



**BOARD OF DIRECTORS
EAST BAY MUNICIPAL UTILITY DISTRICT**

375 – 11th Street, Oakland, CA 94607

Office of the Secretary: (510) 287-0404

**AGENDA
Tuesday, April 22, 2014**

**REGULAR CLOSED SESSION
11:00 a.m., Board Room**

ROLL CALL:

PUBLIC COMMENT: The Board of Directors is limited by State law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to items that are not listed on the agenda.

ANNOUNCEMENT OF CLOSED SESSION AGENDA:

1. Significant exposure to litigation pursuant to Government Code section 54596.9(b): one matter.

(The Board will hold Closed Session in Conference Room 8A/B)

**REGULAR BUSINESS MEETING
1:15 p.m., Board Room**

ROLL CALL:

BOARD OF DIRECTORS:

- Pledge of Allegiance

ANNOUNCEMENTS FROM CLOSED SESSION:

PUBLIC COMMENT: The Board of Directors is limited by State law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to items that are not listed on the agenda.

CONSENT CALENDAR: (Single motion and vote approving 13 recommendations with 1 resolution)

1. Approve the Regular Meeting Minutes of April 8, 2014.
2. File correspondence with the Board.
3. Award a contract to the lowest responsive/responsible bidder Cenveo in an annual amount, after the addition of taxes, not to exceed \$97,771.82 for supplying billing envelopes for the District mailroom for the period beginning May 1, 2014, and ending April 30, 2015, with four options to renew for an additional one-year period for a total cost of \$488,859.10 under Request for Quotation (RFQ) No. 1418.
4. Award a contract and authorize an agreement for work on the Camanche and Pardee Dams:
 - 4a. Award a contract to the lowest responsive/responsible bidder, K.W. Emerson, Inc., in the amount of \$718,411 for construction of Camanche Drainage Improvements and Camanche and Pardee Pier Installation under Specification 2065A.
 - 4b. Authorize an agreement with Foundry Group, LLP, in an amount not to exceed \$727,300 for Camanche and Pardee Dams GPS Monitoring System Services during the period May 1, 2014 to April 30, 2015.
5. Award a contract to the lowest responsive/responsible bidder, 3D Datacom, in the amount of \$313,413.15 for construction of Oakport and Castenada electric security gates under Specification 2078.
6. Award a contract to the lowest responsive/responsible bidder, Mountain Cascade, Inc., in the amount of \$1,897,950 for construction of the I-80/San Pablo Dam Road Interchange Pipeline Relocation under Specification 2082.
7. Award a contract to the lowest responsive/responsible bidder Blastco, Incorporated in the amount of \$3,322,490 for construction of the Recoat Mokelumne Aqueduct No. 3 Phases 10 and 11 under Specification 2088.
8. Authorize an agreement with the City of Berkeley (City) in an amount not to exceed \$340,000 to relocate approximately 900 feet of water main pipelines as part of the City's Allston Way Permeable Paver Demonstration Project, in Berkeley, California.
9. Authorize an agreement with HydroScience Engineering, Inc., in an amount not to exceed \$285,163 for design and construction management support services for improvements to the District's Pardee Recreation Area Recreational Vehicle Park during the period April 2014 to May 2016.
10. Authorize an agreement with URS Corporation, a Nevada Corporation, dba URS Corporation Americas, in an amount not to exceed \$749,963 for design and construction support services related to the Upper San Leandro Reservoir Outlet Tower retrofit during the period May 1, 2014 to December 31, 2017.

CONSENT CALENDAR: (Continued)

11. Approve the assignment of the contracts for liquid polyaluminum chloride (Proposal No. 1109) and liquid aluminum sulfate (Proposal No. 1201) originally awarded under Board Motions 163-10 and 100-11, respectively, from General Chemical Performance Products, LLC, to Chemtrade Chemicals US, LLC.
12. Approve the Water Supply Assessment requested by the City of Alameda for the Northern Waterfront General Plan Amendment pursuant to the California Water Code, Section 10910-10915.
13. Adopt a Resolution fixing the ward boundaries from which the East Bay Municipal Utility District Directors are elected for the November 4, 2014 General Election.
(Resolution)

DETERMINATION AND DISCUSSION:

14. Legislative Update:
 - Receive Legislative Report No. 06-14 and consider positions on the following bills: AB 1699 (Bloom) Waste Management: Microplastics; AB 1826 (Chesbro) Solid Waste: Organic Waste; and AB 1983 (Gray) Water Meters: Multiunit Structures
 - Update on Legislative Issues of Interest to EBMUD
15. Authorize and approve the issuance of not to exceed \$75,000,000 aggregate principal amount of EBMUD Water System Revenue Bonds, Series 2014C, and approve the form and authorize the execution of certain documents, including a Supplemental Indenture, in connection with the issuance, securing and sale of such bonds. (Resolution)
16. Conduct a second and final reading, and vote on an ordinance amending the EBMUD Employees' Retirement System Ordinance (Ordinance No. 40) to update Section 6(d).
(Second Reading and Vote -- Ordinance No. 361-14)
17. Approve actions relating to the District's Water Supply.
 - 17a. File the Water Supply Availability and Deficiency Report in conformance with Policy 9.03, and declare that the District's water supply is deficient for meeting customer demands in 2014.
 - 17b. Declare the need to use the Freeport Project and related facilities to deliver supplemental supplies from outside the District's normal watershed in FY14 during May and June, suspend the implementation of the supplemental supply surcharge for FY14, and reaffirm the 2014 Preliminary Dry Year Response Plan approved February 11, 2014 and 10% voluntary conservation. (Resolution)
18. General Manager's Report.
 - Water Supply Update

REPORTS AND DIRECTOR COMMENTS:

19. Committee Reports:
- Sustainability/Energy
 - Finance/Administration
 - Planning
 - Legislative/Human Resources
20. Director Comments.

ADJOURNMENT:

The next Regular Meeting of the Board of Directors will be held at 1:15 p.m. on Tuesday, May 13, 2014 in the Administration Center Board Room, 375 Eleventh Street, Oakland, California.

Disability Notice

If you require a disability-related modification or accommodation to participate in an EBMUD public meeting please call the Office of the Secretary (510) 287-0404. We will make reasonable arrangements to ensure accessibility. Some special equipment arrangements may require 48 hours advance notice.

Document Availability

Materials related to an item on this Agenda that have been submitted to the EBMUD Board of Directors within 72 hours prior to this meeting are available for public inspection in EBMUD's Office of the Secretary at 375 11th Street, Oakland, California, during normal business hours.

BOARD CALENDAR

Date	Meeting	Time/Location	Topics
Tuesday, April 22	Finance/Administration Committee Coleman (Chair), Linney, Patterson Sustainability/Energy Committee Linney (Chair), Foulkes, Katz Board of Directors	9:45 a.m. Training Resource Center 10:30 a.m. Training Resource Center 11:00 a.m. 1:15 p.m.	<ul style="list-style-type: none"> • EBMUD Series 2014C Water Revenue Bonds • Financial Quarterly Reports • Fleet Maintenance Facility • Renewable Energy Projects • Closed Session • Regular Meeting
Monday, April 28	EBMUD/EBRPD Liaison Committee Foulkes, Linney	2:30 p.m. EBRPD Board Room, 2950 Peralta Oaks Ct., Oakland	
Tuesday, May 13	Planning Committee Foulkes (Chair), Linney, McIntosh Legislative/Human Resources Committee McIntosh (Chair), Coleman, Mellon Board of Directors	9:15 a.m. Training Resource Center 10:15 a.m. Training Resource Center 11:00 a.m. 1:15 p.m.	
Monday, May 26	Memorial Day Holiday		<ul style="list-style-type: none"> • District Offices Closed
Tuesday, May 27	Finance/Administration Committee Coleman (Chair), Linney, Patterson Board of Directors	10:00 a.m. Training Resource Center 11:00 a.m. 1:15 p.m.	

MINUTES

Tuesday, April 8, 2014

**East Bay Municipal Utility District
Board of Directors
375 Eleventh Street
Oakland, California**

Regular Closed Session Meeting

President Katz called to order the Regular Closed Session Meeting of the Board of Directors at 11:09 a.m. in the Administration Center Board Room.

ROLL CALL

Directors John A. Coleman, Katy Foulkes, Doug Linney, Lesa R. McIntosh, Frank Mellon, William B. Patterson, and President Andy Katz were present at roll call.

Staff present included General Manager Alexander R. Coate, General Counsel Jylana Collins, Risk Manager Karen K. Curry (Item 1a), Workers Compensation Manager and Risk Specialist Vladimir Bessarabov (Item 1a), Attorney Xanthe M. Berry (Items 1a and 2), Attorney Lourdes Matthew (Item 1b), Engineering Manager Jimi Yoloye (Item 2), Manager of Real Estate Services Stephen J. Boeri (Item 3), and Attorney Derek T. McDonald (Item 3).

PUBLIC COMMENT

Addressing the Board were the following: 1) Mark Foley, President, AFSCME Local 2019, who commented that there is disagreement on and inconsistency with the Policies and Procedures negotiation process. He cited inconsistencies in policy language and the related procedures for tuition reimbursement and Family Medical Leave Act. President Katz said he looks forward to staff's response on this matter. 2) Felicia Collier asked the Board to take an emergency vote to reinstate her employment and to approve a financial compensation package.

ANNOUNCEMENT OF CLOSED SESSION AGENDA

President Katz announced the Closed Session agenda. The Board convened to Conference Room 8A/B for discussion.

Regular Business Meeting

President Andy Katz called to order the Regular Business Meeting of the Board of Directors at 1:20 p.m. in the Administration Center Board Room.

ROLL CALL

Directors John A. Coleman, Katy Foulkes, Doug Linney, Lesa R. McIntosh, Frank Mellon, William B. Patterson, and President Andy Katz were present at roll call.

BOARD OF DIRECTORS

President Katz led the Pledge of Allegiance.

ANNOUNCEMENTS FROM CLOSED SESSION

The Board, in closed session this morning, by a unanimous vote of the Directors attending, authorized the General Counsel to initiate litigation in one matter. The actions, defendants and other particulars will be disclosed, upon inquiry, once the action is formally commenced.

There were no other announcements required from closed session.

PUBLIC COMMENT

Addressing the Board were the following persons: 1) Mark Foley, President, AFSCME Local 2019, who commented that the unions are still interested in meeting with individual Board members to discuss the recently concluded negotiation process; 2) Keith Beckwith, Associate Civil Engineer, commented on a grievance he filed regarding an offensive and inaccurate email written by the Manager of Employee Relations and said that he hadn't received a written apology on the matter as agreed upon; and 3) Felicia Collier requested an emergency vote to reinstate her employment and to approve a financial compensation package. General Counsel Jylana Collins explained the process for handling District claims and said that the Office of General Counsel would be mailing a letter advising Ms. Collier of the Board's decision.

CONSENT CALENDAR

- Items 3a, 3b, 7 and 8 were removed from the Consent Calendar.
 - Motion by Director Coleman, seconded by Director Linney, to approve Items 1-2 and 4-6 on the Consent Calendar, carried (7-0) by the following voice vote: AYES (Coleman, Foulkes, Linney, McIntosh, Mellon, Patterson, and Katz); NOES (None), ABSTAIN (None), ABSENT (None).
1. **Motion No. 059-14** -- Approved the Regular Meeting Minutes of March 25, 2014.
 2. The following correspondence was filed with the Board: 1) Letter dated April 8, 2014 to Board of Directors from Felicia Collier, requesting an emergency vote to reinstate her employment along with an attached offer for consideration; 2) Letter dated April 8, 2014 from Associate Civil Engineer Keith Beck regarding an unresolved matter related to his grievance; 3) Presentation entitled "Ordinance to Amend EBMUD Retirement System Ordinance No. 40 – Section 6(D)" dated April 8, 2014; 4) Presentation entitled "Water Supply Briefing and Dry Year Planning" dated April 8, 2014; 5) Memorandum dated April 8, 2014, to Board of Directors from Alexander R. Coate, General Manager, regarding Legislative Report No. 05-14; 6) Presentation from EMC Research Market & Opinion Research Services entitled "Survey of: EBMUD Customers March 2014, April 8, 2014 – Presentation to Board of Directors;" and 7) Memorandum dated April 8, 2014, to Board of Directors from Cheryl Farr, Special Assistant to the General Manager, regarding Speakers' Bureau Update.

3. Award A Contract and Authorize An Agreement for Work on the Camanche and Pardee Dams.

- 3a. Award a contract to the lowest responsive/responsible bidder, K. W. Emerson, Inc., in the amount of \$718,411 for construction of Camanche Drainage Improvements and Camanche and Pardee Pier Installation under Specification 2065A.
- 3b. Authorize an agreement with Foundry Group, LLP, in an amount not to exceed \$727,300 for Camanche and Pardee Dams GPS Monitoring System Services during the period May 1, 2014 to April 30, 2015.

- President Katz announced that Items 3a and 3b were removed from the Consent Calendar to correct an administrative error in the BD-1 language. These items will be resubmitted for Board consideration at its April 22 meeting.

4. **Motion No. 060-14** -- Awarded a contract to Neopost, USA Inc. in an amount not to exceed \$192,000, which includes taxes and shipping, for the purchase of mail inserter equipment.

5. **Resolution No. 33972-14** -- Revise District Salary Ranges, Salaries and Wage Rates (effective April 21, 2014).

Approve implementation of the second year general salary increase of 2.8% in accordance with the 2013-2017 Memoranda of Understanding (MOUs) between the District and AFSCME Locals 2019 and 444, IUOE Local 39, and IFPTE Local 21.

Authorize a 2.8% general salary increase for managers, confidential employees and other non-represented employees in accordance with Resolution 33761-10.

6. **Resolution No. 33973-14** -- Adopting The San Francisco Bay Area Integrated Regional Water Management Plan Update.

7. **Resolution No. 33974-14** -- Appointing Abby J. Figueroa As Senior Public Information Representative.

Director Mellon pulled Item 7 to recognize and congratulate Abby Figueroa on her appointment. President Katz said he had worked with Ms. Figueroa on District issues and he looked forward to her continued role in media relations. Ms. Figueroa thanked the Board and staff for the opportunity.

Motion by Director Mellon, seconded by Director Foulkes, to approve the recommended action on Item 7, carried (7-0) by the following voice vote: AYES (Coleman, Foulkes, Linney, McIntosh, Mellon, Patterson, and Katz); NOES (None), ABSTAIN (None), ABSENT (None).

8. **Resolution No. 33975-14 -- Appointing Andrea A. Pook As Senior Public Information Representative.**

Director Mellon pulled Item 7 to recognize and congratulate Andrea Pook on her appointment to manage the web and public information services. Ms. Pook thanked the Board and staff for the opportunity to serve the District.

- Motion by Director Mellon, seconded by Director Foulkes, to approve the recommended action on Item 8, carried (7-0) by the following voice vote: AYES (Coleman, Foulkes, Linney, McIntosh, Mellon, Patterson, and Katz); NOES (None), ABSTAIN (None), ABSENT (None).

DETERMINATION AND DISCUSSION

9. **Introduction and First Reading On An Ordinance Amending the EBMUD Employees' Retirement System Ordinance (Ordinance No. 40) to Update Section 6(d).**

Manager of Employee Services Lisa A. Sorani presented an update on the proposed amendments to the EBMUD Employees' Retirement System Ordinance. She reported that the recent collective bargaining with the District's four unions resulted in agreements to adjust the retirement system member contributions annually, through the terms of collective bargaining agreements. The amendment to Section 6(d) is to update the language related to member contribution rates.

Employee Contribution Rate Changes Negotiated:

April 22, 2013	7.33%
April 21, 2014	7.83%
April 20, 2015	8.33%
April 18, 2016	8.75%

Two readings of the Ordinance are required. The second reading will occur at the Board of Directors meeting on April 22, 2014. After the second reading, the Municipal Utility District Act requires that the amendments be published once a week for two successive weeks in a newspaper of general circulation published in the District service area. The Ordinance amending the Retirement Ordinance, Section 6(d) will take effect 30 days after its passage by the Board of Directors.

Ordinance No. 361-14 -- An Ordinance Amending Subsection 6(d) Of Ordinance No. 40, Which Is The Employees' Retirement System Ordinance. (*Introduction and First Reading.*)

10. Legislative Update.

Legislative/Human Resources Chair Lesa R. McIntosh reported that the Legislative/Human Resources Committee met earlier in the day and voted unanimously to support the recommended positions in Legislative Report No. 04-14. She noted, however, that the Committee recommended an amendment to H.R. 4239 (Huffman) that would set a two to three year sunset clause on drought-related streamlining of environmental review. The full Board concurred with the recommended amendment.

- Motion by Director Mellon, seconded by Director Linney, to approve the recommended positions in Legislative Report No. 04-14 along with the amendment to H.R. 4239, carried (7-0) by the following voice vote: AYES (Coleman, Foulkes, Linney, McIntosh, Mellon, Patterson, and Katz); NOES (None), ABSTAIN (None), ABSENT (None).

Motion No. 061-14 -- Received Legislative Report No. 04-14 and approved positions on the following bills: SUPPORT: AB 2067 (Weber) Urban Water Management Plans; SUPPORT AB 2402 (Buchanan) Noxious Weed Management; SUPPORT AND AMEND SB 1036 (Pavley) Urban Water Management Plans; SUPPORT SB 1125 (Pavley) Greenhouse Gases: Emissions Reduction; SUPPORT AND AMEND SB 1420 (Wolk) Water Management: Urban Water Management Plans; and SUPPORT AND AMEND H.R. 4239 (Huffman) To Provide Drought Assistance to the State of California and Other Affected Western States.

Next, Manager of Legislative Affairs Marlaine K. Dumaine announced that staff provided Legislative Report No. 05-14 at the Board's places as an informational item on SB 1199 (Hancock) Wild and Scenic Rivers: Mokelumne River. The bill, as amended on April 3, 2014, would designate specified segments of the Mokelumne River, along with portions of the existing Pardee Reservoir, as "wild and scenic." The Board expressed concern about potential impacts of SB 1199 on the Middle Bar Bridge, EBMUD facilities, and current and future operations. General Manager Coate pointed out that this bill will be discussed with various stakeholders at the upcoming Upper Mokelumne River Water Authority Board meeting on April 25. The Board requested that staff convey its concerns to Senator Hancock and directed staff to seek stakeholders' input on this measure. Staff will bring the measure back to the Board for consideration once additional information is available.

11. General Manager's Report.

Operations and Maintenance Department Manager Eileen M. White presented the water supply update and noted that statewide water supply conditions are still in poor condition while EBMUD's is in fair condition. The Department of Water Resources' April 2014 snow survey revealed that snow water content statewide is 33% of average and Mokelumne Watershed is 37% of average. Cumulative precipitation in the East Bay watershed is 12.84" (53% of average) and in the Mokelumne watershed it is 23.43" (56% of average). Total reservoir system storage overall is 474,240 acre-feet with 62% of capacity.

Water Year 2014 is the 5th driest year in the Mokelumne watershed and projected end of September storage with median precipitation is 440,000 acre-feet. In April EBMUD staff began conducting fish monitoring, hydraulic evaluation, and ph adjustment tests at Freeport. EBMUD drought management statistics reveal that the actual water savings by our customers has reached 11%. On April 22, staff will present the Water Supply Availability and Deficiency Report and the Board will consider a water shortage response plan.

Next, Principal Ruth Bernstein of EMC Research reported on the results of the EBMUD customer survey conducted February 18 through March 3, 2014. Overall EBMUD continues to be a highly-regarded organization, especially when compared to other utilities. The District received strong job performance ratings on providing good tasting and safe tap water, water supply reliability, and encouraging customer conservation. Customers are very supportive of investments in infrastructure, the water supply and emergency preparedness. The District's online bill-pay system is not widely used; however, while perceived positively by most current users, improvements might be beneficial. The Board provided feedback and requested a copy of the full report and the cross-tabulated data with breakdowns by ward.

General Manager Coate announced that the March 2014 Monthly Report was provided in the Board's packet. He reported that on March 14, Director of Engineering and Construction Xavier J. Irias received the award for Outstanding Civil Engineer in the Public Sector from the American Society of Civil Engineers Region 9 at the 2014 California Infrastructure Symposium and Awards Dinner.

REPORTS AND DIRECTOR COMMENTS

12. Committee Reports.

- Filed with the Board were the Minutes of the March 25, 2014 Finance/Administration Committee.

