>14,836,015</u>
Total Parity State Loans			\$ 22,288,000	\$16,011,450
<u>Subordinate Debt:</u>				
Extendable Municipal Commercial Paper Notes (Water Series)	Various	Various	<u>359,800,000⁽³⁾</u>	<u>359,800,000</u>
Total Debt			<u>\$3,478,473,000</u>	<u>\$2,611,771,450</u>

⁽¹⁾ Liquidity support currently provided by Standby Bond Purchase Agreements with Wells Fargo Bank, National Association (Series 2008A-1 Bonds and Series 2008A-4 Bonds, expiring December 9, 2016) and U.S. Bank National Association (Series 2008A-2 and Series 2008A-3 Bonds, expiring July 1, 2015). The District has entered into interest rate swap agreements that provide a hedge for the Series 2008A Bonds.

⁽²⁾ The District has entered into interest rate swap agreements that provide a hedge for the Series 2009A Bonds.

⁽³⁾ Extendable Municipal Commercial Paper Notes (Water Series) may be issued in an amount up to the statutory limit described herein.

Source: The District.

EAST BAY MUNICIPAL UTILITY DISTRICT

The following Table 2 summarizes the District's Wastewater System outstanding long-term debt. All information is presented as of June 30, 2014, except as footnoted with respect to certain subsequent or anticipated events.

TABLE 2: SUMMARY OF WASTEWATER SYSTEM DEBT OUTSTANDING

	<i>Date of Issue</i>	<i>Last Maturity</i>	<i>Amount Issued</i>	<i>Outstanding June 30, 2014</i>
<u>Wastewater System Revenue Bonds:</u>				
Revenue Bonds, Series 2007A	06/06/07	06/01/37	\$ 80,630,000	\$ 60,630,000
Revenue Refunding Bonds, Series 2007B	06/06/07	06/01/26	46,670,000	32,590,000
Revenue Refunding Bonds, Series 2008C (Refunded) ⁽¹⁾	03/27/08	06/01/27	65,300,000	49,100,000
Revenue/Refunding Bonds, Series 2010A	10/20/10	06/01/29	58,095,000	48,465,000
Revenue Bonds, Series 2010B	10/20/10	06/01/40	150,000,000	150,000,000
Revenue Refunding Bonds, Series 2011A (Refunded in Part) ⁽²⁾	01/19/11	06/01/38	65,905,000	59,095,000
Revenue Refunding Bonds, Series 2012A	10/10/12	06/01/37	<u>20,000,000</u>	<u>20,000,000</u>
Total Wastewater System Revenue Bonds			\$486,600,000	\$419,880,000
<u>Subordinate Debt:</u>				
Extendable Municipal Commercial Paper Notes (Wastewater Series) ⁽³⁾	Various	Various	15,000,000 ⁽³⁾	15,000,000
<u>General Obligation Bonds:</u>				
Refunding Series G	02/27/14	04/01/18	<u>14,160,000</u>	<u>14,160,000</u>
Total Debt			<u>\$515,760,000</u>	<u>\$449,040,000</u>

⁽¹⁾ On August 28, 2014, the District issued its \$82,150,000 Wastewater System Revenue Refunding Bonds, Series 2014A and its \$2,505,000 Wastewater System Revenue Refunding Bonds, Series 2014B (Federally Taxable) for the purpose of refunding the \$49,100,000 then outstanding principal amount of Wastewater System Revenue Refunding Bonds, Series 2008C in full, refunding \$42,710,000 principal amount of the \$59,095,000 then outstanding principal amount of Wastewater System Revenue Refunding Bonds, Series 2011A and funding the costs of terminating (in whole or in part) certain interest rate swap agreements related thereto.

⁽²⁾ On August 28, 2014, the District issued its \$82,150,000 Wastewater System Revenue Refunding Bonds, Series 2014A and its \$2,505,000 Wastewater System Revenue Refunding Bonds, Series 2014B (Federally Taxable) for the purpose of refunding the \$49,100,000 then outstanding principal amount of Wastewater System Revenue Refunding Bonds, Series 2008C in full, refunding \$42,710,000 principal amount of the \$59,095,000 then outstanding principal amount of Wastewater System Revenue Refunding Bonds, Series 2011A and funding the costs of terminating (in whole or in part) certain interest rate swap agreements related thereto. The District has entered into an interest rate swap agreement in connection with the Series 2011A Bonds remaining outstanding.

⁽³⁾ Extendable Commercial Paper Notes (Wastewater Series) may be issued in an amount up to the statutory limit described herein.

Source: The District.

Commercial Paper Program

The District has authorized a short-term extendable commercial paper borrowing program of up to the lesser of either (1) the annual average of the total revenue for the three preceding years or, (2) 25% of the District's outstanding bonds. As of May 2013, this limit was determined to be approximately \$475,000,000. Under this program, the Water System or the Wastewater System may issue commercial paper notes at prevailing interest rates for periods of not more than 120 days from the date of issuance with the option by the District to extend the maturity for another 150 days. The program is not supported by any liquidity or revolving credit agreement.

The Water System and the Wastewater System Commercial Paper Notes are payable from and secured by a pledge of the respective System's revenues on a basis subordinate to the Water System and Wastewater System revenue bonds.

EAST BAY MUNICIPAL UTILITY DISTRICT

As of June 30, 2014, \$374,800,000 principal amount of commercial paper notes was outstanding under the program, consisting of \$359,800,000 of Extendable Municipal Commercial Paper Notes (Water Series) and \$15,000,000 of Extendable Municipal Commercial Paper Notes (Wastewater Series), with an average weighted remaining life to maturity of 49 days.