13. Director Comments.

- Director Coleman reported attending/participating in the following events: North Bay Watershed Association teleconference meeting on March 26; ACWA teleconference meeting and ACWA Board dinner on March 27 in Sacramento; ACWA Executive Committee, Board of Directors, and Clair Hill Award judging meetings on March 28 in Sacramento; Water Education for Latino Leaders meeting on March 28 in Sacramento; ACWA teleconference meeting on March 31 in Oakland; ACWA Executive Committee teleconference meeting on April 1 in Oakland; meeting with Alameda County Grand Jury on April 2 in Oakland; ACWA California Water Policy Conference on April 3 in Claremont; Eagle Scout dinner on April 3 in Moraga; drought update presentation on April 6 in Walnut Creek; and ACWA press conference on April 7 in Sacramento. He reported on plans to attend/participate in the following upcoming events: Freeport Regional Water Authority Board teleconference meeting on April 10 in Oakland; San Ramon Kiwanis presentation on the drought on April 10 in Alamo; presentation on land use to Hastings Law School on April 11 in San Francisco; ACWA North Bay Watershed Conference on

April 11 in Novato; ACWA Executive Committee teleconference meeting on April 15 in Oakland; Contra Costa County Sanitation District presentation on water supply and drought issues on April 17 in Martinez; Berkeley Energy and Resource Collaborative Conference presentation on state water issues on April 18 in Berkeley; and Men's Methodist Group presentation on drought issues on April 19 in Danville.

- Director Foulkes reported meeting with the Piedmont City Administrator on March 27; attending the Alameda County Special Districts Annual Dinner on March 27; touring the Orinda Water Treatment Plant with Orinda Mayor and the Orinda Chamber of Commerce members on March 28; and presenting a water supply update to the Piedmont City Council on April 7.
- Director Linney reported attending a public meeting on private sewer laterals on March 27 in Alameda and the California Water Policy Conference from April 2-4 in Claremont, CA.
- Director McIntosh reported presenting water supply briefings to the West County Wastewater District on April 1 in Richmond and the Pinole City Council on April 1 in Pinole.
- Director Mellon reported that he would be presenting a water supply update to the San Leandro City Council on April 21.
- Director Patterson had no comment.
- President Katz reported attending the California Water Policy Conference from April 2-4 in Claremont, CA.

ADJOURNMENT

President Katz adjourned the meeting at 2:43 p.m.

SUBMITTED BY:

Lynelle M. Lewis, Secretary of the District

APPROVED: April 22, 2014

Andy Katz, President of the Board



AGENDA NO.
MEETING DATE

3.
April 22, 2014

TITLE BILLING ENVELOPES

MOTION _____ RESOLUTION _____ ORDINANCE _____

RECOMMENDED ACTION

Award a contract to the lowest responsive/responsible bidder Cenveo in an annual amount, after the addition of taxes, not to exceed \$97,771.82 for supplying billing envelopes for the District mailroom for the period beginning May 1, 2014, and ending April 30, 2015, with four (4) options to renew for an additional one (1)-year period for a total cost of \$488,859.10 under Request for Quotation (RFQ) No.1418.

SUMMARY

The envelopes required under this RFQ are used for the District's customer billing and payment process. The District is not committed to purchase the amount of material described in this contract, but purchases will be made to meet actual District needs and may exceed the estimated quantities. The quantities, approximately 5,070,000 envelopes annually, are based on historical data and departmental input. One hundred percent (100%) of the materials purchased pursuant to this agreement will include recycled content.

VENDOR SELECTION

Requests for quotation were sent to 4 resource organizations and to 73 potential proposers. Five bids were received, with Cenveo being the lowest cost responsible/responsive bidder.

CONTRACT EQUITY PROGRAM EFFORTS

The completed P-035 and P-061 forms are attached.

FISCAL IMPACT

This expenditure is included in the FY 14/15 operating budget.

Funds Available: FY14/15		Budget Code: 363/8621
DEPARTMENT SUBMITTING Finance	DEPARTMENT MANAGER or DIRECTOR Eric L. Sandler	APPROVED General Manager

Contact the Office of the District Secretary with questions about completing or submitting this form.

ALTERNATIVES

1. **Purchase the envelopes on the open market.** This alternative is not recommended because the District will be better served by the competitive pricing and reliability of supply provided in a contractual agreement.

Do not purchase the envelopes. This alternative is not recommended because these envelopes are critical in the District billing process cycle.

Attachments

I:\SEC\04-22-14 Agenda Items\FIN - BD1 Billing Envelopes 042214



CONTRACT EQUITY PROGRAM SUMMARY (P-035)

This summary contains information on the contractor's workforce and contract equity participation. (Completed by District)

TITLE QUOTATION NO.: 1418 Billing Envelopes One - Year Contract with 4 One - Year Renewal Options							DATE: April 9, 2014					
CONTRACTOR: Cenveo City of Industry, CA					PERCENTAGE OF CONTRACT DOLLARS							
BID/PROPOSER'S PRICE: \$97,772 /yr		FIRM'S OWNERSHIP Ethnicity: Publicly Held Corp.			Gender:		Availability Group White Men: 25% White Women: 2% Ethnic Minorities: 25%		Contracting Objectives		Participation 0.0% 0.0% 0.0%	
CONTRACT EQUITY PARTICIPATION												
COMPANY NAME		ESTIMATED AMOUNT	ETHNICITY	GENDER		CONTRACTING PARTICIPATION						
				M	W	White-Men	White-Women	Ethnic Minorities	Unclassified	Publicly Held Corp.	Gov't/Non Profit	Foreign
PRIME: Cenveo		\$97,772	Publicly Held Corp.			--	--	--	--	100.0%	--	--
SUBS: None						--	--	--	--	--	--	--
TOTAL		\$97,772				0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
CONTRACTOR'S WORKFORCES PROFILE (From P-025 Form)												
			White Men		White Women		Ethnic Minorities		Total Employees			
No. of Employees:			24		8		179		211			
Percent of Total Employees:			11.4%		3.8%		84.8%					
MSA Labor Market %:			28.0%		24.2%		47.8%					
MSA Labor Market Location:			Los Angeles County									
COMMENTS												
Contract Equity Participation - Zero Contract Equity participation since firm is a publicly held corporation and no subcontract opportunities exist.												
Workforce Profile & Statement of Nondiscrimination Submitted					Good Faith Outreach Efforts Requirement Satisfied				Award Approval Recommended			
NA					NA							



AFFIRMATIVE ACTION SUMMARY (P-061)

(Completed by District)

This summarizes information provided by the contractor(s)' P-025 Form regarding their workforce.

Title:		Ethnic Minority Percentages From U.S. Census Data							
			B	H	A/PI	AI/AN	TOTAL		
Billing Envelopes One - Year Contract with 4 One - Year Renewal Options		National	10.5	10.7	3.7	0.7	27.3		
		9 Bay Area Counties	5.5	16.2	14.2	0.4	39.9		
		Alameda/CC Counties	10.7	15.6	15.4	0.5	46.2		
Quotation #: 1418	DATE:								
	4/9/2014								
R=Recommnd P=Prime S=Sub	Composition of Ownership	Number of Ethnic Minority Employees							
Company Name, Owner/Contact Person, Address, and Phone Number		B	H	A/PI	AI/AN	TOTAL	PERCENT	MSA %	
RP	PHC	Company Wide	3	3	2	2	10	38.5%	47.8%
Cenveo 705 N. Baldwin Park Blvd City of Industry, CA 91746 626-271-9253		Manager/Prof	1	1	1	1	4	133.3%	
		Technical/Sales	1	1	1	1	4	200.0%	
		Clerical/Skilled	1	1	-	-	2	11.8%	
		Semi/Unskilled	-	-	-	-	0	0.0%	
		Bay Area	2	2	-	-	4	26.7%	39.9%
		AA Plan on File:	NA		Date of last contract with District:		5/23/2013		
		Co. Wide MSA:	Los Angeles County		# Employees-Co. Wide:		26	Bay Area: 15	
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area						39.9%	
		Co. Wide MSA:			# Employees-Co. Wide:			Bay Area:	
P	Information not available	Company Wide							
JC Paper Norm Burroughs 47422 Kato Road Fremont, CA 94538 800-527-2737		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							
		Co. Wide MSA:			# Employees-Co. Wide:			Bay Area:	
P	WM - SBE	Company Wide	-	-	-	-	0	0.0%	37.3%
Sumrall Solutions, LLC Paul L. Sumrall 4524 Mapleplain Ave. Elk Grove, CA 95758 916-799-7285		Manager/Prof	-	-	-	-	0	0.0%	
		Technical/Sales	-	-	-	-	-	NA	
		Clerical/Skilled	-	-	-	-	-	NA	
		Semi/Unskilled	-	-	-	-	-	NA	
		Bay Area	-	-	-	-	-	NA	39.9%
		Co. Wide MSA:	Sacramento County		# Employees-Co. Wide:		1	Bay Area: 0	
P	WM - SBE	Company Wide	-	5	3	-	8	44.4%	53.9%
Admail Express, Inc. Brian Schott 31640 Hayman St. Hayward, CA 94544 510-471-6200		Manager/Prof	-	-	-	-	0	0.0%	
		Technical/Sales	-	-	1	-	1	20.0%	
		Clerical/Skilled	-	3	2	-	5	71.4%	
		Semi/Unskilled	-	2	-	-	2	100.0%	
		Bay Area	-	5	3	-	8	44.4%	39.9%
		Co. Wide MSA:	Alameda County		# Employees-Co. Wide:		18	Bay Area: 18	
P	EMM:H - SBE	Company Wide	-	1	-	-	1	50.0%	40.2%
Bash Boy Enterprises, Inc. Sebastian Juarez 834 Ensenada Court San Diego, CA 92109 866-484-4039		Manager/Prof	-	1	-	-	-	100.0%	
		Technical/Sales	-	-	-	-	-	NA	
		Clerical/Skilled	-	-	-	-	-	0.0%	
		Semi/Unskilled	-	-	-	-	-	NA	
		Bay Area	-	1	-	-	-	NA	39.9%
		Co. Wide MSA:	San Diego, CA		# Employees-Co. Wide:		2	Bay Area: 0	

WM=White Male, WW=White Women, EM=Ethnic Minority (Ethnicities: B=Black, H=Hispanic, A/PI=Asian/Pacific Islander, and AI/AN=American Indian/Alaskan Native)



AGENDA NO.
MEETING DATE

4A.
April 22, 2014

**TITLE CAMANCHE DRAINAGE IMPROVEMENTS AND CAMANCHE AND PARDEE
PIER INSTALLATION**

MOTION RESOLUTION ORDINANCE

RECOMMENDED ACTION

Award a contract to the lowest responsive/responsible bidder, K.W. Emerson, Inc., in the amount of \$718,411 for construction of Camanche Drainage Improvements and Camanche and Pardee Pier Installation under Specification 2065A.

SUMMARY

Work includes furnishing and installing flow measurement devices and improving drainage at Camanche Dike 2 relief well area; repairing Camanche main dam right abutment erosion; furnishing and installing concrete piers, mechanical supports, and power and electrical systems at Camanche and Pardee dams and dikes; and performing related required work as specified. This item was held over from the April 8, 2014 Board meeting.

DISCUSSION

Camanche and Pardee dams are located in the Sierra Foothills (see attached location map). The water from relief wells at Camanche Dike 2 stagnates at the toe of the dike and creates embankment safety issues. In December 2012, a rainstorm caused an erosion gully at the right abutment of the Camanche main dam. In consultation with the regulatory agencies, Federal Energy Regulatory Commission and the Division of Safety of Dams, this work will divert the Dike 2 flows away from the dike toe and repair the erosion gully to forestall further deterioration.

The existing survey methods for Camanche and Pardee dams are labor intensive, require high travel distances for District survey crew, and have limited accuracies. Work under this contract will construct the electrical and civil components, including cylindrical, reinforced concrete piers. The piers will support the state-of-the-art survey equipment, which will accurately survey the dams and will reduce costs associated with current survey systems for Pardee and Camanche dams. Board consideration of an agreement for GPS monitoring system services to furnish, test and install the survey equipment is the subject of a separate, companion Board document.

Funds Available: FY14-15; CIP #000748; Page 13		Budget Code: WSC\570\7999\5561\2007750:25\2007753:25
DEPARTMENT SUBMITTING Engineering and Construction	DEPARTMENT MANAGER or DIRECTOR Xavier J. Irias	APPROVED General Manager

Contact the Office of the District Secretary with questions about completing or submitting this form.

BID RESULTS

Bid documents were issued to 30 resource organizations and 24 prospective bidders. Seven bids were received, ranging from \$718,411 to \$943,100. The bid summary is attached. The engineer's estimate for this work is \$783,287.

The lowest responsive/responsible bidder, K.W. Emerson, Inc., is licensed to perform work in California, and is not on the Department of Industrial Relations debarment list. In the past five years, K.W. Emerson, Inc. has not filed a Government Code Claim against the District, and has not initiated any litigation against the District.

CONTRACT EQUITY PROGRAM EFFORTS

The completed P-035 and P-061 forms are attached.

FISCAL IMPACT

This item is included in the FY14-15 Capital Improvement Program for the Dam Surveillance Improvements Project under the Dam Safety Program.

PREVAILING WAGE

Work under this contract is subject to the payment of current prevailing wages according to determinations for each craft as established by the Director of Industrial Relations of the State of California.

UNION NOTIFICATION

Local 444 was notified of this contract on November 7, 2013. Local 444 issues were addressed at a meeting on December 4, 2013 and resolved.

CEQA/ENVIRONMENTAL COMPLIANCE

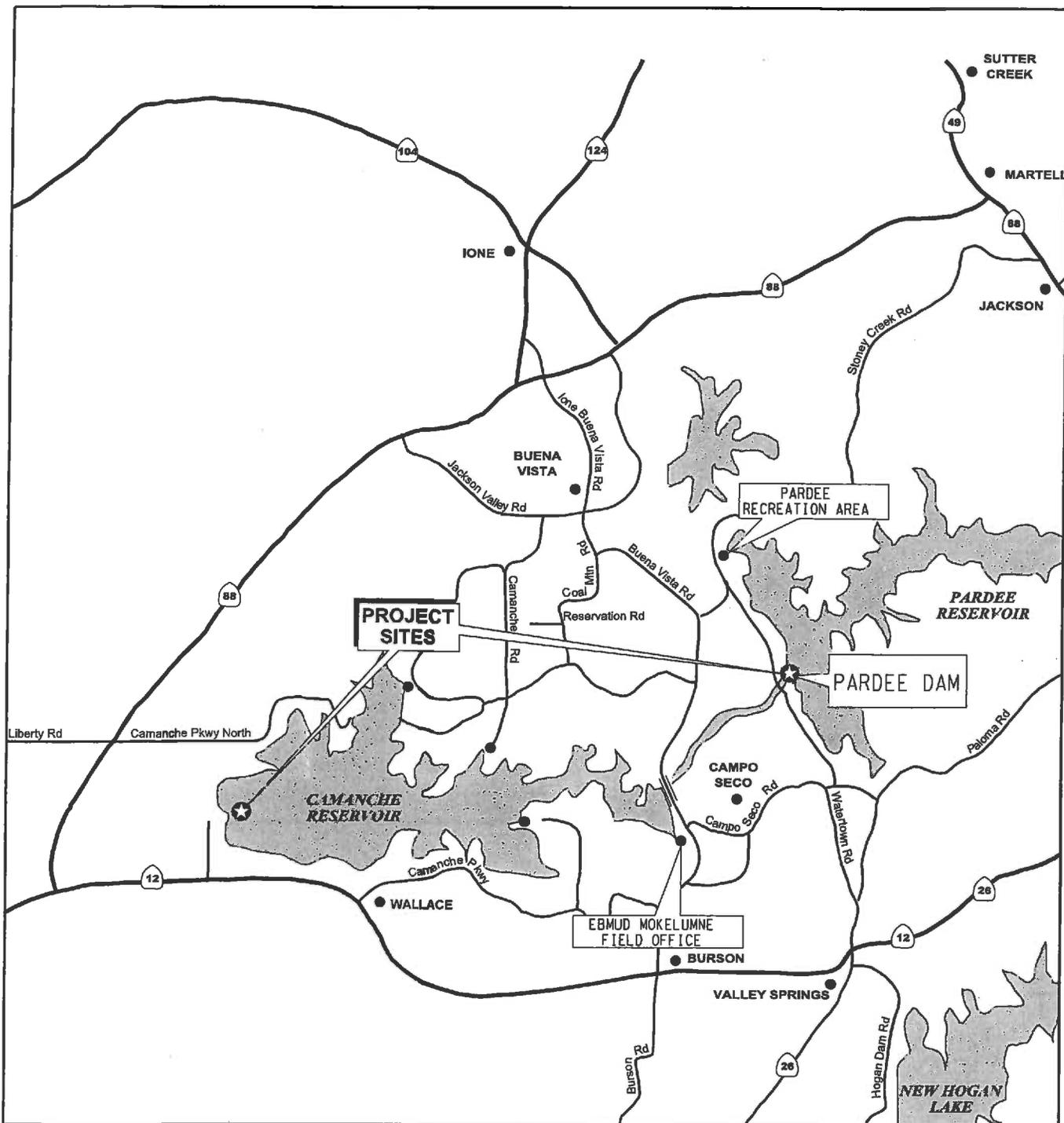
A Notice of Exemption was posted with the Amador County Clerk, Calaveras County Clerk, and San Joaquin County Clerks on December 10, 2013, December 9, 2013, and December 9, 2013, respectively.

ALTERNATIVES

Perform the work with District forces. This alternative is not recommended because the work is not consistent with the normal construction and maintenance activities of the District. Staff does not have the resources needed to construct the elements.

Do not perform the work. This alternative is not recommended because the drainage flows and erosion repair are required by the regulatory agencies in order to improve dam safety. The pilot survey work will improve survey accuracy, frequency, and efficiency. Cost savings will be realized by the District in implementing this work.

Attachments: Location Map
Bid Summary
Contract Equity Program Summary (P-035)
Affirmative Action Summary (P-061)



**PROJECT SITE
LOCATION MAP**

NOT TO SCALE

EAST BAY MUNICIPAL UTILITY DISTRICT

**CAMANCHE DRAINAGE IMPROVEMENTS
AND CAMANCHE AND PARDEE
PIER INSTALLATION**

SPECIFICATION 2065A

**EAST BAY MUNICIPAL UTILITY DISTRICT
 SPECIFICATION 2065A
 CAMANCHE DRAINAGE IMPROVEMENTS AND
 CAMANCHE AND PARDEE PIER INSTALLATION**

Bids Opened March 12, 2014

	BIDDER	TOTAL AMOUNT BID
1.	K. W. Emerson, Inc. (SBE) 413 W. Saint Charles St. San Andreas, CA 95249 (209) 754-3839	\$718,411 / \$682,490.45*
2.	Pacific Infrastructure Corp. (SBE) 435 Boulder Ct. Pleasanton, CA 94566 (925) 249-0011	\$763,000 / \$727,079.45*
3.	Ranger Pipelines Incorporated 1790 Yosemite Ave. San Francisco, CA 94124 (415) 822-3700	\$845,000
4.	Hobbs Construction, Inc. (SBE) 12357 N. Friant Rd. Fresno, CA 93730 (559) 434-6182	\$847,828 / \$811,907.45*
5.	Myers & Sons Construction, LP 4600 Northgate Blvd., Suite 100 Sacramento, CA 95834 (916) 283-9950	\$872,900
6.	Anvil Builders, Inc. (SBE) 1475 Donner Ave. San Francisco, CA 94124 (415) 285-5000	\$893,900 / \$857,979.45*
7.	Diede Construction, Inc. (SBE) 12393 N. Highway 99 W. Frontage Rd. Lodi, CA 95240 (209) 369-8255	\$943,100 / \$907,179.45*

SBE – Small Business Enterprise

* Effective Bid Amount due to SBE discount (5%, not to exceed \$250,000)

Engineer's Estimate:

\$783,287



CONTRACT EQUITY PROGRAM SUMMARY (P-035)

This summary contains information on the contractor's workforce and contract equity participation. (Completed by District)

TITLE SPECIFICATION NO.: 2065A Camanche Drainage Improvements and Camanche & Pardee Pier Installation	DATE: April 9, 2014
--	-------------------------------

CONTRACTOR:		PERCENTAGE OF CONTRACT DOLLARS		
K.W. Emerson, Inc. San Andreas, CA	Small Business	Availability Group	Contracting Objectives	Participation
BID/PROPOSER'S PRICE: \$718,411	FIRM'S OWNERSHIP		White Men	25%
	Ethnicity	Gender	White Women	9%
	White	Men	Ethnic Minorities	25%
			98.6%	1.4%
			0.0%	0.0%

CONTRACT EQUITY PARTICIPATION											
COMPANY NAME	ESTIMATED AMOUNT	ETHNICITY	GENDER		CONTRACTING PARTICIPATION						
			M	W	White-Men	White-Women	Ethnic Minorities	Unclassified	Publicly Held Corp.	Gov't/Non Profit	Foreign
PRIME: K.W. Emerson, Inc.	\$373,411	White	x		52.0%	--	--	--	--	--	--
SUBS: Gold Electrical, Inc.	\$335,000	White	X		46.6%	--	--	--	--	--	--
Applegate Teeple's Drilling	\$10,000	White		x	--	1.4%	--	--	--	--	--
					--	--	--	--	--	--	--
					--	--	--	--	--	--	--
					--	--	--	--	--	--	--
TOTAL	\$718,411				98.6%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%

CONTRACTOR'S WORKFORCES PROFILE (From P-025 Form)				
	White Men	White Women	Ethnic Minorities	Total Employees
No. of Employees:	18	1	13	32
Percent of Total Employees:	56.3%	3.1%	40.6%	
MSA Labor Market %:	28.0%	23.6%	48.4%	
MSA Labor Market Location:	California			

COMMENTS

Contract Equity Participation - 100% White Men participation.