The proceeds of the Extendable Commercial Paper Notes may be used to finance or refinance the costs of (i) the planning, design, engineering, acquisition or construction of facilities for the storage, transmission or distribution of water; the storage, transmission or treatment of sewage or byproducts of sewage treatment; or the generation or transmission of electricity, (ii) the replacement of works of the District that have been damaged or demolished by reason of fire, flood, earthquake, sabotage or acts of God or the public enemy, (iii) any expenses or charges incurred in connection with the foregoing purposes and to reimburse the District for expenditures for any such purposes, or for the purpose of paying Extendable Commercial Paper Notes issued for the foregoing purposes. There were no unused proceeds on June 30, 2014.

Investment Policy

The District's investment policy can be summarized as follows:

Funds of the District are invested in accordance with the Government Code of the State of California, the Municipal Utility District Act and the District's Investment Policy. Investments shall be in securities with a range of maturities to provide a high rate of return on investments while providing adequate security and liquidity to pay demands when due. Criteria for selecting investments, in order of priority, are:

1. *Safety* - The District's ability to recover principal and interest. Investments shall be made that will seek to insure the preservation of principal and interest and minimize the risk to the greatest extent possible. It is the primary duty of the Treasurer to protect, preserve and maintain cash on behalf of the District.
2. *Liquidity* - The District's ability to have cash available when needed to support expenditure cycles and budgetary objectives. The average maturity of the portfolio shall not exceed 720 days in order to balance liquidity and yields. No single investment can have a maturity of more than 5 years or, in the case of California municipal bonds, must have a put option within 5 years of the date of purchase.
3. *Yield* - Ability to provide maximum return on the District's investments while conforming to the safety and liquidity criteria above.
4. *Diversity* - Ability to maintain a broad investment portfolio for the District. In order to accomplish this, no more than 40% of the total cash portfolio shall be invested in any one type of security. Other than federally backed securities, no more than 10% of the total cash portfolio will be invested in any one investment issue, and no more than 10% with any one issuer.

EAST BAY MUNICIPAL UTILITY DISTRICT

Investment Options

The following are investment options for the District under the Government Code of the State of California.

1. US Treasury Notes, Bonds and Bills
2. The State of California Local Agency Investment Fund
3. Obligations issued by Federal Agencies
4. Banker's Acceptances
5. Commercial Paper
6. Medium Term Corporate Notes
7. Collateralized Repurchase Agreements
8. Certificates of Time Deposit
9. Negotiable Certificates of Deposit
10. Money Market Mutual Funds
11. California Municipal Bonds
12. California Asset Management Program (CAMP)

The District does not enter into reverse repurchase agreements or otherwise borrow for purposes of investing. The District does not invest in highly volatile derivatives and other such securities. Pursuant to the District's investment policy, all securities purchased from dealers and brokers are held in safekeeping by the trust department of a state or national bank on a payment vs. delivery basis. Collateral is delivered or assigned under a tri-party agreement for all repurchase agreements. Trade confirmations are reviewed for conformity to the original transaction by an individual other than the one who originated the transaction. Transactions are ratified by the General Manager and reported quarterly to the Finance/Administration Committee of the Board of Directors.

District Population

The District occupies approximately 332 square miles in 20 incorporated and 15 unincorporated communities in both Alameda and Contra Costa Counties. It covers the eastern shore of San Francisco Bay from Carquinez Strait in the north to and including San Lorenzo in 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 1.3 million people, or approximately 53% of the combined population of Alameda County and Contra Costa County. The District's Wastewater System treats and disposes of the wastewater from an area within the District designated as Special District No. 1, serving approximately 650,000 people in an approximately 88 square mile area of the two counties, extending from Richmond in the north, southward to San Leandro.

Table 3 shows the population trends for the six largest cities in the District, Alameda and Contra Costa Counties and the State for the current and last four years.

EAST BAY MUNICIPAL UTILITY DISTRICT

**TABLE 3: DISTRICT WATER SYSTEM SIX LARGEST CITIES
ALAMEDA, CONTRA COSTA COUNTIES AND CALIFORNIA
POPULATION TRENDS⁽¹⁾**

	2010	2011	2012	2013	2014
Oakland	390,757	392,333	394,838	399,699	404,355
Berkeley	112,621	113,925	114,690	115,814	117,372
Richmond	103,661	104,382	105,004	105,715	106,138
San Leandro	84,977	85,364	85,943	86,748	87,691
Alameda	73,835	74,052	74,546	75,197	75,988
Walnut Creek	64,140	64,710	65,306	65,780	66,183
Total Six Cities	829,991	834,766	840,327	848,953	857,727
Alameda County	1,509,240	1,517,756	1,530,206	1,550,119	1,573,254
Contra Costa County	1,047,948	1,056,306	1,066,597	1,076,429	1,087,008
California	37,223,900	37,427,946	37,668,804	37,984,138	38,340,074

⁽¹⁾ As of January 1 of each year.

Source: 2010: State of California, Department of Finance, E-8 Historical Population and Housing Estimates, 2000-2012 Report, by Year, Sacramento, California, November 2012 (Revised Estimates).

2011-2014: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State — January 1, 2011- 2014 (with 2010 Benchmark). Sacramento, California, May 2014.

EAST BAY MUNICIPAL UTILITY DISTRICT

Table 4 shows the population trends for the seven largest cities within the District’s Wastewater System service area, Alameda and Contra Costa Counties and the State for the current and last four years. The District’s Wastewater System treats domestic, commercial and industrial wastewater for the six cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont (the “six participating cities”), and for the Stege Sanitary District, which includes El Cerrito, Kensington and part of Richmond.