Workforce Profile & Statement of Nondiscrimination Submitted	Good Faith Outreach Efforts Requirement Satisfied	Award Approval Recommended
NA	YES	



AFFIRMATIVE ACTION SUMMARY (P-061)

(Completed by District)

This summarizes information provided by the contractor(s)' P-025 Form regarding their workforce.

Title:		Ethnic Minority Percentages From U.S. Census Data							
			B	H	A/PI	AI/AN	TOTAL		
Camanche Drainage Improvements and Camanche & Pardee Pier Installation		National	10.5	10.7	3.7	0.7	27.3		
		9 Bay Area Counties	5.5	16.2	14.2	0.4	39.9		
		Alameda/CC Counties	10.7	15.6	15.4	0.5	46.2		
Spec. No.: 2065A	DATE:	4/9/2014							
R=Recmmd P=Prime S=Sub	Composition of Ownership	Number of Ethnic Minority Employees							
Company Name, Owner/Contact Person, Address, and Phone Number			B	H	A/PI	AI/AN	TOTAL	PERCENT	MSA %
RP	WM - SBE	Company Wide	-	10	-	-	10	31.3%	48.4%
K.W. Emerson, Inc. E. Jean Emerson 413 W. Saint Charles St. San Andreas, CA 95249 209-754-3839		Manager/Prof	-	-	-	-	0	0.0%	
		Technical/Sales	-	2	-	-	2	100.0%	
		Clerical/Skilled	-	2	-	-	2	12.5%	
		Semi/Unskilled	-	6	-	-	6	60.0%	
		Bay Area	-	-	-	-	-	NA	39.9%
AA Plan on File:		NA	Date of last contract with District:			3/19/2013			
Co. Wide MSA:		California	# Employees-Co. Wide:			32	Bay Area: 0		
S	WM - SBE	Company Wide	-	-	-	-	0	0.0%	48.4%
Gold Electric, Inc. Jim Heryford P.O. Box 1008 Murphys, CA 95247 209-728-3371		Manager/Prof	-	-	-	-	0	0.0%	
		Technical/Sales	-	-	-	-	-	NA	
		Clerical/Skilled	-	-	-	-	0	0.0%	
		Semi/Unskilled	-	-	-	-	0	0.0%	
		Bay Area	-	-	-	-	-	NA	39.9%
Co. Wide MSA:		California	# Employees-Co. Wide:			10	Bay Area: 0		
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
Co. Wide MSA:			# Employees-Co. Wide:				Bay Area:		
P	WM - L/SBE	Company Wide	-	1	-	-	1	10.0%	53.9%
Pacific Infrastructure Corporation Mark Jorgenson 435 Boulder Ct #200 Pleasanton, CA 94566 925-249-0011		Manager/Prof	-	-	-	-	0	0.0%	
		Technical/Sales	-	-	-	-	-	NA	
		Clerical/Skilled	-	-	-	-	0	0.0%	
		Semi/Unskilled	-	1	-	-	1	100.0%	
		Bay Area	-	1	-	-	1	10.0%	39.9%
Co. Wide MSA:		Alameda County	# Employees-Co. Wide:			10	Bay Area: 10		
P	WM	Company Wide	1	54	1	-	56	52.3%	44.0%
Ranger Pipelines Thomas Hunt 1790 Yosemite Ave San Francisco, CA 94124 415-822-3700		Manager/Prof	-	-	-	-	0	0.0%	
		Technical/Sales	-	-	-	-	0	0.0%	
		Clerical/Skilled	-	7	1	-	8	25.8%	
		Semi/Unskilled	1	47	-	-	48	84.2%	
		Bay Area	1	54	1	-	56	52.3%	39.9%
Co. Wide MSA:		San Francisco	# Employees-Co. Wide:			107	Bay Area: 107		
P	WM - SBE	Company Wide	-	3	-	-	3	60.0%	54.0%
Hobbs Construction Michael L. Hobbs 12357 N. Friant Road Fresno, CA 93730 559-434-6182		Manager/Prof	-	-	-	-	0	0.0%	
		Technical/Sales	-	-	-	-	-	NA	
		Clerical/Skilled	-	1	-	-	1	100.0%	
		Semi/Unskilled	-	2	-	-	2	66.7%	
		Bay Area	-	-	-	-	-	NA	39.9%
Co. Wide MSA:		Fresno	# Employees-Co. Wide:			5	Bay Area: 0		

WM=White Male, WW=White Women, EM=Ethnic Minority (Ethnicities: B=Black, H=Hispanic, A/PI=Asian/Pacific Islander, and AI/AN=American Indian/Alaskan Native)



AFFIRMATIVE ACTION SUMMARY (P-061)

(Completed by District)

This summarizes information provided by the contractor(s)' P-025 Form regarding their workforce.

Title: Camanche Drainage Improvements and Camanche & Pardee Pier Installation		Ethnic Minority Percentages From U.S. Census Data							
			B	H	A/PI	AI/AN			TOTAL
Spec. No.: 2065A		DATE: 4/9/2014	National		10.5	10.7	3.7	0.7	27.3
			9 Bay Area Counties		5.5	16.2	14.2	0.4	39.9
			Alameda/CC Counties		10.7	15.6	15.4	0.5	46.2
R=Recmmd P=Prime S=Sub	Composition of Ownership	Number of Ethnic Minority Employees							
Company Name, Owner/Contact Person, Address, and Phone Number			B	H	A/PI	AI/AN	TOTAL	PERCENT	MSA %
P	WM	Company Wide	1	46	2	1	50	40.3%	37.3%
Myers & Sons Construction, LP Clinton Myers 4600 Northgate Blvd. Suite 100 Sacramento, CA 95834 916-283-9950		Manager/Prof	-	2	-	1	3	15.8%	
		Technical/Sales	-	0	-	-	-	NA	
		Clerical/Skilled	-	24	2	-	26	38.8%	
		Semi/Unskilled	1	20	-	-	21	55.3%	
		Bay Area	-	-	-	-	-	-	NA
		Co. Wide MSA: Sacramento	# Employees-Co. Wide: 124				Bay Area: 0		
P	EMM - SBE	Company Wide	7	17	2	-	26	63.4%	44.0%
Anvil Builders Inc. Hien Manh Tran 1475 Donner Ave 2nd Floor San Francisco, CA 94124 415-285-5000		Manager/Prof	-	1	1	-	2	20.0%	
		Technical/Sales	-	-	-	-	-	NA	
		Clerical/Skilled	1	1	1	-	3	60.0%	
		Semi/Unskilled	6	15	-	-	21	80.8%	
		Bay Area	7	17	2	-	26	63.4%	39.9%
		Co. Wide MSA: San Francisco	# Employees-Co. Wide: 41				Bay Area: 41		
P	WM - SBE	Company Wide	-	26	1	1	28	29.5%	47.4%
Diède Construction, Inc. Steven L. Diède 12393 N. Highway 99 Lodi, CA 95240 209-369-8255		Manager/Prof	-	1	-	-	1	3.7%	
		Technical/Sales	-	-	-	-	0	0.0%	
		Clerical/Skilled	-	20	1	-	21	41.2%	
		Semi/Unskilled	-	5	-	1	6	50.0%	
		Bay Area	-	-	-	-	-	-	NA
		Co. Wide MSA: Stockton - Lodi	# Employees-Co. Wide: 95				Bay Area: 0		
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:	# Employees-Co. Wide:				Bay Area:		
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:	# Employees-Co. Wide:				Bay Area:		

WM=White Male, WW=White Women, EM=Ethnic Minority (Ethnicities: B=Black, H=Hispanic, A/PI=Asian/Pacific Islander, and AI/AN=American Indian/Alaskan Native)



AGENDA NO.
MEETING DATE

4B.

April 22, 2014

TITLE CAMANCHE AND PARDEE DAMS GPS MONITORING SYSTEM SERVICES

MOTION _____ RESOLUTION _____ ORDINANCE _____

RECOMMENDED ACTION

Authorize an agreement with Foundry Group, LLP, in an amount not to exceed \$727,300 for Camanche and Pardee Dams GPS Monitoring System Services during the period May 1, 2014 to April 30, 2015.

SUMMARY

This agreement includes furnishing, testing, and installing 35 Leica GPS stationary survey sensors and 34 ethernet radios at Camanche Dam and dikes, and at Pardee Dam; providing and configuring a server and software to interface with the District's information system for managing and presenting survey data; and preparing user manuals and training District employees to independently operate the system. This item was held over from the April 8, 2014 Board meeting.

DISCUSSION

The existing survey methods for Camanche and Pardee Dams require extensive labor, high travel distances, and tedious office computation by District survey crews. Currently, the dams are manually surveyed semi-annually with limited accuracies. The automatic survey pilot program will use state-of-the-art GPS technology to accurately survey the dams on a continuous basis in real time. This will improve the District's ability to monitor the safety of the dams. It will also reduce the survey workload associated with current survey methods. Board consideration of a contract that includes installation of the necessary pier foundations for the survey equipment is the subject of a separate, companion Board document.

SERVICE PROVIDER SELECTION

Requests for proposals were sent to five GPS survey specialty firms. The requests were also advertised on the District web site and in GPS World magazine. Two firms submitted proposals. Foundry Group was selected based on their lower cost, their extensive experience in establishing GPS survey systems for various projects similar to the Camanche and Pardee Dams and their ability to provide the necessary specialized service and understanding of the District's needs.

Funds Available: FY14-15; CIP #000748; Page 13		Budget Code: WSC\562\7999\5231\2007753:25
DEPARTMENT SUBMITTING Engineering and Construction	DEPARTMENT MANAGER or DIRECTOR Xavier J. Irias	APPROVED General Manager

Contact the Office of the District Secretary with questions about completing or submitting this form.

CONTRACT EQUITY PROGRAM EFFORTS

The completed P-035 and P-061 forms are attached.

FISCAL IMPACT

This item is included in the FY14-15 Capital Improvement Program for the Dam Surveillance Improvements Project under the Dam Safety Program.

PREVAILING WAGE

Work under this contract is subject to the payment of current prevailing wages according to determinations for each craft as established by the Director of Industrial Relations of the State of California.

UNION NOTIFICATION

This type of work is not performed by District forces and consequently union notification was not required.

CEQA/ENVIRONMENTAL COMPLIANCE

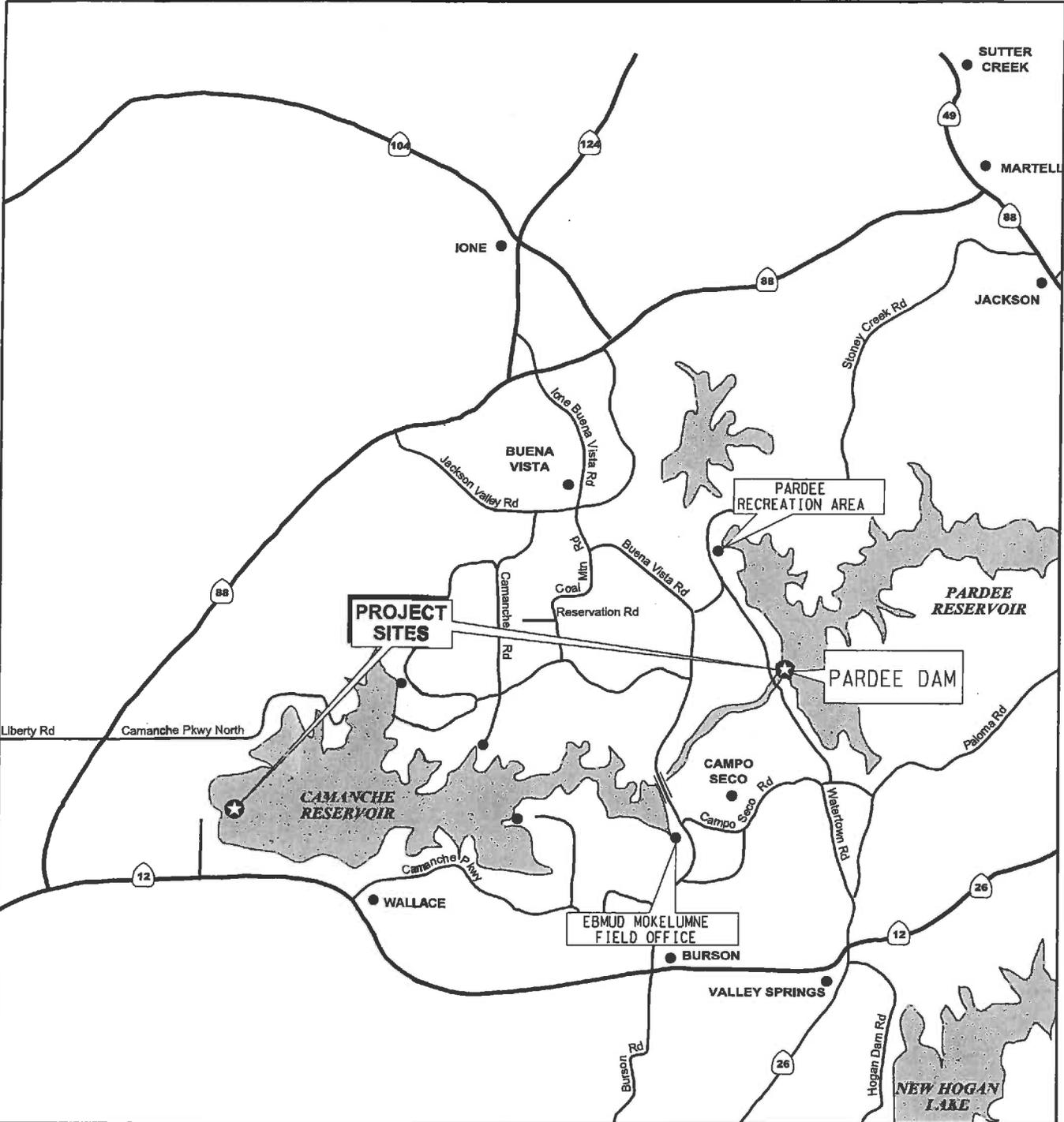
A Notice of Exemption was posted with the Amador County Clerk, Calaveras County Clerk, and San Joaquin County Clerk on December 10, 2013, December 9, 2013, and December 9, 2013, respectively.

ALTERNATIVES

Perform the work with District forces. This alternative is not recommended because the District does not have the expertise to install or configure the GPS survey system.

Do not perform the work. This alternative is not recommended because this pilot project will improve survey accuracy, frequency, and efficiency. Dam safety improvements will be realized by the District in implementing this work.

Attachments: Location Map
Contract Equity Program Summary (P-035)
Affirmative Action Summary (P-061)



**PROJECT SITE
LOCATION MAP**

NOT TO SCALE

EAST BAY MUNICIPAL UTILITY DISTRICT

**CAMANCHE AND PARDEE DAMS
GPS MONITORING SYSTEM SERVICES**



CONTRACT EQUITY PROGRAM SUMMARY (P-035)

This summary contains information on the contractor's workforce and contract equity participation. (Completed by District)

TITLE <i>Professional Services Agreement</i> Camanche and Pardee GPS Survey System Consulting Service	DATE: April 9, 2014
--	-------------------------------

CONTRACTOR: Foundry Group Reno, NV	PERCENTAGE OF CONTRACT DOLLARS		
	Availability Group	Contracting Objectives	Participation
BID/PROPOSER'S PRICE:	FIRM'S OWNERSHIP		
	Ethnicity	Gender	
\$727,300	White	Men	
	White Men	25%	100.0%
	White Women	6%	0.0%
	Ethnic Minorities	25%	0.0%

CONTRACT EQUITY PARTICIPATION											
COMPANY NAME	ESTIMATED AMOUNT	ETHNICITY	GENDER		CONTRACTING PARTICIPATION						
			M	W	White-Men	White-Women	Ethnic Minorities	Unclassified	Publicly Held Corp.	Gov't/Non Profit	Foreign
			PRIME: Foundry Group	\$727,300	White			100.0%	---	---	---
SUBS: None					---	---	---	---	---	---	---
TOTAL	\$727,300				100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CONTRACTOR'S WORKFORCES PROFILE (From P-025 Form)				
	White Men	White Women	Ethnic Minorities	Total Employees
No. of Employees:	6	1	1	8
Percent of Total Employees:	75.0%	12.5%	12.5%	
MSA Labor Market %:	37.8%	31.3%	30.9%	
MSA Labor Market Location:	Nevada			

COMMENTS

Contract Equity Participation -100% White Men participation.

Workforce Profile & Statement of Nondiscrimination Submitted	Good Faith Outreach Efforts Requirement Satisfied	Award Approval Recommended
ON FILE	NA	



AFFIRMATIVE ACTION SUMMARY (P-061)

(Completed by District)

This summarizes information provided by the contractor(s)' P-025 Form regarding their workforce.

Title: Camanche and Pardee GPS Survey System Consulting Service		Ethnic Minority Percentages From U.S. Census Data							
			B	H	A/PI	AI/AN	TOTAL		
Professional Services Agreement		DATE: 4/9/2014	National	10.5	10.7	3.7	0.7	27.3	
			9 Bay Area Counties	5.5	16.2	14.2	0.4	39.9	
			Alameda/CC Counties	10.7	15.6	15.4	0.5	46.2	
R=Recmnd P=Prime S=Sub	Composition of Ownership	Number of Ethnic Minority Employees							
Company Name, Owner/Contact Person, Address, and Phone Number			B	H	A/PI	AI/AN	TOTAL	PERCENT	MSA %
RP	WM	Company Wide	-	1	-	-	1	12.5%	30.9%
Foundry Group Cory Baldwin 5190 Neil Road, Suite 430 Reno, NV 89502 775-345-3453		Manager/Prof	-	-	-	-	0	0.0%	
		Technical/Sales	-	1	-	-	1	33.3%	
		Clerical/Skilled	-	-	-	-	0	0.0%	
		Semi/Unskilled	-	-	-	-	-	NA	
		Bay Area	-	-	-	-	-	NA	
		AA Plan on File:	NA	Date of last contract with District:		12/12/2012			
Co. Wide MSA:	Nevada	# Employees-Co. Wide:		8		Bay Area: 0			
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							
		Co. Wide MSA:		# Employees-Co. Wide:				Bay Area:	
P	EMM	Company Wide	1	4	22	-	27	79.4%	31.7%
Wang Technology Jennifer Wang 42 Washington Road Princeton Junction, NJ 08550 609-750-8860		Manager/Prof	-	1	14	-	15	78.9%	
		Technical/Sales	1	2	6	-	9	81.8%	
		Clerical/Skilled	-	1	2	-	3	75.0%	
		Semi/Unskilled	-	-	-	-	-	NA	
		Bay Area	-	-	-	-	-	NA	
		Co. Wide MSA:	New Jersey	# Employees-Co. Wide:		34		Bay Area: 0	
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							
		Co. Wide MSA:		# Employees-Co. Wide:				Bay Area:	
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							
		Co. Wide MSA:		# Employees-Co. Wide:				Bay Area:	
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							
		Co. Wide MSA:		# Employees-Co. Wide:				Bay Area:	

WM=White Male, WW=White Women, EM=Ethnic Minority (Ethnicities: B=Black, H=Hispanic, A/PI=Asian/Pacific Islander, and AI/AN=American Indian/Alaskan Native)



AGENDA NO.
MEETING DATE

5.
April 22, 2014

TITLE OAKPORT AND CASTENADA ELECTRIC SECURITY GATES

MOTION _____ RESOLUTION _____ ORDINANCE _____

RECOMMENDED ACTION

Award a contract to the lowest responsive/responsible bidder, 3D Datacom, in the amount of \$313,413.15 for construction of Oakport and Castenada electric security gates under Specification 2078.

SUMMARY

Work includes demolishing and replacing two existing security gates with new sliding electric gates equipped with dual-level entry and exit pedestals including card readers, intercoms and cameras, installing and retrofitting three existing doors with electronic access controls, integrating the new infrastructure into the existing District-wide security system, and performing related required work as shown on the drawings and specified in the contract.

DISCUSSION

The facilities at Oakport and Castenada have been subject to theft and unauthorized entry. The security upgrades under this contract will improve personnel safety and reduce the potential for equipment and property loss due to inadequate physical access control. Additionally, the District will achieve its long standing goal of having electric security gate access control at all of its staffed facilities.

BID RESULTS

Bid documents were issued to 15 prospective bidders. Four bids were received, ranging from \$313,413.15 to \$588,818.00. The bid summary is attached. The engineer's estimate for this work is \$504,424. The low bid is approximately 38 percent lower than the engineer's estimate and 23 percent lower than the second low bid amount. A major factor accounting for the differences is the low bidder's plan to perform most of the labor utilizing its own workforce.

The lowest responsive/responsible bidder, 3D Datacom, is licensed to perform work in California, and is not on the Department of Industrial Relations debarment list. In the past five years, 3D Datacom has not

Funds Available: FY14-15; CIP #1005899; Page 78		Budget Code: WSC\570\7999\5561\2008260:25
DEPARTMENT SUBMITTING Engineering and Construction	DEPARTMENT MANAGER or DIRECTOR Xavier J. Irias	APPROVED General Manager

Contact the Office of the District Secretary with questions about completing or submitting this form.

filed a Government Code Claim against the District, and has not initiated any litigation against the District.

On March 20, 2014, the second low bidder, Blocka Construction, Inc. (Blocka), protested the low bid submitted by 3D Datacom. Blocka asserted that 3D Datacom submitted a non-responsive and non-responsible bid. The District reviewed and investigated the points raised in the protest and determined 3D Datacom's bid to be responsive and responsible. The protest was therefore denied. Attached are copies of the bid protest letter dated March 20, 2014, and the District's response dated April 4, 2014.

CONTRACT EQUITY PROGRAM EFFORTS

The completed P-035 and P-061 forms are attached.

FISCAL IMPACT

This item is included in the FY14-15 Capital Improvement Program for the Vulnerability Assessment Security System Improvements Project under the Security Program.

PREVAILING WAGE

Work under this contract is subject to the payment of current prevailing wages according to determinations for each craft as established by the Director of Industrial Relations of the State of California.

UNION NOTIFICATION

Local 444 was notified of this contract on March 26, 2014. Local 444 did not raise any specific issues related to this contract.

CEQA/ENVIRONMENTAL COMPLIANCE

A Notice of Exemption was posted with the Alameda County Clerk and Contra Costa County Clerk on August 22, 2013 and August 20, 2013, respectively.

ALTERNATIVES

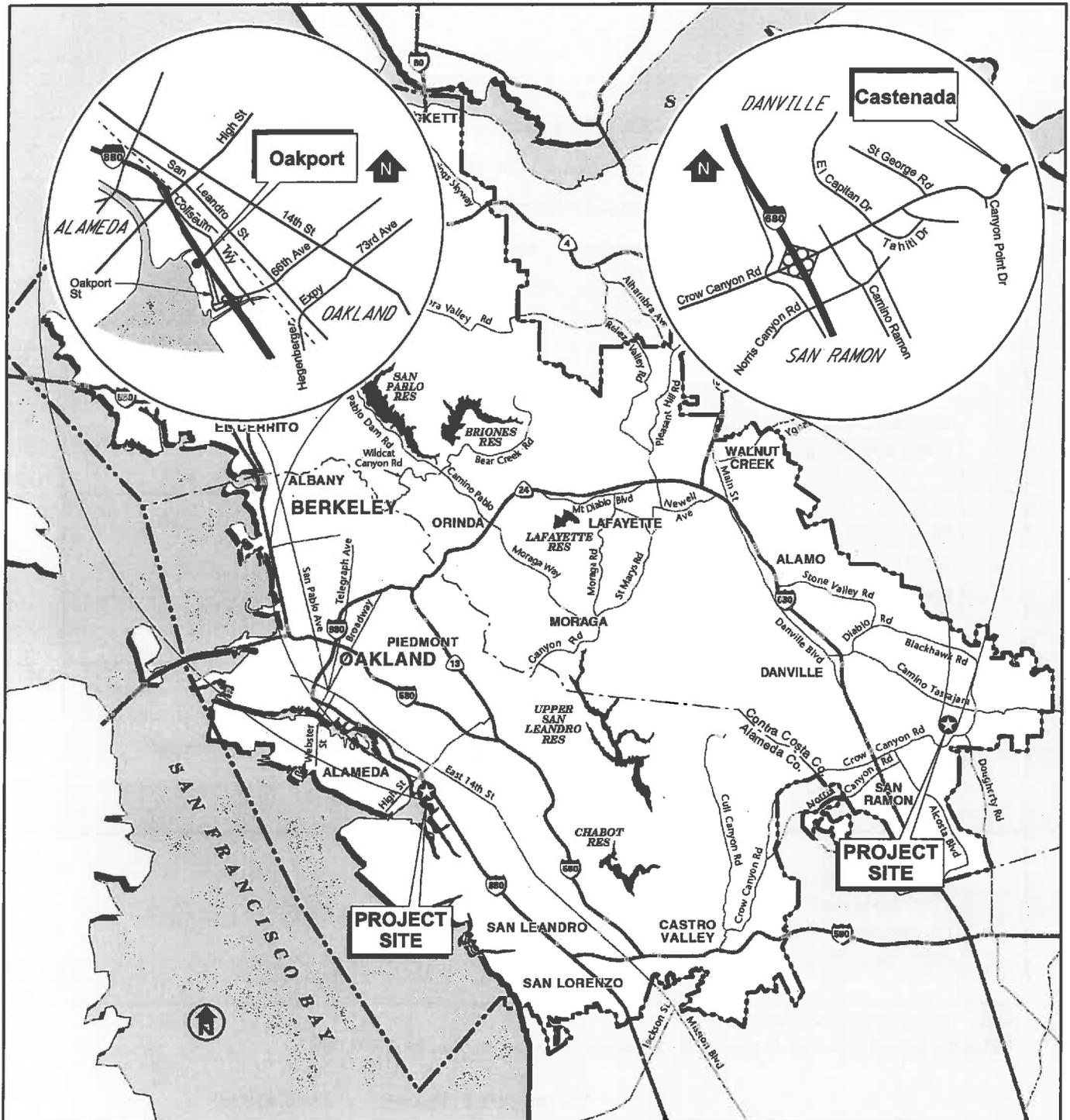
Do not perform the work. This alternative is not recommended because these facilities will remain vulnerable to theft and unauthorized entry.

Perform the work using District forces. This alternative is not recommended because this type of work is not consistent with the normal construction and maintenance activities of District forces and requires specialized expertise and certifications.

Oakport and Castenada Electric Security Gates
April 22, 2014
Page 3

Attachments: Location Map
Bid Summary
Blocka's Protest Letter dated March 20, 2014
District's Response to Blocka's Bid Protest dated April 4, 2014
Contract Equity Program Summary (P-035)
Affirmative Action Summary (P-061)

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**PROJECT SITE
LOCATION MAP**

NOT TO SCALE

EAST BAY MUNICIPAL UTILITY DISTRICT

**OAKPORT AND CASTENADA
ELECTRIC SECURITY GATE**

SPECIFICATION 2078

EAST BAY MUNICIPAL UTILITY DISTRICT
SPECIFICATION 2078
OAKPORT AND CASTENADA ELECTRIC SECURITY GATES
Bids Opened March 12, 2014

	BIDDER	TOTAL AMOUNT BID
1.	3D DATACOM 11365 Sunrise Gold Cir. Rancho Cordova, CA 95742 (916) 859-9111	\$313,413.15
2.	Blocka Construction, Inc. 4455 Enterprise St. Fremont, CA 94538 (510) 657-3686	\$407,000.00
3.	Cal Electro, Inc. (SBE) 3710 Electro Way Redding, CA 96002 (530) 223-5937	\$519,000.00 / 503,329.34*
4.	Tennyson Electric, Inc. (SBE) 7275 National Dr. Livermore, CA 94550 (925) 606-1038	\$588,818.00 / 573,147.34*

SBE – Small Business Enterprise

* Effective Bid Amount due to SBE discount (5%, not to exceed \$250,000)

Engineer's Estimate: \$504,424.00



Blocka Construction Inc.

*General Engineering Contractors
Industrial Mechanical & Electrical Construction*

4455 Enterprise Street,
Fremont, CA 94538
Tel: (510) 657-3686
Fax (510) 657-3688
E-mail: info@blockainc.com
CA License No. 679326

March 20, 2014

Director of Engineering & Construction
East Bay Municipal Utility District
P.O. Box 24055
Oakland, CA 94623-1055

To The Director of Engineering & Construction:

Re: Oakport and Castenada
Electrical Security Gates
Specification 2078
Formal Bid Protest; BCI Quote 7993

Please accept this letter as a formal Bid Protest in relation to the above-noted project. It is our opinion that the apparent low bidder, 3D Datacom is not the lowest responsible bidder for the following reasons:

1. 3D Datacom does not possess a D28 State of California Contractors License as of the date of the bid, as required per the Contractors' State License Board. Pursuant to Section 7028.15 of the Business and Professions Code of the State of California, bids submitted by Bidders that are not properly licensed will be considered nonresponsive and will be rejected. (See copy of D28 Classification attached.)
2. 3D Datacom did not list any Subcontractor that is in possession of a D28 State of California Contractors License. Their Subcontractor, Anchor Fence has a C-13 license, which does not allow them to install Automatic Gates.

3. 3D Datacom does not have a C-28 Lock & Security Equipment Contractors License and is not Software House Certified as required by Specification 01 11 00 - 1. In addition, their Subcontractor, Rexmoore, also does not have a C-28 Contractor's License and is also not Software House Certified for this work. (See copy of Q&A from EBMUD's website attached.)

In addition, it has come to our attention that 3D Datacom has not been paying their employees the correct CA Prevailing Wages on the project they undertook with the City of Lodi. Please see information provided by Thuy Pham at the Department of Industrial Relations for the State of California.

BCI has met all the required qualifications in the following manner:

Our Subcontractor, Electronic Innovations does possess a State of California D-28 Contractor's License. In addition, Electronic Innovations is utilizing the services of W. Bradley Electric (WBE) for their integration. WBE is Software House Certified.

Electronic Innovations has a lower tier Subcontractor, Rhinoceros Security who possesses a C-28 State of California Contractors License to satisfy the requirements outlined in Item 4 of the Q&A.

In view of all the reasons listed above, we believe that 3D Datacom's bid should be disqualified, and the project awarded to the lowest responsive, responsible bidder, Blocka Construction Inc.

If you have any questions or concerns, please do not hesitate to contact me. We look forward to hearing from you in due course.

Sincerely,


Jean Blocka
CFO/COO

cc: file

Department of Consumer Affairs
Contractors State License Board

D28 - Doors, Gates and Activating Devices Contractor

**California Code of Regulations
Division 8, Title 16, Article 3. Classification**

A doors, gates and activating devices contractor installs, modifies or repairs all types of residential, commercial or industrial doors including overhead or sliding door assemblies. This includes but is not limited to: wood and screen doors, metal-clad doors, glass sliding/stationary doors and frames, automatic revolving doors, hospital cubical doors and related installations, power activated doors, gates, movable sun shades/shutters, card activated equipment and other access control device and any low voltage electronic or manually operated door hardware/ device.

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Responses to all processed questions pertaining to Specification 2078 - Oakport and Castenada Electric Security Gates are shown below.

1. **Question:** Will there be any Good Faith Efforts?

Response: See Document 00 43 39. Good faith outreach efforts must be implemented by all bidders in the ten areas set forth in Section A. Section B provides an exemption from this requirement for bidders who meet the District's Contracting Objectives or obtain a waiver from the District's Contract Equity Administrator.

2. **Question:** Since this project is mainly electrical related is there a possibility that a C-10 license holder be a prime contractor on this job?

Response: The District will relax the requirement for the Contractor to have a Class A General Engineering Contractor's License, and instead require only a Class B General Building Contractor's License. However, possession of only a C10 License by the Prime Contractor is not acceptable. See forthcoming addendum.

3. **Question:** It appears that the scope of work would be better suited for a General Contractor (B-1). There is not enough civil work or other class A engineering work to require an A license. Would it be ok to bid this project under a General Contractor's license?

Response: See Q/A 2.

4. **Question:** Specifications require that the low voltage work be performed by a contractor with a C-28 license. However, we are unable to locate a contractor with a C-28 license who is also a Software House certified integrator. Is it possible to revise the specification to allow a C-7 licensed contractor to also perform the work. Most low voltage subcontractors have a C-7 license and not C-28 license. This would allow more low voltage subcontractors the opportunity to bid the project.

Response: The District will allow either the Security System Supplier (SSS) OR the subcontractor(s) to possess a C-28 License. This means a subcontractors working on the low-voltage components of the system do not have to possess a C-28 License. Additionally, the District will remove the requirement for the persons performing integration programming and screen development to possess a C-28 License. See forthcoming addendum.

Subject: 3d Data Com # 40-35872/149
From: Chantelle Limnios <CLimnios@nceci.info>
Date: 3/19/2014 10:47 AM
To: <GCorona@nceci.info>

Hi George,
Please read the email chain below for info on restitution payments that resulted from the Awarding Body's (City of Lodi) internal audit of 3D data com payroll.

Chantelle Limnios

Labor Compliance Specialist
Northern California Electrical Construction Industry - LMCT
6250 Village Parkway, Suite 250
Dublin, CA 94568
925/556-0163 Office
925/556-0165 Fax
CLimnios@nceci.info

From: Pham, Thuy@DIR [mailto:TPham@dir.ca.gov]
Sent: Thursday, March 06, 2014 11:12 AM
To: Chantelle Limnios
Cc: Kim, Christopher@DIR
Subject: RE: Insufficient evidence response letter # 40-35872/149

Hi Chantelle,

Please see the below list.

Matthew Helton - \$172.89
William Moss - \$540.62
Frank Pedersen III - \$505.49
Eric Powell - \$ 715.39
Justin Whitton - \$426.40 and 106.31

Thank you.

Thuy

From: Kim, Christopher@DIR [mailto:CKim@dir.ca.gov]
Sent: Thursday, March 06, 2014 7:32 AM
To: Chantelle Limnios
Cc: Pham, Thuy@DIR
Subject: RE: Insufficient evidence response letter # 40-35872/149

Thuy,

Please provide Chantelle with the retention amounts paid to the workers.

Christopher H. Kim
Deputy Labor Commissioner 3

Public Works / CMU
Ph: (916)263-2899
fax: (916)263-5606

The foregoing has been provided for informational purposes only and does not constitute legal advice. Information contained here may not be relied upon or used as an official opinion of the Division of Labor Standards Enforcement (DLSE) in any forum. Access to, transmission or receipt of, or reliance upon this information from the DLSE does not create, and is not intended to create, an attorney/client relationship between you or any other person and the DLSE or between you or any other person.

From: Chantelle Limnios [<mailto:CLimnios@nceci.info>]
Sent: Wednesday, March 05, 2014 3:09 PM
To: Kim, Christopher@DIR
Subject: RE: Insufficient evidence response letter # 40-35872/149

Can you please tell me the amount of the restitution that was paid to the workers?

Thank you!

Chantelle Limnios
Labor Compliance Specialist
Northern California Electrical Construction Industry - LMCT
6250 Village Parkway, Suite 250
Dublin, CA 94568
925/556-0163 Office
925/556-0165 Fax
CLimnios@nceci.info

From: Kim, Christopher@DIR [<mailto:CKim@dir.ca.gov>]
Sent: Wednesday, March 05, 2014 1:07 PM
To: Chantelle Limnios
Subject: RE: Insufficient evidence response letter # 40-35872/149

Good afternoon Chantelle,

Yes, I have followed up with the assigned investigator Thuy Pham. She had explained that the Awarding Body conducted an internal audit of the affected contractor and prompted restitution payments. These payments occurred prior to the commencement of the DLSE investigation and thus as a result the case was closed. It appears as if the explanatory option chosen to close the case under "insufficient evidence" was not very clear as to the reasons why she had closed the case. Hope this helps. Let me know if there is anything else I can help with. Thanks.

Christopher H. Kim
Deputy Labor Commissioner 3
Public Works / CMU
Ph: (916)263-2899
fax: (916)263-5606

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From: Chantelle Linnios [<mailto:CLinnios@nceci.info>]
Sent: Wednesday, March 05, 2014 12:27 PM
To: Kim, Christopher@DIR
Subject: RE: Insufficient evidence response letter # 40-35872/149

Hi Chris,

I wanted to follow up with you regarding your response to the notice of insufficient evidence we received on this complaint. We have a meeting next week focusing specifically on low voltage contractors so we really need an update on this case before then.

Thank you!

Chantelle Linnios
Labor Compliance Specialist
Northern California Electrical Construction Industry - LMCT
6250 Village Parkway, Suite 250
Dublin, CA 94568
925/556-0163 Office
925/556-0165 Fax
CLinnios@nceci.info

VIA FAX AND CERTIFIED MAIL

April 4, 2014

Ms. Jean Blocka, CFO/COO
Blocka Construction, Inc.
4455 Enterprise Street
Fremont, CA 94538

Re: Specification 2078 - Oakport and Castenada Electric Security Gates;
Bid Protest

Dear Ms. Blocka:

We have reviewed the points raised in your bid protest letter dated March 20, 2014 and determined that there is no basis to deem 3D Datacom's bid non-responsive nor non-responsible.

Specifically, you raised three points with respect to the apparent low bid:

1. You believe 3D Datacom does not have a D28 license and the bid submitted by 3D Datacom should be considered non-responsible.
2. You believe 3D Datacom did not list a D28 subcontractor and its fence subcontractor, who has a C-13 license, is not licensed to install automatic gates.
3. You believe neither 3D Datacom nor its subcontractor, Rex Moore Group, possess a C-28 contractor license and/or Software House certified as required in the Contract Documents.

Our findings and conclusions in response to these points are as follows:

1. The Contract Documents do not require the prime contractor to possess a D28 license. 3D Datacom, who possesses a Class B license, meets the license requirement specified in the Notice to Contractors, which was revised through Addendum No. 1.
2. Neither the Contract Documents nor State Law require the prime contractor or its subcontractor performing the gate work for this project to possess a D28 contractor

Ms. Jean Blocka, CFO/COO
Blocka Construction, Inc.
Page 2

license. The D28 license description from the Contractors State License Board only describes the work of a D28 licensed contractor; it does not state that gate work can only be performed by a contractor possessing a D28 license.

California Code of Regulations §832.61 Paragraph (d) states that "*A specialty contractor, other than a C-61 contractor, may perform work within the field and scope of the operations of Classification C-61, provided the work is consistent with established usage and procedure in the construction industry and is related to the specialty contractor's classification.*" Anchor Fence Company, Inc., a listed subcontractor of 3D Datacom, possesses a C-13 specialty contractor license. Anchor Fence Company, Inc. is therefore allowed to perform the work of a D28 (a subset of C-61) contractor and the gate work specified in the Contract Documents.

3. We received an email from Rex Moore Group, subcontractor of 3D Datacom, informing us that Rex Moore Group included a C-28 subcontractor in its scope of work quoted to 3D Datacom for this project. Rex Moore Group also provided a letter from Software House indicating that Rex Moore Group is a certified partner of Software House.

After review of the above materials, East Bay Municipal Utility District (EBMUD) finds that the low bid complies with EBMUD's bidding requirements. The bid is therefore responsive and responsible.

Based on our findings, Blocka Construction, Inc.'s bid protest is hereby denied. Should you wish to file an appeal of this determination, you have five working days from the receipt of this letter to set forth your grounds for appeal in accordance with Article 20 of the Instructions to Bidders.

In addition, you also mentioned about the City of Lodi's project prevailing wage issue in your bid protest letter. Please be assured that Specification 2078 is a public works contract, on which prevailing wages and a payment bond are required. As with all of its contracts, EBMUD actively enforces its contracts in accordance with the law.