**TABLE 4: SEVEN LARGEST CITIES IN DISTRICT WASTEWATER SYSTEM SERVICE AREA
ALAMEDA, CONTRA COSTA COUNTIES AND CALIFORNIA
POPULATION TRENDS⁽¹⁾**

	2010	2011	2012	2013	2014
Oakland	390,724	392,333	394,838	399,699	404,355
Berkeley	112,580	113,925	114,690	115,814	117,372
Alameda	73,812	74,052	74,546	75,197	75,988
El Cerrito	23,549	23,649	23,801	23,945	24,087
Albany	18,539	18,345	18,468	18,446	18,472
Piedmont	10,667	10,710	10,793	10,900	11,023
Emeryville	10,080	10,110	10,186	10,278	10,491
Total Seven Cities	639,951	643,124	647,322	654,279	661,788
Alameda County	1,510,271	1,517,756	1,530,206	1,550,119	1,573,254
Contra Costa County	1,049,025	1,056,306	1,066,597	1,076,429	1,087,008
California	37,253,956	37,427,946	37,668,804	37,984,138	38,340,074

⁽¹⁾ 2010 as of April 1. 2011-2014 as of January 1. Includes the six participating cities and El Cerrito, the largest incorporated portion of the Stege Sanitary District service area.

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State—2011-2014 (with 2010 Benchmark). Sacramento, California, May 2014.

EAST BAY MUNICIPAL UTILITY DISTRICT

Taxable Property/Assessed Valuations

Table 5 shows a five-year record of assessed valuations, secured roll levies and delinquencies for the taxable property included within the District.

**TABLE 5: TAXABLE PROPERTY WITHIN THE WATER SYSTEM
ASSESSED VALUATION AND TAX COLLECTION RECORD**

Fiscal Year	2010	2011	2012	2013	2014
ASSESSED VALUATION FOR TAXATION PURPOSES⁽¹⁾					
Alameda County	\$ 91,896,215,219	\$ 92,498,938,097	\$ 94,461,089,218	\$ 98,956,612,301	\$123,645,001,483
Contra Costa County	<u>79,539,647,643</u>	<u>79,611,319,471</u>	<u>81,232,708,213</u>	<u>83,100,933,502</u>	<u>89,682,673,562</u>
TOTAL	\$171,435,862,862	\$172,110,257,568	\$175,693,797,431	\$182,057,545,803	\$193,327,675,045
COUNTY 1% ALLOCATED PROPERTY TAX REVENUES TO DISTRICT⁽²⁾					
Alameda County	\$11,820,322	\$11,404,014	\$12,463,643	\$14,417,608	\$13,669,336
Contra Costa County	<u>11,068,795</u>	<u>10,831,553</u>	<u>10,921,960</u>	<u>12,018,366</u>	<u>11,823,055</u>
TOTAL	\$22,889,117 ⁽⁴⁾	\$22,235,567	\$23,385,603	\$26,435,974	\$25,492,391
DELINQUENCIES⁽³⁾					
Delinquent June 30					
Amount	\$463,326	\$377,242	\$353,191	\$260,612	\$211,831
Percent	2.02%	1.70%	1.51%	0.99%	0.83%

⁽¹⁾ Net of all exemptions except homeowner's exemptions, the taxes on which are paid by the State. All valuations are stated on a 100% of full cash value basis as defined by law. Assessed valuations shown include redevelopment project area incremental valuations.

⁽²⁾ Net basis excluding all exemptions. Levies reflect the tax reductions effected by the adoption of Article XIII A of the State Constitution in 1978, the "Jarvis-Gann Initiative." For Alameda County, receipts include District's share of prior years' delinquencies when collected.

⁽³⁾ 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.

⁽⁴⁾ The 2009-10 State budget provided for the borrowing of 8% of property taxes from local jurisdictions, including the District, under Proposition 1A. This borrowing resulted in a reduction of approximately \$1.85 million from property tax revenues allocable to the Water System. Under Proposition 1A, the State was required to repay the property taxes with interest within three years. State legislation allowed the District to sell its right to receive this repayment to a joint powers authority, which sold bonds payable from the receivables it purchased from participating local jurisdictions. The District participated in this program in order to replace the lost property taxes at no cost to the District, and treated amounts received under the program as it would have treated the State borrowed property tax revenues replaced thereby.

Sources: Auditor-Controller's Office, Alameda and Contra Costa Counties, as compiled by the District.

EAST BAY MUNICIPAL UTILITY DISTRICT

Table 6 shows a five-year record of assessed valuations, secured roll levies and delinquencies for the taxable property included within Special District No. 1.

**TABLE 6: TAXABLE PROPERTY WITHIN THE WASTEWATER SYSTEM
ASSESSED VALUATION AND TAX COLLECTION RECORD**

Fiscal Year	2010	2011	2012	2013	2014
ASSESSED VALUATION FOR TAXATION PURPOSES⁽¹⁾					
Alameda County	\$70,004,422,511	\$70,659,732,542	\$71,934,582,382	\$75,005,826,233	\$79,134,556,452
Contra Costa County	<u>4,369,735,559</u>	<u>4,336,045,012</u>	<u>4,216,260,569</u>	<u>4,436,844,975</u>	<u>4,842,733,668</u>
TOTAL	\$74,374,158,070	\$74,995,777,554	\$76,150,842,951	\$79,442,671,208	\$83,977,290,120
COUNTY 1% ALLOCATED PROPERTY TAX REVENUES TO DISTRICT⁽²⁾					
Alameda County	\$3,091,674	\$3,002,026	\$3,407,488	\$4,111,766	\$3,557,107
Contra Costa County	<u>292,357</u>	<u>297,289</u>	<u>290,580</u>	<u>301,272</u>	<u>973,382</u>
TOTAL	\$3,384,031 ⁽⁴⁾	\$3,299,315	\$3,698,068	\$4,413,038	\$4,530,489
DISTRICT G. O. BOND AD VALOREM TAX LEVY					
Alameda County	\$3,823,706	\$3,819,476	\$4,340,344	\$4,712,548	\$5,054,513
Contra Costa County	<u>239,172</u>	<u>260,298</u>	<u>268,200</u>	<u>282,625</u>	<u>296,047</u>
TOTAL	\$4,062,878	\$4,079,774	\$4,608,544	\$4,995,173	\$5,350,560
TOTAL PROPERTY TAX/AD VALOREM TAX REVENUES					
Alameda County	\$6,915,380	\$6,821,501	\$7,747,832	\$8,824,314	\$8,611,620
Contra Costa County	<u>531,529</u>	<u>557,588</u>	<u>558,780</u>	<u>583,897</u>	<u>1,269,429</u>
TOTAL	\$7,446,909 ⁽⁴⁾	\$7,379,089	\$8,306,612	\$9,408,211	\$9,881,049
DELINQUENCIES⁽³⁾					
Delinquent June 30					
Amount	\$305,905	\$255,170	\$214,184	\$172,212	\$143,118
Percent	4.11%	3.46%	2.58%	1.83%	1.45%