Sincerely,



Xavier J. Irias
DIRECTOR OF ENGINEERING AND CONSTRUCTION

XJI:JKT:mmy



CONTRACT EQUITY PROGRAM SUMMARY (P-035)

This summary contains information on the contractor's workforce and contract equity participation. (Completed by District)

TITLE SPECIFICATION NO.: 2078 Oakport & Castenada Electric Security Gates						DATE: March 24, 2014							
CONTRACTOR: 3D Datacom Rancho Cordova, CA				PERCENTAGE OF CONTRACT DOLLARS									
BID/PROPOSER'S PRICE: \$313,413		FIRM'S OWNERSHIP		White Men 25%		Contracting Objectives 9%		Participation 100.0%		White Women 9%		0.0%	
Ethnicity White		Gender Men		Ethnic Minorities 25%		25%		0.0%		0.0%			
CONTRACT EQUITY PARTICIPATION													
COMPANY NAME		ESTIMATED AMOUNT	ETHNICITY	GENDER		CONTRACTING PARTICIPATION							
				M	W	White-Men	White-Women	Ethnic Minorities	Unclassified	Publicly Held Corp.	Gov't/Non Profit	Foreign	
PRIME: 3D Datacom		\$172,099	White	x		54.9%	--	--	--	--	--	--	
SUBS: Anchor Fence Company, Inc.		\$88,388	White	x		28.2%	--	--	--	--	--	--	
Hudson Excavation, Inc.		\$17,000	White	x		5.4%	--	--	--	--	--	--	
Rex Moore		\$35,926	White	x		11.5%	--	--	--	--	--	--	
TOTAL		\$313,413				100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
CONTRACTOR'S WORKFORCES PROFILE (From P-025 Form)													
			White Men		White Women		Ethnic Minorities		Total Employees				
No. of Employees:			85		15		15		115				
Percent of Total Employees:			73.9%		13.0%		13.0%						
MSA Labor Market %:			32.7%		30.0%		37.3%						
MSA Labor Market Location:			Sacramento County										
COMMENTS													
<i>Contract Equity Participation - 100% White Men participation.</i>													
Workforce Profile & Statement of Nondiscrimination Submitted				Good Faith Outreach Efforts Requirement Satisfied				Award Approval Recommended					
NA				YES									



AFFIRMATIVE ACTION SUMMARY (P-061)

(Completed by District)

This summarizes information provided by the contractor(s)' P-025 Form regarding their workforce.

Title: Oakport & Castenada Electric Security Gates		Ethnic Minority Percentages From U.S. Census Data					TOTAL			
		B	H	A/PI	AI/AN					
National		10.5	10.7	3.7	0.7	27.3				
Spec. No.: 2078		DATE: 3/24/2014		9 Bay Area Counties		5.5	16.2	14.2	0.4	39.9
R=Recommd P=Prime S=Sub		Composition of Ownership		Alameda/CC Counties		10.7	15.6	15.4	0.5	46.2
Company Name, Owner/Contact Person, Address, and Phone Number		Number of Ethnic Minority Employees								
		B	H	A/PI	AI/AN	TOTAL	PERCENT	MSA %		
RP	WM	Company Wide		2	9	3	1	15	13.0%	37.3%
3D Datacom Mark Petersen 11365 Sunrise Gold Cr. Rancho Cordova, CA 95742 916-859-9111		Manager/Prof		-	-	1	-	1	7.1%	
		Technical/Sales		2	9	2	1	14	16.1%	
		Clerical/Skilled		-	-	-	-	0	0.0%	
		Semi/Unskilled		-	-	-	-	0	0.0%	
		Bay Area		-	5	1	-	6	40.0%	
AA Plan on File:		NA		Date of last contract with District:		NA				
Co. Wide MSA:		Sacramento County		# Employees-Co. Wide:		115	Bay Area:	15		
S	WM	Company Wide		-	8	-	-	8	50.0%	48.3%
Anchor Fence Company, Inc. John Stoich 1015 E. Market Street Daly City, CA 94011 650-757-2140		Manager/Prof		-	-	-	-	0	0.0%	
		Technical/Sales		-	-	-	-	0	0.0%	
		Clerical/Skilled		-	-	-	-	0	0.0%	
		Semi/Unskilled		-	8	-	-	8	100.0%	
		Bay Area		-	8	-	-	8	50.0%	
Co. Wide MSA:		San Francisco County		# Employees-Co. Wide:		16	Bay Area:	16		
		Company Wide								
		Manager/Prof								
		Technical/Sales								
		Clerical/Skilled								
		Semi/Unskilled								
		Bay Area								39.9%
		Co. Wide MSA:		# Employees-Co. Wide:			Bay Area:			
P	WM - SBE	Company Wide		-	29	1	-	30	52.6%	53.9%
Tennyson Electric, Inc. Michael A. Tennyson 7275 National Dr., Suite A2 Livermore, CA 94550 925-606-1038		Manager/Prof		-	10	-	-	10	40.0%	
		Technical/Sales		-	6	-	-	6	60.0%	
		Clerical/Skilled		-	1	1	-	2	33.3%	
		Semi/Unskilled		-	12	-	-	12	75.0%	
		Bay Area		-	29	1	-	30	52.6%	
Co. Wide MSA:		Alameda County		# Employees-Co. Wide:		57	Bay Area:	57		
P	WM	Company Wide		2	9	4	-	15	22.4%	53.9%
Blocka Construction, Inc. Patricia Jean Blocka 4455 Enterprise St. Fremont, CA 94538 510-657-3686		Manager/Prof		-	-	-	-	0	0.0%	
		Technical/Sales		-	-	-	-	-	NA	
		Clerical/Skilled		2	8	3	-	13	24.5%	
		Semi/Unskilled		-	1	1	-	2	66.7%	
		Bay Area		2	9	4	-	15	26.8%	
Co. Wide MSA:		Alameda County		# Employees-Co. Wide:		67	Bay Area:	56		
P	WM - SBE	Company Wide		2	1	-	1	4	8.2%	11.9%
Cal Electro Inc. Clint Meissner. 3170 Electro Way Redding, CA 96002 530-223-5937		Manager/Prof		-	-	-	-	0	0.0%	
		Technical/Sales		-	-	-	-	-	NA	
		Clerical/Skilled		2	1	-	1	4	8.9%	
		Semi/Unskilled		-	-	-	-	0	0.0%	
		Bay Area		-	-	-	-	-	NA	
Co. Wide MSA:		Shasta County		# Employees-Co. Wide:		49	Bay Area:	0		

WM=White Male, WW=White Women, EM=Ethnic Minority (Ethnicities: B=Black, H=Hispanic, A/PI=Asian/Pacific Islander, and AI/AN=American Indian/Alaskan Native)



AGENDA NO.
MEETING DATE

6.
April 22, 2014

TITLE I-80/SAN PABLO DAM ROAD INTERCHANGE PIPELINE RELOCATION

MOTION _____ RESOLUTION _____ ORDINANCE _____

RECOMMENDED ACTION

Award a contract to the lowest responsive/responsible bidder, Mountain Cascade, Inc. (MCI), in the amount of \$1,897,950 for construction of the I-80/San Pablo Dam Road Interchange Pipeline Relocation under Specification 2082.

SUMMARY

Work includes furnishing and installing approximately 715 feet of 24-inch to 72-inch diameter steel pipeline and approximately 13 feet of 42-inch reinforced concrete pipe casing extension in El Portal Drive and filling approximately 140 feet of abandoned 24-inch diameter pipeline and approximately 535 feet of abandoned 54-inch diameter pipeline with controlled density fill. The project also includes installation of approximately 314 feet of 4-inch to 12-inch diameter sanitary sewer pipelines and associated man holes, which are in conflict with the District's relocation work, as discussed below. See attached location map for project location.

DISCUSSION

Contra Costa Transportation Authority (CCTA), in partnership with the State of California, proposes to construct improvement work on Highway 80 and nearby feeder roadways between El Portal Drive and McBryde Avenue in the City of San Pablo. The District owns and maintains 54-inch and 24-inch diameter water mains and associated appurtenances on El Portal Drive and existing reinforced concrete pipe (RCP) casings on the 24-inch water main which need to be relocated and extended to accommodate CCTA's project. The 54-inch water main will be upgraded to a 72-inch water main to match the District's future capacity needs. A 12-inch sanitary sewer crosses the new 72-inch water main alignment in two locations. In order to reduce the depth of the new 72-inch water main, the District included this portion of the sewer relocation work in this contract, and the District will enter into a separate agreement with the West County Wastewater District to define responsibilities for this portion of the relocation project.

Funds Available: FY14-15; CIP # 000108; Page 32		Budget Code: WSC\570\7999\5561\0446280
DEPARTMENT SUBMITTING Engineering and Construction	DEPARTMENT MANAGER or DIRECTOR Xavier J. Irias	APPROVED General Manager

Contact the Office of the District Secretary with questions about completing or submitting this form.

BID RESULTS

Bid documents were issued to 30 resource organizations and 24 prospective bidders. Eight bids were received, ranging from \$1,897,950 to \$2,864,400. The bid summary is attached. The engineer's estimate for this work is \$2,250,808.

The lowest responsive/responsible bidder, MCI is licensed to perform work in California and is not on the Department of Industrial Relations debarment list. In the past five years, MCI has filed a claim against the District for loss of income on July 5, 2011 and was paid \$3,062.43. MCI has not initiated any litigation against the District.

CONTRACT EQUITY PROGRAM EFFORTS

The completed P-035 and P-061 forms are attached.

FISCAL IMPACT

Funding responsibility is currently under dispute with CCTA. The District believes that CCTA is responsible for all of the District's pipeline relocation costs. Until the dispute can be resolved, the District and CCTA have agreed to enter into a Utility Agreement which requires CCTA to initially fund and reimburse the District for all of its relocation costs.

This item is included in the FY14-15 Capital Improvement Program for the Pipeline Relocations Project under the Pipeline/Regulators Program.

PREVAILING WAGE

Work under this contract is subject to the payment of current prevailing wages according to determinations for each craft as established by the Director of Industrial Relations of the State of California.

UNION NOTIFICATION

Local 444 was notified of the contract on January 16, 2014. Local 444 did not raise any specific issues related to this contract.

CEQA/ENVIRONMENTAL COMPLIANCE

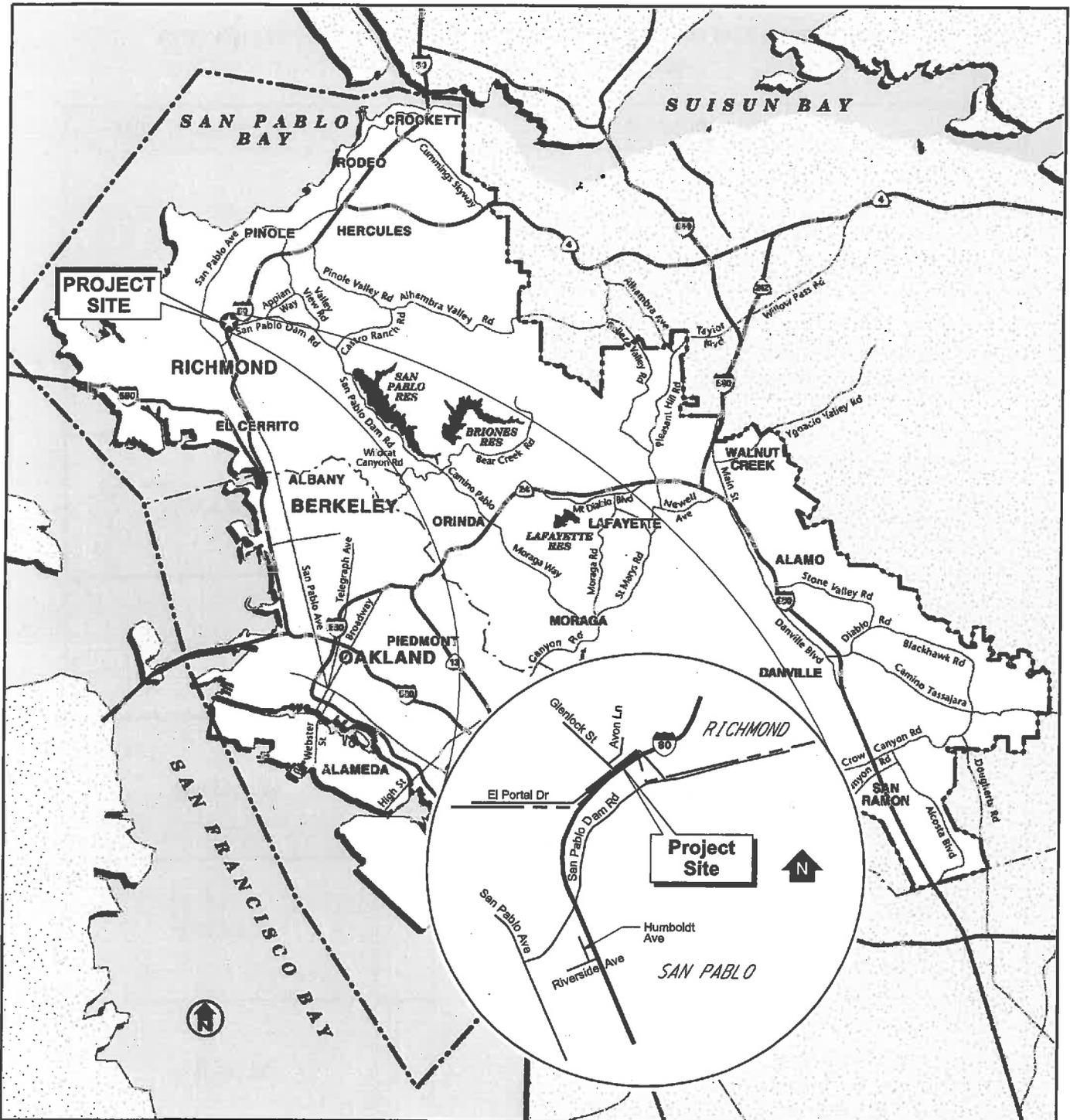
California Department of Transportation (State) in cooperation with CCTA prepared a study with a Mitigated Negative Declaration and Environmental Assessment for the I-80/San Pablo Dam Road Interchange Project. The study has determined that this project will have no significant impact.

ALTERNATIVES

Do not perform the work. This alternative is not recommended because District facilities are in conflict with CCTA's project, and CCTA has agreed to reimburse the District for all relocation costs, pending resolution of the cost liability dispute. CCTA has also already agreed to pay for the cost to relocate the portion of the District's pipe located outside of the State's new freeway right of way.

Work performed by District forces. This alternative is not recommended due to large diameter pipe size, sanitary sewer relocation work and an extremely tight schedule.

Attachments: Location Map
Bid Summary
Contract Equity Program Summary (P-035)
Affirmative Action Summary (P-061)



**PROJECT SITE
LOCATION MAP**

NOT TO SCALE

EAST BAY MUNICIPAL UTILITY DISTRICT

**I-80 / SAN PABLO DAM ROAD
INTERCHANGE PIPELINE RELOCATION**

SPECIFICATION 2082

**EAST BAY MUNICIPAL UTILITY DISTRICT
SPECIFICATION 2082
I-80/SAN PABLO DAM ROAD INTERCHANGE PIPELINE RELOCATION
Bids Opened March 26, 2014**

	BIDDER	TOTAL AMOUNT BID
1.	Mountain Cascade, Inc. 555 Exchange Ct. Livermore, CA 94550 (925) 373-8370	\$1,897,950
2.	JMB Construction, Inc. 132 South Maple Ave. South San Francisco, CA 94080 (650) 267-5300	\$2,145,000
3.	McGuire and Hester 9009 Railroad Ave. Oakland, CA 94603 (510) 632-7676	\$2,232,798
4.	J&M, Inc. 6700 National Dr. Livermore, CA 94550 (925) 724-0300	\$2,334,060
5.	Proven Management, Inc. 712 Sansome St. San Francisco, CA 94111 (415) 421-9500	\$2,365,000
6.	Ranger Pipelines, Inc. 1790 Yosemite Ave. San Francisco, CA 94124 (415) 822-3700	\$2,682,500
7.	Preston Pipelines, Inc. 133 Bothelo Ave. Milpitas, CA 95035 (408) 262-1418	\$2,689,000
8.	Con-Quest Contractors, Inc. (SBE) 290 Toland St. San Francisco, CA 94124 (415) 206-0524	\$2,864,400 / 2,769,502.50*

SBE – Small Business Enterprise

*Effective Bid Amount due to SBE discount (5%, not to exceed \$250,000)

Engineer's Estimate: \$2,250,808



CONTRACT EQUITY PROGRAM SUMMARY (P-035)

This summary contains information on the contractor's workforce and contract equity participation. (Completed by District)

TITLE SPECIFICATION NO.: 2082 I-80/San Pablo Dam Road Interchange Pipeline Relocation	DATE: April 7, 2014
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CONTRACTOR: Mountain Cascade, Inc. Livermore, CA	PERCENTAGE OF CONTRACT DOLLARS												
Local Business	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; padding: 5px;">Availability Group</td> <td style="width: 33%; padding: 5px;">Contracting Objectives</td> <td style="width: 33%; padding: 5px;">Participation</td> </tr> <tr> <td style="padding: 5px;">White Men</td> <td style="padding: 5px;">25%</td> <td style="padding: 5px;">95.3%</td> </tr> <tr> <td style="padding: 5px;">White Women</td> <td style="padding: 5px;">9%</td> <td style="padding: 5px;">4.7%</td> </tr> <tr> <td style="padding: 5px;">Ethnic Minorities</td> <td style="padding: 5px;">25%</td> <td style="padding: 5px;">0.0%</td> </tr> </table>	Availability Group	Contracting Objectives	Participation	White Men	25%	95.3%	White Women	9%	4.7%	Ethnic Minorities	25%	0.0%
Availability Group	Contracting Objectives	Participation											
White Men	25%	95.3%											
White Women	9%	4.7%											
Ethnic Minorities	25%	0.0%											
BID/PROPOSER'S PRICE: \$1,897,950	FIRM'S OWNERSHIP	White Men	25%	95.3%									
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Ethnicity</td> <td style="width: 50%; padding: 5px;">Gender</td> </tr> <tr> <td style="padding: 5px;">White</td> <td style="padding: 5px;">Men</td> </tr> </table>	Ethnicity	Gender	White	Men	White Women	9%	4.7%					
Ethnicity	Gender												
White	Men												
		Ethnic Minorities	25%	0.0%									

CONTRACT EQUITY PARTICIPATION											
COMPANY NAME	ESTIMATED AMOUNT	ETHNICITY	GENDER		CONTRACTING PARTICIPATION						
			M	W	White-Men	White-Women	Ethnic Minorities	Unclassified	Publicly Held Corp.	Gov't/Non Profit	Foreign
PRIME:											
Mountain Cascade, Inc.	\$1,080,450	White	x		56.9%	--	--	--	--	--	--
SUBS:											
Bayside Stripe & Seal	\$10,500	White	x		0.6%	--	--	--	--	--	--
Cell-Create	\$25,000	White	x		1.3%	--	--	--	--	--	--
Arroyo Trucking, Inc.	\$90,000	White		x	--	4.7%	--	--	--	--	--
California Pipe Fabricators	\$692,000	White	x		36.5%	--	--	--	--	--	--
TOTAL	\$1,897,950				95.3%	4.7%	0.0%	0.0%	0.0%	0.0%	0.0%

CONTRACTOR'S WORKFORCES PROFILE (From P-025 Form)				
	White Men	White Women	Ethnic Minorities	Total Employees
No. of Employees:	129	14	105	248
Percent of Total Employees:	52.0%	5.6%	42.3%	
MSA Labor Market %:	32.3%	27.8%	39.9%	
MSA Labor Market Location:	9 Bay Area Counties			

COMMENTS

Contract Equity Participation - 95.3% White Men participation and 4.7% White Women participation.

Workforce Profile & Statement of Nondiscrimination Submitted	Good Faith Outreach Efforts Requirement Satisfied	Award Approval Recommended
NA	YES	



AFFIRMATIVE ACTION SUMMARY (P-061)

(Completed by District)

This summarizes information provided by the contractor(s)' P-025 Form regarding their workforce.

Title:		Ethnic Minority Percentages From U.S. Census Data							
			B	H	A/PI	AI/AN	TOTAL		
I-80/San Pablo Dam Road Interchange Pipeline Relocation		National	10.5	10.7	3.7	0.7	27.3		
		9 Bay Area Counties	5.5	16.2	14.2	0.4	39.9		
		Alameda/CC Counties	10.7	15.6	15.4	0.5	46.2		
Spec. No.:	2082	DATE:	4/7/2014						
R=Recomm P=Prime S=Sub	Composition of Ownership	Number of Ethnic Minority Employees							
Company Name, Owner/Contact Person, Address, and Phone Number			B	H	A/PI	AI/AN	TOTAL	PERCENT	MSA %
RP	WM- LBE	Company Wide	5	99	-	1	105	42.3%	39.9%
Mountain Cascade, Inc. Michael D. Fuller PO Box 5050 Livermore, CA 94551-5050 925-373-8376		Manager/Prof	-	-	-	-	-	0.0%	
		Technical/Sales	-	-	-	-	0	0.0%	
		Clerical/Skilled	-	-	-	-	0	0.0%	
		Semi/Unskilled	5	99	-	1	105	51.5%	
		Bay Area	5	99	-	1	105	56.1%	39.9%
		AA Plan on File:	NA		Date of last contract with District:		10/31/2013		
		Co. Wide MSA:	9 Bay Area Counties		# Employees-Co. Wide:		248	Bay Area:	187
S	WW - SBE	Company Wide	-	-	-	-	0	0.0%	39.9%
Arroyo Trucking Debra Nelson PO Box 1868 Oakdale, CA 95361 925-447-8440		Manager/Prof	-	-	-	-	0	0.0%	
		Technical/Sales	-	-	-	-	-	NA	
		Clerical/Skilled	-	-	-	-	-	NA	
		Semi/Unskilled	-	-	-	-	0	0.0%	
		Bay Area	-	-	-	-	0	0.0%	39.9%
		Co. Wide MSA:	9 Bay Area Counties		# Employees-Co. Wide:		8	Bay Area:	3
S	WM	Company Wide	1	13	-	-	14	48.3%	47.6%
California Pipe Fabricators Dennis Rinearson 7277 Chevron Way Dixon, CA 95620 707-678-3069		Manager/Prof	-	1	-	-	1	12.5%	
		Technical/Sales	1	-	-	-	1	50.0%	
		Clerical/Skilled	-	8	-	-	8	57.1%	
		Semi/Unskilled	-	4	-	-	4	80.0%	
		Bay Area	-	-	-	-	-	NA	39.9%
		Co. Wide MSA:	Solano County		# Employees-Co. Wide:		29	Bay Area:	0
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:							
P	WM	Company Wide	1	29	1	-	31	56.4%	47.9%
JMB Construction Margaret Burke 132 South Maple Ave South San Francisco, CA 94086 650-267-5300		Manager/Prof	-	1	-	-	1	7.7%	
		Technical/Sales	-	-	-	-	-	NA	
		Clerical/Skilled	-	6	-	-	6	33.3%	
		Semi/Unskilled	1	22	1	-	24	100.0%	
		Bay Area	1	29	1	-	31	56.4%	39.9%
		Co. Wide MSA:	San Mateo County		# Employees-Co. Wide:		55	Bay Area:	55
P	WM/WW/EMM:H - L/SBE	Company Wide	30	238	11	4	283	857.6%	47.8%
McGuire & Hester 9009 Railroad Ave Oakland, CA 94603 510-632-7676		Manager/Prof	1	7	3	1	12	240.0%	
		Technical/Sales	-	-	-	-	-	NA	
		Clerical/Skilled	18	88	6	2	114	670.6%	
		Semi/Unskilled	11	143	2	1	157	1427.3%	
		Bay Area	21	200	11	4	236	715.2%	39.9%
		Co. Wide MSA:	Oakland, CA		# Employees-Co. Wide:		33	Bay Area:	33

WM=White Male, WW=White Women, EM=Ethnic Minority (Ethnicities: B=Black, H=Hispanic, A/PI=Asian/Pacific Islander, and AI/AN=American Indian/Alaskan Native)



AFFIRMATIVE ACTION SUMMARY (P-061)

(Completed by District)

This summarizes information provided by the contractor(s)' P-025 Form regarding their workforce.

Title: I-80/San Pablo Dam Road Interchange Pipeline Relocation		Ethnic Minority Percentages From U.S. Census Data							
				B	H	A/PI	AI/AN	TOTAL	
		National		10.5	10.7	3.7	0.7	27.3	
Spec. No.: 2082	DATE: 4/7/2014	9 Bay Area Counties		5.5	16.2	14.2	0.4	39.9	
		Alameda/CC Counties		10.7	15.6	15.4	0.5	46.2	
R=Recommd P=Prime S=Sub	Composition of Ownership	Number of Ethnic Minority Employees							
Company Name, Owner/Contact Person, Address, and Phone Number		B	H	A/PI	AI/AN	TOTAL	PERCENT	MSA %	
P	EMM:H - LBE	Company Wide	-	24	-	-	24	77.4%	39.9%
J & M, Inc. Manual Marques 6700 National Dr. Livermore, CA 94550 925-724-0300		Manager/Prof	-	1	-	-	1	16.7%	
		Technical/Sales	-	3	-	-	3	100.0%	
		Clerical/Skilled	-	10	-	-	10	83.3%	
		Semi/Unskilled	-	10	-	-	10	100.0%	
		Bay Area	-	-	-	-	0	0.0%	
		Co. Wide MSA:	9 Bay Area Counties		# Employees-Co. Wide:		31	Bay Area:	31
P	EMM:H	Company Wide	2	31	4	-	37	69.8%	44.0%
Proven Management, Inc. Alan Varela 712 Sansome St San Francisco, CA 94111 415-421-9500		Manager/Prof	-	1	-	-	1	14.3%	
		Technical/Sales	-	0	-	-	-	NA	
		Clerical/Skilled	2	30	4	-	36	78.3%	
		Semi/Unskilled	-	-	-	-	-	NA	
		Bay Area	2	31	4	-	37	69.8%	
		Co. Wide MSA:	San Francisco, CA		# Employees-Co. Wide:		53	Bay Area:	53
P	WM	Company Wide	1	54	1	2	58	54.2%	39.9%
Ranger Pipelines, Inc. Thomas Hunt PO Box 2409 Yosemite Ave San Francisco, CA 94124 415-822-3700		Manager/Prof	-	-	-	-	0	0.0%	
		Technical/Sales	-	-	-	-	0	0.0%	
		Clerical/Skilled	-	7	1	-	8	25.8%	
		Semi/Unskilled	1	47	-	2	50	87.7%	
		Bay Area	1	54	1	2	58	54.2%	
		Co. Wide MSA:	9 Bay Area Counties		# Employees-Co. Wide:		107	Bay Area:	107
P	WM	Company Wide	8	174	14	2	198	50.8%	48.4%
Prestion Pipelines, Inc. Michael Preston 133 Bothelo Avenue Milpitas, CA 95035 408-262-1418		Manager/Prof	1	11	5	-	17	22.7%	
		Technical/Sales	7	4	1	-	12	240.0%	
		Clerical/Skilled	-	3	5	-	8	34.8%	
		Semi/Unskilled	-	156	3	2	161	56.1%	
		Bay Area	8	171	14	2	195	51.7%	
		Co. Wide MSA:	California		# Employees-Co. Wide:		390	Bay Area:	377
P	WM	Company Wide	-	20	1	-	21	70.0%	39.9%
Con - Quest Contractors, Inc. Paul N. Loukianoff 290 Tolano Street San Francisco, CA 94124 415-206-0524		Manager/Prof	-	1	1	-	2	22.2%	
		Technical/Sales	-	-	-	-	-	NA	
		Clerical/Skilled	-	3	-	-	3	60.0%	
		Semi/Unskilled	-	16	-	-	16	100.0%	
		Bay Area	-	20	1	-	21	70.0%	
		Co. Wide MSA:	9 Bay Area Counties		# Employees-Co. Wide:		30	Bay Area:	30
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area						39.9%	
		Co. Wide MSA:	# Employees-Co. Wide:		Bay Area:				

WM=White Male, WW=White Women, EM=Ethnic Minority (Ethnicities: B=Black, H=Hispanic, A/PI=Asian/Pacific Islander, and AI/AN=American Indian/Alaskan Native)



AGENDA NO. 7.
 MEETING DATE April 22, 2014

TITLE RECOAT MOKELUMNE AQUEDUCT NO. 3 PHASES 10 AND 11

MOTION _____ RESOLUTION _____ ORDINANCE _____

RECOMMENDED ACTION

Award a contract to the lowest responsive/responsible bidder Blastco, Incorporated in the amount of \$3,322,490 for construction of the Recoat Mokelumne Aqueduct No. 3 Phases 10 and 11 under Specification 2088.

SUMMARY

Work under this contract includes the abrasive blasting and recoating of approximately 12,000 lineal feet of 89-inch diameter Mokelumne Aqueduct No 3, including steel pipe supports and appurtenances, grinding of welds, disposing of hazardous paint debris and spent abrasive, and performing related required work located in Contra Costa County. See attached map for location.

DISCUSSION

The elevated portion of Mokelumne Aqueduct No. 3 is coated with a deteriorated lead-based paint system and is in need of recoating. Recoating will prevent corrosion of this above-ground steel pipe in the harsh Delta environment, thereby preserving this critical portion of the District's water delivery system. This is the final phase of work to recoat the above grade portion of Mokelumne Aqueduct No. 3.

BID RESULTS

Bid documents were issued to 30 resource organizations and 23 prospective bidders. Six bids were received, ranging from \$3,322,490 to \$4,698,550. The bid summary is attached. The engineer's estimate for this work is \$2,871,178.

Blastco, Incorporated is licensed to perform work in California and is not on the Department of Industrial Relations list. In the past five years, Blastco, Incorporated has not filed a Government Code Claim against the District, and has not initiated any litigation against the District.

Funds Available: FY14-15; CIP #2001487; Page 27		Budget Code: WSC\570\7999\5561\2008792
DEPARTMENT SUBMITTING <u>Engineering and Construction</u>	DEPARTMENT MANAGER or DIRECTOR Xavier J. Irias	APPROVED General Manager

Contact the Office of the District Secretary with questions about completing or submitting this form.

CONTRACT EQUITY PROGRAM EFFORTS

The completed P-035 and P-061 forms are attached.

FISCAL IMPACT

This item is included in the FY14-15 Capital Improvement Program for the Mokelumne Aqueduct Recoating Project under the Aqueduct Program.

PREVAILING WAGE

Work under this contract is subject to the payment of current prevailing wages according to determinations for each craft as established by the Director of Industrial Relations of the State of California.

UNION NOTIFICATION

Local 444 was notified on March 6, 2014 and did not raise any specific issues related to this contract.

CEQA/ENVIRONMENTAL COMPLIANCE

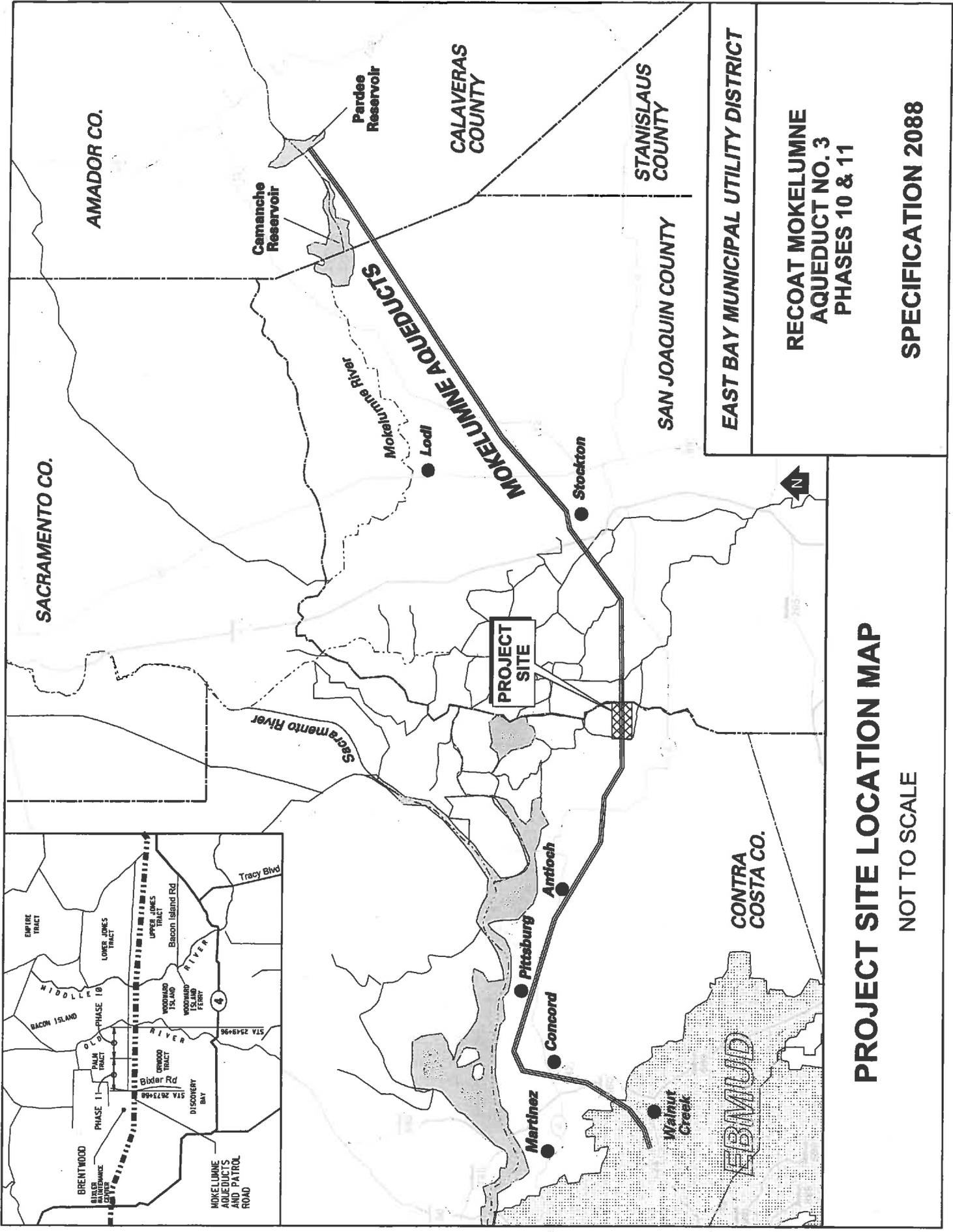
A Notice of Exemption was posted with the Contra Costa County Clerk on March 5, 2004.

ALTERNATIVES

Do not perform the work. This alternative is not recommended because failure to complete this long-term program to recoat the elevated portions of the aqueducts will ultimately result in structural damage to the steel aqueducts and their supports.

Perform the work with District forces. This alternative is not recommended because District forces perform maintenance painting on Mokelumne Aqueduct No. 1, which does not contain lead-based paint. They are not trained or equipped to remove and handle hazardous lead-based paint systems on Mokelumne Aqueduct No. 3.

Attachments: Location Map
Bid Summary
Contract Equity Program Summary (P-035)
Affirmative Action Summary (P-061)



EAST BAY MUNICIPAL UTILITY DISTRICT

**RECOAT MOKELUMNE
AQUEDUCT NO. 3
PHASES 10 & 11**

SPECIFICATION 2088

PROJECT SITE LOCATION MAP

NOT TO SCALE

EAST BAY MUNICIPAL UTILITY DISTRICT
SPECIFICATION 2088
RECOAT MOKELUMNE AQUEDUCT NO. 3 – PHASES 10 & 11
Bids Opened March 26, 2014

	BIDDER	TOTAL AMOUNT BID
1.	Blastco, Inc. (SBE) 11905 Regentview Ave. Downey, CA 90241 (562) 869-0200	\$3,322,490 / 3,156,365.50*
2.	Abhe & Svoboda, Inc. 880 Tavern Rd. Alpine, CA 91901 (952) 447-6025	\$3,415,418
3.	Certified Coatings Company 2320 Cordelia Rd. Fairfield, CA 94534 (707) 639-4414	\$3,546,000
4.	CL Coatings, Inc. dba CL Industrial Coatings, Inc. 11650 Western Ave. Stanton, CA 90680 (562) 285-6520	\$3,956,074
5.	Jeffco Painting & Coating, Inc. (SBE) 1260 Railroad Ave. Vallejo, CA 94592 (707) 562-1900	\$3,960,000 / 3,793,875.50*
6.	FD Thomas, Inc. 200 Harris Ave. Sacramento, CA 95838 (541) 664-3010	\$4,698,550

SBE – Small Business Enterprise

*Effective Bid Amount due to SBE discount (5%, not to exceed \$250,000)

Engineer's Estimate:

\$2,871,178



CONTRACT EQUITY PROGRAM SUMMARY (P-035)

This summary contains information on the contractor's workforce and contract equity participation. (Completed by District)

TITLE SPECIFICATION NO.: 2088 Recoat Mokelumne Aqueduct No. 3 Phases 10 & 11				DATE: April 7, 2014							
CONTRACTOR: Blastco, Inc. Downey, CA			PERCENTAGE OF CONTRACT DOLLARS								
Small Business			Availability Group	Contracting Objectives	Participation						
BID/PROPOSER'S PRICE: \$3,322,490	FIRM'S OWNERSHIP		White Men	25%	93.5%						
	Ethnicity	Gender	White Women	9%	0.0%						
	White	Men	Ethnic Minorities	25%	6.5%						
CONTRACT EQUITY PARTICIPATION											
COMPANY NAME	ESTIMATED AMOUNT	ETHNICITY	GENDER		CONTRACTING PARTICIPATION						
			M	W	White-Men	White-Women	Ethnic Minorities	Unclassified	Publicly Held Corp.	Gov't/Non Profit	Foreign
PRIME:											
Blastco, Inc.	\$3,087,490	White	X		92.9%	---	---	---	---	---	---
SUBS:											
Carboline	\$150,000	Publicly Held Corp			---	---	4.5%	---	4.5%	---	---
All American Rentals	\$10,000	Hispanic		x	---	---	0.3%	---	---	---	---
Vigilant Pro Private Security	\$50,000	Black	x		---	---	1.5%	---	---	---	---
Enviroguard	\$20,000	White	x		0.6%	---	---	---	---	---	---
Chavez Fence Company	\$5,000	Hispanic	x		---	---	0.2%	---	---	---	---
					---	---	---	---	---	---	---
					---	---	---	---	---	---	---
					---	---	---	---	---	---	---
TOTAL	\$3,322,490				93.5%	0.0%	6.5%	0.0%	4.5%	0.0%	0.0%
CONTRACTOR'S WORKFORCES PROFILE (From P-025 Form)											
	White Men	White Women	Ethnic Minorities		Total Employees						
No. of Employees:	12	3	34		49						
Percent of Total Employees:	24.5%	6.1%	69.4%								
MSA Labor Market %:	20.2%	16.4%	63.5%								
MSA Labor Market Location:	Los Angeles, CA										
COMMENTS											
<i>Contract Equity Participation</i> - 93.5% White Men participation and 6.5% Ethnic Minority participation.											
Workforce Profile & Statement of Nondiscrimination Submitted				Good Faith Outreach Efforts Requirement Satisfied				Award Approval Recommended			
NA				YES							



AFFIRMATIVE ACTION SUMMARY (P-061)

(Completed by District)

This summarizes information provided by the contractor(s)' P-025 Form regarding their workforce.