⁽¹⁾ Net of all exemptions except homeowner's exemptions, the taxes on which are paid by the State. All valuations are stated on a 100% of full cash value basis as defined by law. Assessed valuations shown include redevelopment project area incremental valuations.

⁽²⁾ Net basis excluding all exemptions. Levies reflect the tax reductions effected by the adoption of Article XIII A of the State Constitution in 1978, the "Jarvis-Gann Initiative." For Alameda County, receipts include District's share of prior years' delinquencies when collected.

⁽³⁾ 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.

⁽⁴⁾ The 2009-10 State budget provided for the borrowing of 8% of property taxes from local jurisdictions, including the District, under Proposition 1A (discussed below). This borrowing resulted in a reduction of approximately \$260,000 from property tax revenues allocable to Special District No. 1 for the Fiscal Year 2009-10. Under Proposition 1A, the State was required to repay the property taxes with interest within three years. State legislation allowed the District to sell its right to receive this repayment to a joint powers authority, which sold bonds payable from the receivables it purchased from participating local jurisdictions. The District participated in this program in order to replace the lost property taxes at no cost to the District, and treated amounts received under the program as it would have treated the State borrowed property tax revenues replaced thereby.

Sources: Auditor-Controller's Office, Alameda and Contra Costa Counties, as compiled by the District.

WATER SYSTEM

Material Changes in Water Supply

There have been no material changes in the District’s sources of water supply. However, the availability of these sources is impacted by California hydrology, which is highly variable from year to year. Water Year 2014 (which ended on September 30, 2014), was the fifth driest on record for precipitation. On January 17, 2014, Governor Jerry Brown declared a statewide drought emergency. On February 11, 2014, due to the continuing unusually dry conditions, decreasing reservoir levels and potentially low precipitation forecasts for the rest of the rainy season, the District Board requested all District customers to voluntarily curtail water consumption by 10%. On August 12, 2014, the District Board adopted the mandatory statewide watering restrictions requested by the State Water Resources Control Board for all District customers. The District monitors precipitation and its reservoir levels daily. To the extent dry weather patterns persist, the District will continue to assess water supply conditions, including customer conservation patterns and reservoir levels, to determine what action may be warranted and manage unbudgeted pressures as necessary. Investors may obtain additional information regarding the District’s water supply and its responses to ongoing dry weather conditions by obtaining a copy of the District’s most recent official statement from the Municipal Securities Rulemaking Board at <http://emma.msrb.org/> or from the District’s website at <http://www.ebmud.com>.

Gross Water Production

Annual water production in the District since Fiscal Year 2004 is shown in Table 7 below. Note that this information has been re-labeled as “production” rather than “consumption” to more accurately characterize the data. Water production includes the total water produced at the District’s water treatment plants and water moved through the distribution system that was delivered to customers, as well as water lost through leaks in the transmission system, water used in the treatment process, evaporation, water used for fighting fires and other miscellaneous causes.

TABLE 7: WATER PRODUCTION BY FISCAL YEAR⁽¹⁾

<i>Fiscal Year</i>	<i>Annual Production (Acre-Feet)</i>	<i>Annual Production (Thousands of Ccf)</i>	<i>Annual Production (Million Gallons)</i>	<i>Average Production Per Day (Million Gallons per Day)</i>
2005	229,155	99,820	74,666	205
2006	236,866	103,179	77,174	211
2007	236,111	102,850	76,932	211
2008	230,363	100,346	75,059	205
2009	203,423	88,611	66,281	182
2010	195,158	85,011	63,588	174
2011	194,642	84,786	63,420	174
2012	200,220	87,216	65,242	178
2013	205,889	89,685	67,089	184
2014	209,467	91,244	68,255	184

⁽¹⁾ Water production includes water lost through leaks in the transmission system, used in the treatment process, evaporation, fighting fires and other miscellaneous causes, which approximates 10.0% of gross production.
Source: The District.

EAST BAY MUNICIPAL UTILITY DISTRICT

Sources of Funds/Summary of Revenues and Contributions

The following Table 8 sets forth the District's Water System sources of funds for the five most recent Fiscal Years ended June 30, 2014. The sources of funds in the table below include certain funds which do not constitute Subordinated Water Revenues for purposes of the Indenture. Subordinated 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 seismic surcharge, as well as investment income. Property taxes are applied to reduce Operation and Maintenance Costs and are not pledged to the repayment of the Water System Revenue Bonds. Contributions 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 Subordinated Water Revenues for purposes of the Indenture. Only Subordinated Water Revenues are pledged to the payment of the Water System Revenue Bonds.

**TABLE 8: WATER SYSTEM SOURCES OF FUNDS/SUMMARY OF REVENUES AND CONTRIBUTIONS
FIVE FISCAL YEARS ENDED JUNE 30, 2014
(MILLIONS)**

	<i>Fiscal Year Ending June 30</i>				
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
Operating Revenue and Other Income:					
Water sales	\$271.0	\$283.6	\$306.2	\$336.1	\$367.5
Power sales	6.2	8.1	4.6	3.6	1.4
Interest ⁽¹⁾	9.6	5.7	5.5	3.7	1.7
Taxes	22.9	22.2	23.4	26.4	25.5
Other ⁽²⁾	<u>7.7</u>	<u>13.4</u>	<u>16.2</u>	<u>12.8</u>	<u>19.9</u>
Total Operating Revenue and Other Income	<u>\$317.4</u>	<u>\$333.0</u>	<u>\$355.9</u>	<u>\$382.6</u>	<u>\$416.0</u>
Capital Contributions:					
Seismic Surcharge	\$ 16.7	\$ 18.1	\$ 19.2	\$ 20.6	\$ 22.6
System Capacity Charge ⁽³⁾	12.5	17.6	16.1	22.7	20.4
Earned contributions on construction ⁽⁴⁾	6.0	6.5	5.8	4.5	5.2
Grants and reimbursements	<u>4.7</u>	<u>3.6</u>	<u>4.1</u>	<u>8.0</u>	<u>0.8</u>
Total Contributions	<u>\$ 39.9</u>	<u>\$ 45.8</u>	<u>\$ 45.2</u>	<u>\$ 55.8</u>	<u>\$ 49.0</u>
Total	<u>\$357.3</u>	<u>\$378.8</u>	<u>\$401.1</u>	<u>\$438.4</u>	<u>\$465.0</u>

⁽¹⁾ Includes interest earnings on Water System Fund, including earnings on proceeds of the District's Water System Revenue Bonds.

⁽²⁾ Other Revenues include receipts from property sales, rental of District property, fees for use of District recreational facilities and other miscellaneous receipts. Beginning in Fiscal Year 2010, Other Revenues also includes interest subsidy payments received in each year by the District in connection with its Series 2010B Bonds which are Build America Bonds. 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. Does not include the "future water supply" portion of SCC charges applied from the Future Water Supply Fund to offset debt service costs. See " – System Capacity Charge" below.

⁽⁴⁾ Includes contributions for facility relocations, main extensions and service installations.

Source: The District.

EAST BAY MUNICIPAL UTILITY DISTRICT

Water Sales Revenues, Number of Connections (Accounts) and Metered Consumption

The following Table 9 sets forth water sales revenues, consumption and number of connections by customer type.

**TABLE 9: WATER SALES REVENUES, CONSUMPTION AND NUMBER OF CONNECTIONS
BY CUSTOMER TYPE
FISCAL YEAR ENDED JUNE 30, 2014**

<i>Type of Customer</i>	<i>Sales Revenues</i> ⁽¹⁾	<i>Percent of Revenues</i>	<i>Consumption (MGD)</i>	<i>Percent of Consumption</i>	<i>Number of Connections</i>	<i>Percent of Connections</i>
Residential	\$209,326,775	57.0%	89.3	53.3%	346,544	89.2%
Commercial	116,131,513	31.6	53.9	32.2	37,981	9.8
Industrial	26,845,633	7.3	16.8	10.0	1,450	0.4
Other ⁽²⁾	15,243,348	4.1	7.5	4.5	2,444	0.6
Total ⁽³⁾	<u>\$367,547,268</u>	<u>100.0%</u>	<u>167.5</u>	<u>100.0%</u>	<u>388,419</u>	<u>100.0%</u>

⁽¹⁾ Excludes proceeds from the seismic surcharge which the District capitalizes in its audited financial statements in accordance with Generally Accepted Accounting Principles. Seismic surcharge revenues are Water Revenues for purposes of the Indenture. Does not include account establishment fees, recycled water fees and certain other miscellaneous charges.

⁽²⁾ Includes public agencies, recycled water customers and late charges.

⁽³⁾ Totals may not add due to rounding.

Source: The District.

Rates and Charges

From Fiscal Year 2009 through Fiscal Year 2015, residential rates for water service have increased by an average of 7.5% per Fiscal Year. The District's most recent rate increase included the adoption on June 11, 2013 of a 9.75% and a 9.50% system-wide rate increase for Fiscal Years 2014 and 2015, respectively. Table 10 sets forth the average residential rate increases enacted by the District for the Fiscal Years 2009 through 2015:

**TABLE 10: WATER RATE INCREASES
LAST FIVE FISCAL YEARS**

<i>Fiscal Year</i>	<i>Average Rate Increase (Residential)</i>
2009	5.10%
2010	8.70 ⁽¹⁾
2011	7.50
2012	6.00
2013	6.00
2014	9.75
2015	9.50

⁽¹⁾ The system-wide rate increase in Fiscal Year 2010 was 7.5%; however, residential customers accounted for a higher portion of such system-wide rate increase to reflect the results of a cost allocation study conducted by the District in 2009. The average rate increases for commercial and industrial users for Fiscal Year 2010 were 5.2% and 4.9%, respectively.

Source: The District.

EAST BAY MUNICIPAL UTILITY DISTRICT

Table 11 shows the rate schedule effective July 1, 2014 for Fiscal Year 2015, which, as noted above, represents an average increase of 9.50% for residential customers from Fiscal Year 2014 rates. The monthly water bill for a typical residential account consuming 1,000 cubic feet (10 Ccf or 7,480 gallons) per month is \$48.60.

**TABLE 11: WATER SYSTEM RATES AND CHARGES⁽¹⁾
EFFECTIVE JULY 1, 2014**

Service Charge

<i>Meter Size</i>	<i>Per Month</i>
5/8-inch and 3/4-inch	\$14.69
1-inch	23.63
1 1/2-inch	38.10
2-inch	55.66
Over 2-inch	Various

Charge for Water Delivered

<i>Rate Class</i>	<i>Per Hundred Cubic Feet (Ccf)</i>
Basic Rate – Single Family ⁽²⁾	2.91
Basic Rate – Multi Family	3.68
Basic Rate – Other	3.81
Elevation Surcharges ⁽³⁾ – Pressure Zones 2 through 5	0.55
Pressure Zones 6 and higher	1.12

⁽¹⁾ A seismic surcharge is added to each customer's water bill. The surcharge consists of a meter charge component that varies by meter size and a volume surcharge. See "– Seismic Surcharge" below.