Title: Recoat Mokelumne Aqueduct No. 3 Phases 10 & 11		Ethnic Minority Percentages From U.S. Census Data							
			B	H	A/PI	AI/AN			
Spec. No.: 2088	DATE:								
		4/7/2014							
			9 Bay Area Counties	5.5	16.2	14.2	0.4	39.9	
			Alameda/CC Counties	10.7	15.6	15.4	0.5	46.2	
R=Recmnd P=Prime S=Sub	Composition of Ownership	Number of Ethnic Minority Employees							
Company Name, Owner/Contact Person, Address, and Phone Number			B	H	A/PI	AI/AN	TOTAL	PERCENT	MSA %
RP	WM - SBE	Company Wide	1	30	2	-	33	67.3%	63.5%
Blastco, Inc. Terry Warren 11905 Regent View Ave. Downey, CA 90241 562-869-0200		Manager/Prof	-	1	-	-	1	25.0%	
		Technical/Sales	-	-	-	-	0	0.0%	
		Clerical/Skilled	-	19	1	-	20	66.7%	
		Semi/Unskilled	1	10	1	-	12	85.7%	
		Bay Area	-	8	-	-	8	72.7%	39.9%
		AA Plan on File:	NA		Date of last contract with District:		9/5/2013		
		Co. Wide MSA:	Los Angeles, CA		# Employees-Co. Wide:		49	Bay Area:	11
S	PHC	Company Wide	99	10	4	4	117	19.8%	27.2%
Carboline Company Donald J. Kloppenberg 2150 Schuetz Road St. Louis, MO 63146 314-685-8745		Manager/Prof	7	7	1	1	16	9.0%	
		Technical/Sales	10	1	1	1	13	10.5%	
		Clerical/Skilled	10	1	1	1	13	13.5%	
		Semi/Unskilled	72	1	1	1	75	38.9%	
		Bay Area	-	-	-	-	0	0.0%	39.9%
		Co. Wide MSA:	United States		# Employees-Co. Wide:		591	Bay Area:	2
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:							
P	WM	Company Wide	1	23	9	2	35	20.8%	27.2%
Abhe & Svoboda, Inc. Gail Svoboda 18100 Dairy Lane Jordan, MN 55352 952-447-6025		Manager/Prof	-	3	3	-	6	15.4%	
		Technical/Sales	-	-	-	-	0	0.0%	
		Clerical/Skilled	-	20	-	-	20	20.8%	
		Semi/Unskilled	1	-	6	2	9	28.1%	
		Bay Area	-	-	-	-	-	NA	39.9%
		Co. Wide MSA:	United States		# Employees-Co. Wide:		168	Bay Area:	0
P	Foreign	Company Wide	2	5	1	1	9	27.3%	47.6%
Certified Coatings Company 2320 Cordelia Rd. Fairfield, CA 94534 707-639-4414		Manager/Prof	1	-	1	1	3	30.0%	
		Technical/Sales	-	-	-	-	0	0.0%	
		Clerical/Skilled	1	4	-	-	5	29.4%	
		Semi/Unskilled	-	1	-	-	1	25.0%	
		Bay Area	1	5	1	-	7	30.4%	39.9%
		Co. Wide MSA:	Solano County		# Employees-Co. Wide:		33	Bay Area:	23
P	WM	Company Wide	1	20	-	-	21	46.7%	48.4%
CL Industrial Coatings, Inc. Spiro Poulos 11650 Western Ave Stanton, CA 90680 562-285-6520		Manager/Prof	-	-	-	-	0	0.0%	
		Technical/Sales	-	-	-	-	0	0.0%	
		Clerical/Skilled	1	19	-	-	20	51.3%	
		Semi/Unskilled	-	1	-	-	1	100.0%	
		Bay Area	-	-	-	-	-	NA	39.9%
		Co. Wide MSA:	California		# Employees-Co. Wide:		45	Bay Area:	0

WM=White Male, WW=White Women, EM=Ethnic Minority (Ethnicities: B=Black, H=Hispanic, A/PI=Asian/Pacific Islander, and AI/AN=American Indian/Alaskan Native)



AFFIRMATIVE ACTION SUMMARY (P-061)

(Completed by District)

This summarizes information provided by the contractor(s)' P-025 Form regarding their workforce.

Title: Recoat Mokelumne Aqueduct No. 3 Phases 10 & 11		Ethnic Minority Percentages From U.S. Census Data							
		National	B	H	A/PI	AI/AN	TOTAL		
Spec. No.: 2088		DATE: 4/7/2014	9 Bay Area Counties	10.5	10.7	3.7	0.7	27.3	
R=Recomm P=Prime S=Sub		Composition of Ownership	Alameda/CC Counties	5.5	16.2	14.2	0.4	39.9	
Company Name, Owner/Contact Person, Address, and Phone Number			Number of Ethnic Minority Employees						
			B	H	A/PI	AI/AN	TOTAL	PERCENT	MSA %
P	WM - SBE	Company Wide	7	27	2	1	37	46.3%	42.9%
Jeffco Painting & Coating Steve Jeffress PO Box 1888 Vallejo, CA 94590 707-562-1900		Manager/Prof	-	-	-	-	0	0.0%	
		Technical/Sales	-	-	-	-	-	NA	
		Clerical/Skilled	5	27	2	1	35	55.6%	
		Semi/Unskilled	2	-	-	-	2	25.0%	
		Bay Area	7	27	2	1	37	46.3%	39.9%
		Co. Wide MSA: Vallejo	# Employees-Co. Wide: 80				Bay Area: 80		
P	WM	Company Wide	13	79	7	4	103	40.7%	22.9%
FD Thomas F. Dan Thomas 217 Bateman Dr. Central Point, OR 97502 541-664-3010		Manager/Prof	-	6	2	1	9	17.0%	
		Technical/Sales	-	-	-	-	0	0.0%	
		Clerical/Skilled	13	73	5	3	94	48.0%	
		Semi/Unskilled	-	-	-	-	0	0.0%	
		Bay Area	-	-	-	-	-	NA	39.9%
		Co. Wide MSA: Oregon	# Employees-Co. Wide: 253				Bay Area: 0		
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:	# Employees-Co. Wide:				Bay Area:		
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:	# Employees-Co. Wide:				Bay Area:		
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:	# Employees-Co. Wide:				Bay Area:		
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:	# Employees-Co. Wide:				Bay Area:		

WM=White Male, WW=White Women, EM=Ethnic Minority (Ethnicities: B=Black, H=Hispanic, A/PI=Asian/Pacific Islander, and AI/AN=American Indian/Alaskan Native)



AGENDA NO.
MEETING DATE

8.
April 22, 2014

TITLE **AGREEMENT WITH THE CITY OF BERKELEY – ALLSTON WAY WATER MAIN RELOCATION**

MOTION _____ RESOLUTION _____ ORDINANCE _____

RECOMMENDED ACTION

Authorize an agreement with the City of Berkeley (City) in an amount not to exceed \$340,000 to relocate approximately 900 feet of water main pipelines as part of the City’s Allston Way Permeable Paver Demonstration Project, in Berkeley, California. In authorizing this agreement, the Board of Directors finds that this work cannot be satisfactorily performed under civil service.

SUMMARY

The City is proceeding with construction of street improvements on Allston Way between Milvia Street and Martin Luther King Junior Way (see attached location map). For this public street improvement project, the District is responsible for relocating its facilities when a conflict arises. Under this agreement, the City will construct the pipeline relocation and the District will reimburse the City for associated costs.

DISCUSSION

The City notified the District of its street improvement project in October 2013. Based on the City’s improvement plans, the District identified the need to relocate an existing 12-inch water pipeline that conflicts with the City’s project.

As part of this agreement, the City’s contractor for the street improvement will relocate the pipeline. The cost for the City’s contractor to complete the relocation for the District has been reviewed and is reasonable for this complex work. The City competitively bid the project and will award a contract to the lowest responsive/responsible bidder on April 29, 2014. Installation by the City will avoid schedule coordination issues and should lead to a more efficient project and lower overall costs to the District. As part of the agreement, District forces will isolate the segments of pipeline to be relocated, inspect the new pipeline, as well as transfer water services to the new pipeline.

Funds Available: FY14-15; CIP #000108; Page 32		Budget Code: WSC\570\7999\5561\0449920
DEPARTMENT SUBMITTING Engineering and Construction	DEPARTMENT MANAGER or DIRECTOR Xavier J. Irias	APPROVED General Manager

Contact the Office of the District Secretary with questions about completing or submitting this form.

FISCAL IMPACT

This item is included in the FY14-15 Capital Improvement Program for the Pipeline Relocations Project under the Pipelines/Regulators Program.

UNION NOTIFICATION

Local 444 was notified of this contract on December 31, 2013. Local 444 did not raise any specific issues related to this contract.

CEQA/ENVIRONMENTAL COMPLIANCE

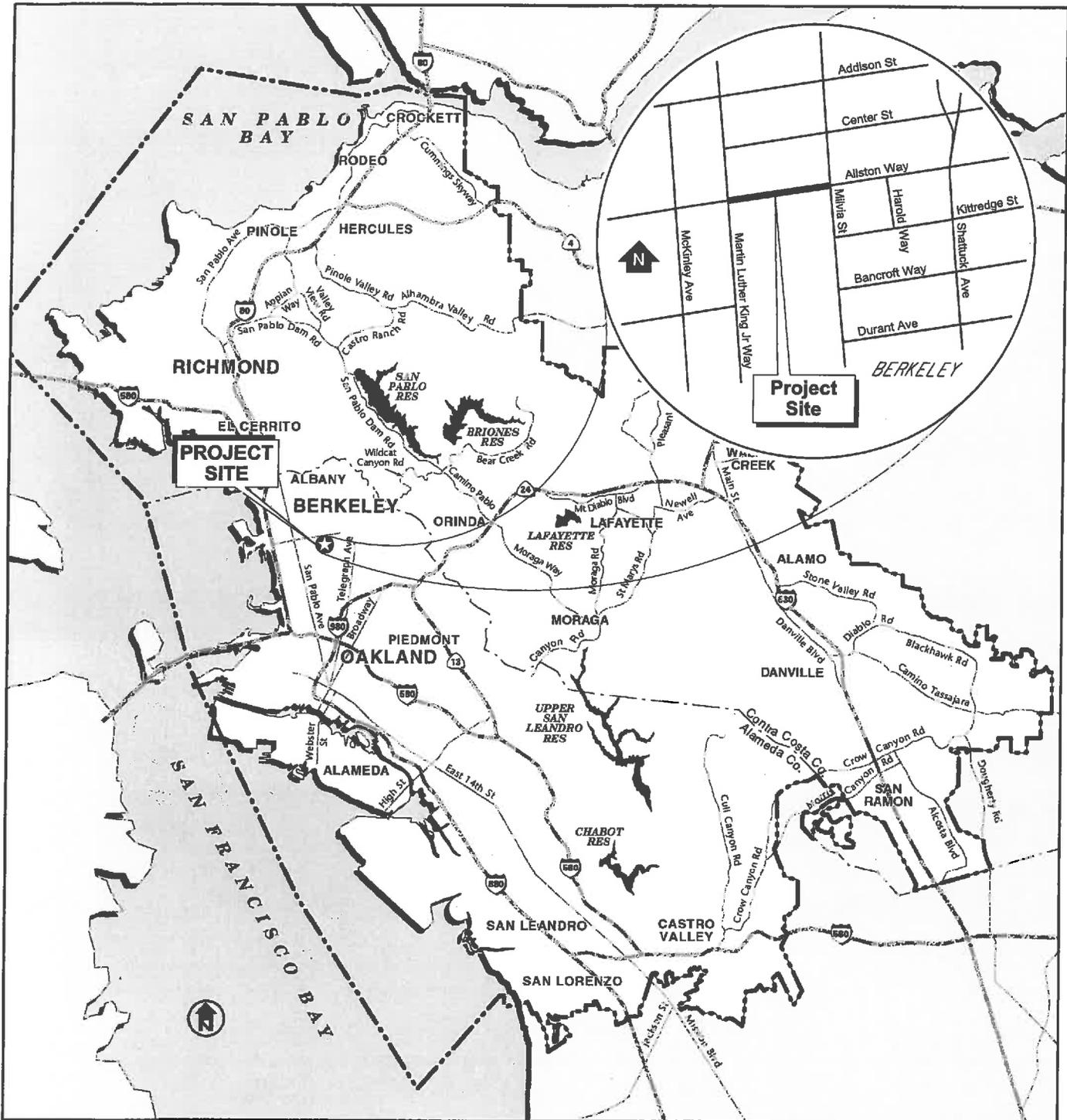
Per the Public Resources Code, Section 21080.21, this project is exempt from the California Environmental Quality Act since the work performed under this contract is the routine relocation of pipelines with a length less than one mile.

ALTERNATIVES

Do not perform the work. This alternative is not recommended because the existing pipeline is in direct conflict with the City's street improvement project. Since this pipeline forms an essential part of the potable water distribution system, it is not possible to abandon it.

Perform the work with District forces. This alternative is not recommended because District staff is already committed to other higher priority pipeline projects. Also, this relocation project will require working in phases and in close proximity to the City's contractor; installation by the City will avoid coordination issues for this complex project and is cost effective.

Attachment: Location Map



**PROJECT SITE
LOCATION MAP**

NOT TO SCALE

EAST BAY MUNICIPAL UTILITY DISTRICT

**ALLSTON WAY
PIPELINE RELOCATION PROJECT**

FIGURE 1



AGENDA NO.
MEETING DATE

9.
April 22, 2014

**TITLE PARDEE RECREATION AREA RECREATIONAL VEHICLE PARK
IMPROVEMENTS PROJECT**

MOTION RESOLUTION ORDINANCE

RECOMMENDED ACTION

Authorize an agreement with HydroScience Engineering, Inc. (HydroScience), in an amount not to exceed \$285,163 for design and construction management support services for improvements to the District's Pardee Recreation Area Recreational Vehicle (RV) Park during the period April 2014 to May 2016. In awarding this contract, the Board of Directors finds that this work cannot be satisfactorily performed under civil service.

SUMMARY

Improvements to the Pardee Recreation Area RV Park, originally constructed in 1968, are necessary to bring the park up to current State of California Department of Housing and Community Development (HCD) codes and to reduce recurring problems with the sewer system in the recreation area. The sewer system improvements are a component of the Upcountry Wastewater Treatment Improvements Project and are being blended with the RV park improvements for design and construction efficiencies and to limit impacts to the recreation area. HydroScience will provide design and construction support services to implement this project. District staff has performed an initial architectural review and will manage the project during design and construction.

DISCUSSION

The District operates a public recreation area at Pardee Reservoir which includes a marina, tent campgrounds and an 88-site RV campground. The recreation area was originally constructed in 1958 and the RV park was completed in 1968. The facility is managed for the District by a contracted concessionaire. The RV park and the sewer system in the Pardee Recreation Area are now in need of renovations and repairs. The 3.4-acre RV park does not meet current standards or codes of HCD or the needs of larger modern recreational vehicles. These deficiencies contribute to the under-utilization of the RV park. Additionally, the sewer system is in a state of deterioration and is near the end of its useful life. This project will demolish the existing RV spaces, roads and utilities, and will rebuild the campground

Funds Available: FY14-15; CIP #2003500 and #1000816		Budget Code: WSC\566\7999\5231\
DEPARTMENT SUBMITTING Engineering and Construction	DEPARTMENT MANAGER or DIRECTOR Xavier J. Irias	APPROVED General Manager

Contact the Office of the District Secretary with questions about completing or submitting this form.

Pardee Recreation Area Recreational Vehicle Park Improvements Project

April 22, 2014

Page 2

with new road alignments, 55 larger RV spaces, new larger utilities, roadway and site lighting, landscaping with drought tolerant plants and hardscaping designed for more attractive RV spaces that meet the requirements of HCD. The main sewer collection pipe and sewer laterals in the park will be replaced to help relieve gravity flow problems in the recreation area and to improve maintainability in the RV park.

The recreation area currently operates nine months out of the year, shutting down during the winter season from November to January. Many of the current park users are retirees who tend to stay at the park for the entire nine months. To facilitate construction of the park improvements, the entire recreation area will be shut down during a portion of the summer and fall of 2015 until February 2016 when the recreation area is normally reopened. The shutdown is timed to keep the park open to the public as long as possible during the most popular spring and early summer seasons.

CONSULTANT SELECTION

District staff contacted all firms with the appropriate credentials on the District's Engineering Consultant Roster. Thirty-one eligible firms were sent the RFP on February 20, 2014. Three firms submitted proposals and all three were invited to interviews with a District staff selection panel. HydroScience was selected because they demonstrated superior project understanding and project management skills, have broad experience with civil and electrical design for RV parks, showed innovative approaches to creating a user-friendly RV environment, and provided strategies to minimize the construction period.

CONTRACT EQUITY PROGRAM EFFORTS

The completed P-035 and P-061 forms are attached.

FISCAL IMPACT

This item is included in the FY14-15 Capital Improvement Program for the Pardee/Camanche Recreation Area Improvements Plan Project and the Upcountry Wastewater Treatment Improvements Project.

PREVAILING WAGE

Work under this contract is subject to the payment of current prevailing wages according to determinations for each craft as established by the Director of Industrial Relations of the State of California.

UNION NOTIFICATION

Locals 2019 and 21 were notified of this contract on December 30, 2013. Local 2019 requested information on the current status of staff vacancies at the District, and on the requirements of HCD design standards. The District provided the requested information and their concerns were resolved.

Local 21 raised concerns and after additional discussion ultimately accepted the rationale for contracting out.

CEQA/ENVIRONMENTAL COMPLIANCE

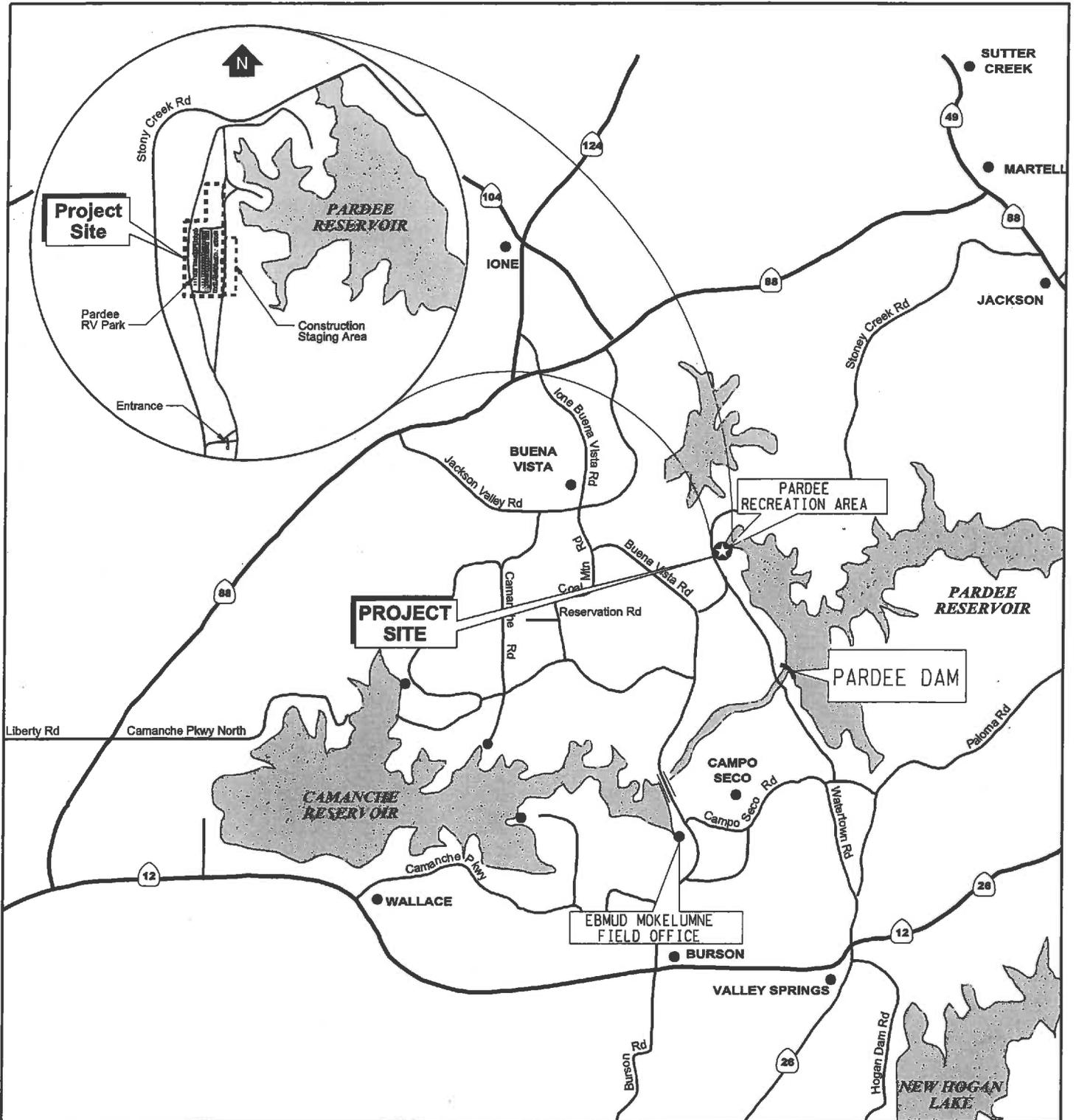
A Notice of Exemption for the project will be posted with the clerk of Amador County when preliminary design is complete.

ALTERNATIVES

Perform the work with District forces. This alternative is not recommended because the project is not the core work of the District. District staff is focusing on other high priority infrastructure work. Therefore, it is not practical to complete this work for a remote recreational facility.

Select a different consultant to perform the work. This alternative is not recommended because HydroScience has the best-qualified team to complete this project. HydroScience has considerable recent experience with RV Park improvements and brings a creative approach to landscape design and to construction planning.