⁽²⁾ Applies to first 172 gallons per day (7 Ccf) for single family residential customers. Additional consumption by residential customers is billed at \$3.60 per Ccf for consumption between 173 and 393 gallons per day (16 Ccf) and \$4.42 for all water used in excess of 393 gallons per day. For a household using 10 Ccf, the water usage charge for the first 7 Ccf at the first tier rate of \$2.91 per Ccf would be \$20.37 and the water usage charge for the additional 3 Ccf at the second tier rate of \$3.60 per Ccf would be \$10.80, for a total charge for water delivered of \$31.17; the monthly service charge would be \$14.69 and the seismic surcharge would include a \$1.37 monthly meter charge component and a \$1.37 water service availability component, resulting in a total monthly bill of \$48.60.

⁽³⁾ The water elevation surcharge provides for the increased power and facility costs needed to pump water to locations (zones) 200 or more feet above sea level.

Source: The District.

Historical Operating Results

Table 12 sets forth the historical operating results and the calculation of the debt service coverage ratio for the Water System for each of the last five Fiscal Years.

EAST BAY MUNICIPAL UTILITY DISTRICT

**TABLE 12: WATER SYSTEM HISTORICAL OPERATING RESULTS AND DEBT SERVICE COVERAGE⁽¹⁾
FISCAL YEARS 2010 THROUGH 2014**

	2010	2011	2012	2013	2014
WATER REVENUES⁽²⁾:					
Water Sales ⁽³⁾	\$271,022,353	\$283,643,516	\$306,228,357	\$336,065,516	\$367,547,268
Power Revenue	6,232,524	8,081,710	4,609,259	3,595,948	1,380,348
Interest	9,567,239	5,333,109	4,551,068	3,731,406	1,691,927
SCC Revenue ⁽⁴⁾	40,490,369	46,190,321	30,733,972	22,673,134	20,365,047
Seismic Rate Surcharge ⁽⁵⁾	16,657,412	18,102,265	19,172,928	20,536,924	22,628,261
Other Revenue ⁽⁶⁾	<u>7,726,627</u>	<u>13,363,139</u>	<u>16,159,977</u>	<u>12,842,012</u>	<u>19,937,710</u>
TOTAL WATER REVENUES	<u>\$351,696,524</u>	<u>\$374,714,060</u>	<u>\$381,455,561</u>	<u>\$399,444,940</u>	<u>\$433,550,561</u>
RATE STABILIZATION FUND TRANSFERS:					
Deposits to the Rate Stabilization Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$(35,000,000)
Withdrawals from Rate Stabilization Fund for Inclusion in revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
WATER REVENUES AFTER RATE STABILIZATION TRANSFER	<u>\$351,696,524</u>	<u>\$374,714,060</u>	<u>\$381,455,561</u>	<u>\$399,444,940</u>	<u>\$398,550,561</u>
WATER OPERATION & MAINTENANCE COSTS:					
Operating Expenses	\$178,964,687	\$181,709,853	\$197,818,566	\$197,249,098	\$213,692,428
(Less Tax Receipts) ⁽⁷⁾	<u>(22,889,117)</u>	<u>(22,235,567)</u>	<u>(23,385,603)</u>	<u>(26,435,974)</u>	<u>(25,492,391)</u>
TOTAL WATER OPERATION & MAINTENANCE COSTS	<u>\$156,075,570</u>	<u>\$159,474,286</u>	<u>\$174,432,963</u>	<u>\$170,813,124</u>	<u>\$188,200,037</u>
NET WATER REVENUES	\$195,620,954	\$215,239,774	\$207,022,598	\$228,631,816	\$210,350,524
PARITY DEBT SERVICE:					
Water System Revenue Bonds ⁽⁸⁾	\$125,218,271	\$142,284,287	\$129,330,308	\$132,270,442	\$125,016,887
Parity State Loans	<u>1,400,108</u>	<u>1,400,108</u>	<u>1,400,105</u>	<u>1,400,105</u>	<u>1,400,107</u>
TOTAL PARITY DEBT SERVICE	\$126,618,379	\$143,684,395	\$130,730,413	\$133,670,547	\$126,416,994
PARITY DEBT SERVICE COVERAGE	1.54	1.50	1.58	1.71	1.66
SUBORDINATE WATER SYSTEM DEBT SERVICE⁽⁹⁾	\$ 4,425,458	\$ 3,086,117	\$ 8,495,107	\$ 687,369	\$ 13,562,675
TOTAL PARITY AND SUBORDINATE DEBT SERVICE	\$131,043,837	\$146,770,512	\$139,225,520	\$134,357,916	\$139,979,669
PARITY AND SUBORDINATE DEBT SERVICE COVERAGE	1.49	1.47	1.49	1.70	1.50

(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 160.4 MGD in Fiscal Year 2010, 160.5 MGD in Fiscal Year 2011, 162.1 MGD in Fiscal Year 2012, 168.4 MGD in Fiscal Year 2013 and 167.5 MGD in Fiscal Year 2014.

(4) System Capacity Charge ("SCC") Revenues presented in the table above include the "buy-in" portion of SCC charges when collected and the "future water supply" portion of SCC charges when applied from the Future Water Supply Fund to offset such debt service costs. SCC Revenues are capitalized and are not recognized as operating revenues for purposes of the District's audited financial statements.

(5) Seismic rate surcharge revenues are capitalized and are not recognized as operating revenues for purposes of the District's audited financial statements.

(6) Includes BABs Interest Subsidy Payments received in connection with the Series 2010B Bonds. In Fiscal Year 2011, does not include payment received by the District from Chevron for reimbursement of capital costs incurred by the District for the RARE Water Project.

(7) Operation and Maintenance Costs exclude those expenses paid from District's share of countywide 1% property tax revenues. Under current District policy, District's share of countywide 1% property tax revenues are used to pay for operations allocable to maintenance of fire protection capacity.

(8) Includes net swap payments. Debt service on the Series 2010B Bonds is gross of the BABs Interest Subsidy Payments received by the District.

(9) Includes outstanding Water System commercial paper notes and certain federal and State subordinate loans (which subordinate loans have been retired). Commercial paper notes debt service includes interest and a one-time principal pay down in Fiscal Year 2014 of \$13.1 million.

Source: The District.

WASTEWATER SYSTEM

Wastewater Flows

Table 13 presents a ten-year record of wastewater flows through the District’s Main Wastewater Treatment Plant, expressed as the average daily flow for each Fiscal Year.

**TABLE 13: AVERAGE DAILY WASTEWATER FLOW
(MILLION GALLONS PER DAY)**

<i>Fiscal Year Ended</i> <i>June 30</i>	<i>Flow</i>
2005	78
2006	82
2007	67
2008	69
2009	66
2010	68
2011	71
2012	62
2013	61
2014	60

Source: The District.

Sources of Funds/Summary of Revenues and Contributions

The following Table 14 sets forth the District’s Wastewater System sources of funds for the five most recent Fiscal Years ended June 30, 2014. The sources of funds in the table below include certain funds that do not constitute Subordinated Wastewater Revenues for purposes of the Indenture. Subordinated Wastewater Revenues include all charges received for, and all other income and receipts derived by the District from, the operation of the Wastewater System or arising from the Wastewater System, which includes, without limitation, the District’s dry weather user charges, wet weather facilities charges, wastewater capacity fees and resource recovery program revenues, as well as investment income. Property taxes are applied to reduce Operation and Maintenance Costs and are not pledged to the repayment of the Wastewater System Revenue Bonds. Certain grants and contributions earned on construction which are restricted to use for specified purposes are not included in Subordinated Wastewater Revenues for purposes of the Indenture. Only Subordinated Wastewater Revenues are pledged to the payment of the Wastewater System Revenue Bonds.

EAST BAY MUNICIPAL UTILITY DISTRICT

**TABLE 14: WASTEWATER SYSTEM SOURCES OF FUNDS
FIVE FISCAL YEARS ENDED JUNE 30, 2014
(MILLIONS)**

	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
Operating Revenue and Other Income:					
Dry Weather User Charges	\$48.8	\$50.9	\$55.2	\$58.8	\$61.8
Wet Weather Facilities Charges	15.3	16.1	17.2	18.3	19.4
Resource Recovery	7.6	9.4	9.1	9.2	10.6
Interest ⁽¹⁾	1.2	2.0	1.6	0.3	0.2
Taxes ⁽²⁾	7.4	7.4	8.3	9.4	9.9
Other Revenues ⁽³⁾	<u>1.1</u>	<u>2.4</u>	<u>3.5</u>	<u>4.1</u>	<u>6.3</u>
Total Revenues	<u>\$81.4</u>	<u>\$88.2</u>	<u>\$94.9</u>	<u>\$100.1</u>	<u>\$108.2</u>
Capital Contributions:					
Wastewater Capacity Fees	0.7	2.4	2.8	1.3	0.8
Earned contributions on construction	2.0	0.7	0.0	0.0	0.0
Grants	<u>0.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.3</u>	<u>0.4</u>
Total Contributions	<u>\$ 2.9</u>	<u>\$ 3.1</u>	<u>\$ 2.8</u>	<u>\$ 1.6</u>	<u>\$ 1.2</u>
TOTAL	<u>\$84.3</u>	<u>\$91.3</u>	<u>\$97.7</u>	<u>\$101.7</u>	<u>\$109.4</u>

⁽¹⁾ Includes interest earnings on Wastewater System Fund, including earnings on proceeds of the District's Wastewater System Revenue Bonds.

⁽²⁾ Includes the District's share of 1% countywide property tax and the *ad valorem* tax levied for repayment of Special District No. 1's general obligation bonds.

⁽³⁾ Beginning in Fiscal Year 2011, Other Revenues includes interest subsidy payments received by the District in connection with its Series 2010B Bonds which are Build America Bonds. In Fiscal Years 2012 and 2013, Other Revenues also includes revenues received from the sale of energy to the utility grid. See "THE WASTEWATER SYSTEM – Power Generation/Energy Recovery." Other Revenues excludes reimbursements and certain other receipts applied directly to operating expenses.

Source: The District.

Rates and Charges

The District's current (Fiscal Year 2014) wastewater rates are set forth in Table 15 below. The District's most recent rate increase included the adoption on June 11, 2013 of rate increases to both its dry weather user charges and wet weather facilities charges of 9.00% and 8.50% for Fiscal Years 2014 and 2015, respectively.

EAST BAY MUNICIPAL UTILITY DISTRICT

**TABLE 15: WASTEWATER SYSTEM RATES AND CHARGES
EFFECTIVE JULY 1, 2014**

Residential Charge:

Service Charge (per account)	\$ 7.13	per month
Strength Charge (per dwelling unit)	7.20	per month
Flow Charge	0.787	per 100-cubic foot unit, to a maximum of 10 units
San Francisco Bay Pollution Prevention Fee	0.20	per month per dwelling unit

Non-Residential Charge:

Service Charge (per account)	7.13	per month
Treatment Charge	0.92-13.09	per unit, depending on the nature of the business
San Francisco Bay Pollution Prevention Fee	5.48	per month

Minimum Monthly Charge:

Duplex	21.53	per month
Triplex	28.78	per month

Permit Accounts:

Flow Charge	0.787	per hundred cubic feet
COD	0.294	per pound of discharge
Suspended Solids	0.431	per pound of discharge

Wet Weather Facilities Charge:

Residential Property	\$ 89.34	per year per dwelling unit per land parcel
Commercial/Industrial Property	\$ 134.00	per year per connection

Source: The District.

Historical Operating Results

Table 16 sets forth the historical operating results and the calculation of the debt service coverage ratio for the Wastewater System for each of the last five Fiscal Years. The presentation below differs from that previously reported in that Wastewater Capacity Fees previously excluded are now reflected as a component of Wastewater Revenues for purposes of the coverage calculation as permitted by the Indenture.

EAST BAY MUNICIPAL UTILITY DISTRICT

**TABLE 16: WASTEWATER SYSTEM HISTORICAL OPERATING RESULTS
AND DEBT SERVICE COVERAGE⁽¹⁾
FISCAL YEARS 2010 THROUGH 2014**

	2010	2011	2012	2013	2014
WASTEWATER REVENUES⁽²⁾					
Dry Weather User Charges	\$48,764,326	\$50,909,726	\$55,191,460	\$58,783,692	\$61,774,568
Wet Weather Facilities Charges	15,311,295	16,063,834	17,228,380	18,320,550	19,388,979
Interest	1,197,034	1,076,342	856,218	368,315	223,672
Resource Recovery	7,590,010	9,403,337	9,061,029	9,226,468	10,570,194
Wastewater Capacity Fees	675,293	2,423,103	2,824,137	1,278,961	805,590
Other Revenue ⁽³⁾	<u>1,146,241</u>	<u>2,407,895</u>	<u>3,507,474</u>	<u>4,061,513</u>	<u>6,315,048</u>
TOTAL WASTEWATER REVENUE	\$74,684,199	\$82,284,237	\$88,668,698	\$92,039,499	\$99,078,051
RATE STABILIZATION FUND TRANSFERS					
Deposits to the Rate Stabilization Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$(2,590,000)
Withdrawals from Rate Stabilization Fund for Inclusion in Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
WASTEWATER REVENUES AFTER RATE STABILIZATION TRANSFER	<u>\$74,684,199</u>	<u>\$82,284,237</u>	<u>\$88,668,698</u>	<u>\$92,039,499</u>	<u>\$96,488,051</u>
WASTEWATER OPERATION & MAINTENANCE COSTS					
Operating Expenses	\$44,712,916	\$49,553,385	\$52,482,539	\$51,435,631	\$55,318,873
(Less Tax Receipts) ⁽⁴⁾	<u>(3,384,031)</u>	<u>(3,299,315)</u>	<u>(3,698,069)</u>	<u>(4,413,039)</u>	<u>(4,530,489)</u>
TOTAL WASTEWATER OPERATION & MAINTENANCE COSTS	<u>\$41,328,885</u>	<u>\$46,254,070</u>	<u>\$48,784,470</u>	<u>\$47,022,592</u>	<u>\$50,788,384</u>
NET WASTEWATER REVENUES	\$33,355,314	\$36,030,167	\$39,884,228	\$45,016,907	\$45,699,667
PARITY DEBT SERVICE					
Wastewater System Revenue Bonds ⁽⁵⁾	\$18,026,658	\$20,084,078	\$26,385,738	\$28,284,129	\$28,559,257
Parity State Loans	<u>1,551,097</u>	<u>1,326,979</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL PARITY DEBT SERVICE	<u>\$19,577,755</u>	<u>\$21,411,057</u>	<u>\$26,385,738</u>	<u>\$28,284,129</u>	<u>\$28,559,257</u>
PARITY DEBT SERVICE COVERAGE	1.70	1.68	1.51	1.59	1.60
SUBORDINATE WASTEWATER SYSTEM DEBT SERVICE⁽⁶⁾	\$ 4,008,493	\$ 3,922,392	\$ 33,300	\$ 33,910	\$ 20,116
TOTAL PARITY AND SUBORDINATE DEBT SERVICE	\$23,586,268	\$25,333,449	\$26,419,038	\$28,318,039	\$28,579,373
PARITY AND SUBORDINATE DEBT SERVICE COVERAGE	1.41	1.42	1.51	1.59	1.60

(1) Calculated in accordance with the Indenture as footnoted.

(2) Wastewater Revenues exclude grant receipts, taxes and certain reimbursements.

(3) Beginning in Fiscal Year 2011, Other Revenues includes BABs Interest Subsidy Payments received in connection with Series 2010B Bonds. In Fiscal Years 2012 through 2014, Other Revenues also includes revenues received from the sale of energy to the utility grid of \$333,812, \$693,272 and \$1,099,418, respectively.

(4) Wastewater Operation and Maintenance Costs exclude those expenses paid from the share of the 1% countywide *ad valorem* tax levy allocated to Special District No. 1. Under current District policy, taxes are used to pay for operations allocable to storm water processing and infiltration/inflow processing.

(5) Includes net swap payments. Net of capitalized interest. Debt service on the Series 2010B Bonds is gross of the BABs Interest Subsidy Payments received by the District.

(6) Includes outstanding Wastewater System commercial paper notes and certain subordinate State Loans (which State Loans have subsequently been retired or refunded by Wastewater System Revenue Bonds). With respect to commercial paper notes includes interest only with no principal amortization.

Source: The District.

EAST BAY MUNICIPAL UTILITY DISTRICT

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**Trustee for all Water System Revenue Bonds and
all Wastewater System Revenue Bonds**

Bakul Mehta
Wells Fargo Bank
333 Market Street, 18th Floor
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**Paying Agent and Registrar for Wastewater
System General Obligation Refunding Bonds –
Series G**

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EBMUD WEB SITE

Since September 1996, the District has made available general financial information on its web site: (<http://www.ebmud.com>.) The site is updated periodically and is designed to assist ratepayers, investors and other interested parties in learning more about the District's financial condition. However, the information presented therein is not part of this Continuing Disclosure Information Statement and must not be relied upon in making any investment decision with respect to the District's bonds.