Attachments: Location Map
Contract Equity Program Summary (P-035)
Affirmative Action Summary (P-061)



**PROJECT SITE
LOCATION MAP**

NOT TO SCALE

EAST BAY MUNICIPAL UTILITY DISTRICT

**PARDEE RECREATION AREA
RECREATIONAL VEHICLE PARK
IMPROVEMENTS PROJECT**



CONTRACT EQUITY PROGRAM SUMMARY (P-035)

This summary contains information on the contractor's workforce and contract equity participation. (Completed by District)

RFP 1401

DATE:

April 10, 2014

TITLE
Professional Services Agreement from Engineering Consultant Roster
Pardee Recreation Area RV Park Improvements Project

CONTRACTOR:		PERCENTAGE OF CONTRACT DOLLARS			
HydroScience Engineers Berkeley, CA		Local/Small Business	Availability Group	Contracting Objectives	Participation
BID/PROPOSER'S PRICE:	FIRM'S OWNERSHIP		White Men	25%	92.9%
	Ethnicity	Gender	White Women	6%	7.1%
	White	Men	Ethnic Minorities	25%	0.0%

CONTRACT EQUITY PARTICIPATION												
COMPANY NAME	ESTIMATED AMOUNT	ETHNICITY	GENDER		CONTRACTING PARTICIPATION							
			M	W	White-Men	White-Women	Ethnic Minorities	Unclassified	Publicly Held Corp.	Gov't/Non Profit	Foreign	
PRIME:												
HydroScience Engineers	\$252,498	White	x		88.5%	--	--	--	--	--	--	--
SUBS:												
Gates & Associates	\$20,245	White		x	--	7.1%	--	--	--	--	--	--
Blackburn Consulting	\$7,275	White	x		2.6%	--	--	--	--	--	--	--
Subtronic Corporation	\$5,145	White	x		1.8%	--	--	--	--	--	--	--
					--	--	--	--	--	--	--	--
					--	--	--	--	--	--	--	--
					--	--	--	--	--	--	--	--
					--	--	--	--	--	--	--	--
TOTAL		\$285,163			92.9%	7.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CONTRACTOR'S WORKFORCES PROFILE (From P-025 Form)				
	White Men	White Women	Ethnic Minorities	Total Employees
No. of Employees:	13	8	13	34
Percent of Total Employees:	38.2%	23.5%	38.2%	
MSA Labor Market %:	24.5%	21.6%	53.9%	
MSA Labor Market Location:	Alameda County			

COMMENTS
 Contract Equity Participation -92.9% White Men and 7.1% White Women participation.

Workforce Profile & Statement of Nondiscrimination Submitted	Good Faith Outreach Efforts Requirement Satisfied	Award Approval Recommended
NA	NA	



AFFIRMATIVE ACTION SUMMARY (P-061)

(Completed by District)

This summarizes information provided by the contractor(s)' P-025 Form regarding their workforce.

Title: Pardee Recreation Area RV Park Improvements Project		Ethnic Minority Percentages From U.S. Census Data							
				B	H	A/PI	AI/AN	TOTAL	
		National		10.5	10.7	3.7	0.7	27.3	
Professional Services Agreement from Engineering Consultant Roster	DATE:	4/10/2014	9 Bay Area Counties		5.5	16.2	14.2	0.4	39.9
			Alameda/CC Counties		10.7	15.6	15.4	0.5	46.2
R=Recmmd P=Prime S=Sub	Composition of Ownership	Number of Ethnic Minority Employees							
Company Name, Owner/Contact Person, Address, and Phone Number			B	H	A/PI	AI/AN	TOTAL	PERCENT	MSA %
RP	WM - L/SBE	Company Wide	-	2	11	-	13	38.2%	53.9%
HydroScience Engineers George Harris 741 Allston Way Berkeley, CA 94710 510-540-7100		Manager/Prof	-	1	10	-	11	39.3%	
		Technical/Sales	-	-	-	-	-	NA	
		Clerical/Skilled	-	1	1	-	2	33.3%	
		Semi/Unskilled	-	-	-	-	-	NA	
		Bay Area	-	2	11	-	13	38.2%	39.9%
		AA Plan on File:	NA		Date of last contract with District:		6/20/2005		
		Co. Wide MSA:	Alameda County		# Employees-Co. Wide:		34	Bay Area:	34
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:							
P	WM - SBE	Company Wide	-	-	-	-	0	0.0%	48.4%
Cal State Engineering Jeff K. Morlan 427 Broadway Jackson, CA 95642 209-223-14441		Manager/Prof	-	-	-	-	0	0.0%	
		Technical/Sales	-	-	-	-	0	0.0%	
		Clerical/Skilled	-	-	-	-	0	0.0%	
		Semi/Unskilled	-	-	-	-	-	NA	
		Bay Area	-	-	-	-	-	NA	39.9%
		Co. Wide MSA:	California		# Employees-Co. Wide:		5	Bay Area:	0
P	WM	Company Wide	-	-	-	-	0	0.0%	44.0%
Benjamini Associates, Inc. Ave Benjamini 720 York St, Suite 114 San Francisco, CA 415-550-2600		Manager/Prof	-	-	-	-	0	0.0%	
		Technical/Sales	-	-	-	-	0	NA	
		Clerical/Skilled	-	-	-	-	0	0.0%	
		Semi/Unskilled	-	-	-	-	0	0.0%	
		Bay Area	-	-	-	-	0	0.0%	39.9%
		Co. Wide MSA:	San Francisco		# Employees-Co. Wide:		33	Bay Area:	33
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:							
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:							

WM=White Male, WW=White Women, EM=Ethnic Minority (Ethnicities: B=Black, H=Hispanic, A/PI=Asian/Pacific Islander, and AI/AN=American Indian/Alaskan Native)



AGENDA NO.
MEETING DATE

10.

April 22, 2014

TITLE UPPER SAN LEANDRO RESERVOIR OUTLET TOWER RETROFIT DESIGN

MOTION _____ RESOLUTION _____ ORDINANCE _____

RECOMMENDED ACTION

Authorize an agreement with URS Corporation, a Nevada Corporation, dba URS Corporation Americas (URS Corporation), in an amount not to exceed \$749,963 for design and construction support services related to the Upper San Leandro (USL) Reservoir Outlet Tower retrofit during the period May 1, 2014 to December 31, 2017.

SUMMARY

URS Corporation will perform design services for retrofitting the USL Reservoir Outlet Tower to withstand the maximum credible earthquake and will provide engineering support services during the construction of the upgrades. The retrofit will be based on the recommendations of earlier studies. In addition to the structural retrofit and bracing of the tower, the design will include replacement of the tower gate valves and their operators, a small control building on the shore, a crane on top of the tower, telemetry, cathodic protection of mechanical components, and replacement of the stairs.

DISCUSSION

The USL Reservoir Outlet Tower conveys raw water to the USL Water Treatment Plant (WTP) for treatment and distribution to District customers. A seismic evaluation conducted in 2008 concluded that the tower would be damaged during a major earthquake. The failure of the tower would deprive the USL WTP of a water source. In addition, a 2005 study identified that the mechanical components of the tower also need improvements. The structural and mechanical tower retrofit will improve seismic response and ensure continued safe operation.

CONSULTANT SELECTION

Requests for proposals for structural engineering analysis and design were sent to thirteen firms on the District's Engineering Consultant Roster, including two minority-owned firms. Five firms submitted proposals. The team led by URS Corporation was selected based on their qualifications and experience in

Funds Available: FY14-15; CIP #000672; Page 41		Budget Code: WSC\562\7999\5231\2009018
DEPARTMENT SUBMITTING Engineering and Construction	DEPARTMENT MANAGER or DIRECTOR Xavier J. Irias	APPROVED General Manager

Contact the Office of the District Secretary with questions about completing or submitting this form.

designing tower retrofit projects similar to the USL Reservoir Outlet Tower. The team demonstrated a superior understanding of project needs and has extensive experience in project management, structural analysis and design of tower structures, mechanical evaluation, cost estimating, geotechnical assessment and retrofit design.

CONTRACT EQUITY PROGRAM EFFORTS

The completed P-035 and P-061 forms are attached.

FISCAL IMPACT

This item is included in the FY14-15 Capital Improvement Program for the Reservoir Tower Modifications Project under the Dam Safety Program.

PREVAILING WAGE

Work under this contract is subject to the payment of current prevailing wages according to determinations for each craft as established by the Director of Industrial Relations of the State of California.

UNION NOTIFICATION

Local 2019 and Local 21 were notified of the contract on November 25, 2013. Locals 2019 and 21 did not raise any specific issues related to this contract.

CEQA/ENVIRONMENTAL COMPLIANCE

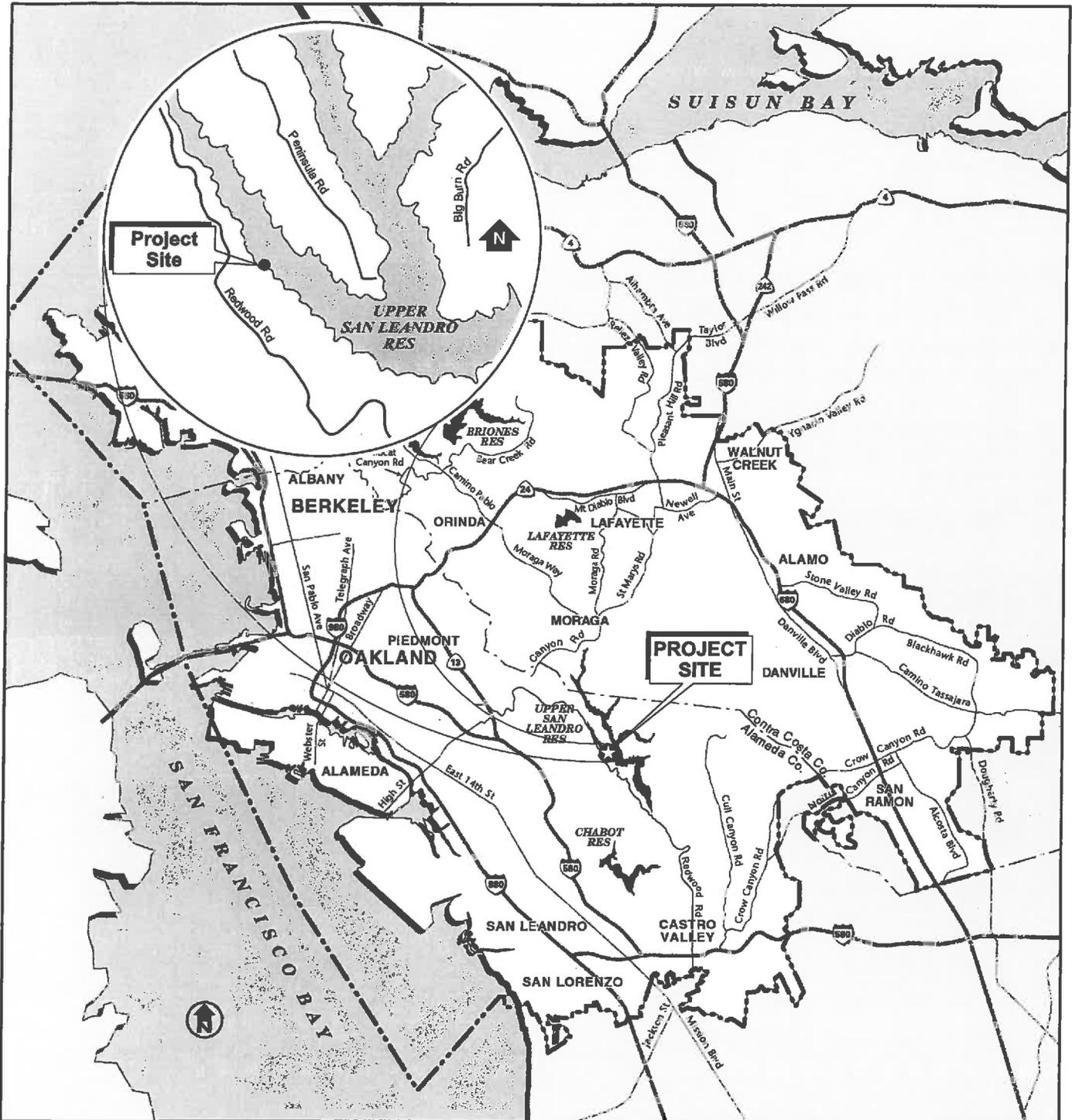
A Notice of Exemption was filed with the Alameda County Clerk on March 28, 2013.

ALTERNATIVES

Perform the work with District staff. This alternative is not recommended because District staff does not have the expertise to perform the required analyses.

Do not perform the work. This alternative is not recommended because the existing tower is a critical component of the District's water supply system. If the USL Reservoir Outlet Tower is damaged in a significant earthquake, the District's water supply would be severely limited.

Attachments: Location Map
Contract Equity Program Summary (P-035)
Affirmative Action Summary (P-061)



**PROJECT SITE
LOCATION MAP**

NOT TO SCALE

EAST BAY MUNICIPAL UTILITY DISTRICT

**UPPER SAN LEANDRO RESERVOIR
OUTLET TOWER RETROFIT DESIGN**



CONTRACT EQUITY PROGRAM SUMMARY (P-035)

This summary contains information on the contractor's workforce and contract equity participation. (Completed by District)

TITLE Professional Services Agreement USL Reservoir Outlet Tower	DATE: <p style="text-align: center;">April 4, 2014</p>
--	--

CONTRACTOR:		PERCENTAGE OF CONTRACT DOLLARS		
URS Corporation Americas Oakland, CA	Local Business	Availability Group	Contracting Objectives	Participation
BID/PROPOSER'S PRICE:	FIRM'S OWNERSHIP		White Men	25%
	Ethnicity	Gender	White Women	6%
\$749,963	White	Men	Ethnic Minorities	25%
CONTRACT EQUITY PARTICIPATION				

COMPANY NAME	ESTIMATED AMOUNT	ETHNICITY	GENDER		CONTRACTING PARTICIPATION						
			M	W	White-Men	White-Women	Ethnic Minorities	Unclassified	Publicly Held Corp.	Gov't/Non Profit	Foreign
PRIME:											
URS Corporation Americas	\$535,875	White	x		71.5%	---	-	---	---	---	---
SUBS:											
Beyaz & Patel, Inc	\$37,954	Asian	x		---	---	5.1%	---	---	---	---
HQE, Inc.	\$50,000	White		x	---	6.7%	---	---	---	---	---
Russell Corrosion	\$14,000	White		x	---	1.9%	---	---	---	---	---
YEI Engineers	\$112,134	Asian	x		---	---	15.0%	---	---	---	---
TOTAL	\$749,963				71.5%	8.5%	20.0%	0.0%	0.0%	0.0%	0.0%

CONTRACTOR'S WORKFORCES PROFILE (From P-025 Form)				
	White Men	White Women	Ethnic Minorities	Total Employees
No. of Employees:	24,116	6,900	8,726	39,742
Percent of Total Employees:	60.7%	17.4%	22.0%	
MSA Labor Market %:	39.0%	33.7%	27.2%	
MSA Labor Market Location:	United States			

COMMENTS

Contract Equity Participation -71% White Men participation, 9% White Women participation and 20% Ethnic Minority participation.

Workforce Profile & Statement of Nondiscrimination Submitted	Good Faith Outreach Efforts Requirement Satisfied	Award Approval Recommended
NA	YES	



AFFIRMATIVE ACTION SUMMARY (P-061)

(Completed by District)

This summarizes information provided by the contractor(s)' P-025 Form regarding their workforce.

Title:		Ethnic Minority Percentages From U.S. Census Data							
			B	H	A/PI	AI/AN	TOTAL		
USL Reservoir Outlet Tower		National	10.5	10.7	3.7	0.7	27.3		
Professional Services Agreement	DATE: 4/4/2014	9 Bay Area Counties	5.5	16.2	14.2	0.4	39.9		
		Alameda/CC Counties	10.7	15.6	15.4	0.5	46.2		
R=Recmmd P=Prime S=Sub	Composition of Ownership	Number of Ethnic Minority Employees							
Company Name, Owner/Contact Person, Address, and Phone Number			B	H	A/PI	AI/AN	TOTAL	PERCENT	MSA %
RP	WM - LBE	Company Wide	3,246	3,114	2,026	323	8,709	21.9%	27.2%
URS Corporation Americas Linda Pappas 1333 Broadway, Suite 800 Oakland, CA 94612 510-893-3600		Manager/Prof	1,050	909	1,429	99	3,487	17.2%	
		Technical/Sales	348	311	169	35	863	19.5%	
		Clerical/Skilled	1,318	1,123	341	109	2,891	26.9%	
		Semi/Unskilled	530	771	87	80	1,468	34.5%	
		Bay Area	14	34	119	1	168	31.5%	39.9%
		AA Plan on File:	NA		Date of last contract with District:		12/1/2010		
		Co. Wide MSA:	United States		# Employees-Co. Wide:		39,742	Bay Area:	533
S	EMM - L/SBE	Company Wide	2	1	14	-	17	73.9%	47.8%
YEI Engineers, Inc. Patrick J.R. Mallillin 7700 Edgewater Drive, Suite 128 Oakland, CA 94621 510-383-1050		Manager/Prof	1	1	12	-	14	87.5%	
		Technical/Sales	-	-	1	-	1	33.3%	
		Clerical/Skilled	1	-	1	-	2	50.0%	
		Semi/Unskilled	-	-	-	-	-	NA	
		Bay Area	2	1	14	-	17	73.9%	39.9%
		Co. Wide MSA:	Oakland, CA		# Employees-Co. Wide:		23	Bay Area:	23
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:							
P	PHC	Company Wide	6	11	61	-	78	43.1%	44.0%
Parsons Brinckerhoff, Inc. 303 Second St, Suite 700 San Francisco, CA 94107-1317 415-243-4600		Manager/Prof	5	7	44	-	56	38.6%	
		Technical/Sales	-	3	15	-	18	66.7%	
		Clerical/Skilled	1	1	2	-	4	44.4%	
		Semi/Unskilled	-	-	-	-	-	NA	
		Bay Area	6	11	61	-	78	43.1%	39.9%
		Co. Wide MSA:	San Francisco		# Employees-Co. Wide:		181	Bay Area:	181
P	WM - LBE	Company Wide	69	212	249	11	541	23.1%	27.2%
MWH Americas, Inc. 2121 N. California Blvd., Suite 6000 Walnut Creek, CA 94596 925-627-4500		Manager/Prof	39	125	222	6	392	21.3%	
		Technical/Sales	6	26	9	-	41	28.3%	
		Clerical/Skilled	24	61	18	5	108	29.8%	
		Semi/Unskilled	-	-	-	-	-	NA	
		Bay Area	5	5	27	-	37	31.4%	39.9%
		Co. Wide MSA:	United States		# Employees-Co. Wide:		2,345	Bay Area:	118
P	WM	Company Wide	4	14	31	2	51	23.6%	27.2%
Jacobs Associates Keith Johnson 49 Stevenson, 3rd Floor San Francisco, CA 94105 415-249-8274		Manager/Prof	3	9	24	-	36	20.5%	
		Technical/Sales	1	1	5	1	8	33.3%	
		Clerical/Skilled	-	4	2	1	7	43.8%	
		Semi/Unskilled	-	-	-	-	-	NA	
		Bay Area	1	3	12	-	16	28.6%	39.9%
		Co. Wide MSA:	United States		# Employees-Co. Wide:		216	Bay Area:	56

WM=White Male, WW=White Women, EM=Ethnic Minority (Ethnicities: B=Black, H=Hispanic, A/PI=Asian/Pacific Islander, and AI/AN=American Indian/Alaskan Native)



AFFIRMATIVE ACTION SUMMARY (P-061)

(Completed by District)

This summarizes information provided by the contractor(s)' P-025 Form regarding their workforce.

Title: USL Reservoir Outlet Tower		Ethnic Minority Percentages From U.S. Census Data							
			B	H	A/PI	AI/AN	TOTAL		
Professional Services Agreement		DATE: 4/4/2014	National	10.5	10.7	3.7	0.7	27.3	
			9 Bay Area Counties	5.5	16.2	14.2	0.4	39.9	
			Alameda/CC Counties	10.7	15.6	15.4	0.5	46.2	
R=Recmmd P=Prime S=Sub	Composition of Ownership	Number of Ethnic Minority Employees							
Company Name, Owner/Contact Person, Address, and Phone Number			B	H	A/PI	AI/AN	TOTAL	PERCENT	MSA %
P	EMM - SBE	Company Wide	1	3	5	-	9	40.9%	44.0%
Creegan & D'Angelo Robert S. Jones 170 Columbus Ave, Suite 240 San Francisco, CA 94133 415-834-2010		Manager/Prof	1	2	4	-	7	50.0%	
		Technical/Sales	-	1	-	-	1	50.0%	
		Clerical/Skilled	-	-	1	-	1	16.7%	
		Semi/Unskilled	-	-	-	-	-	NA	
		Bay Area	1	2	5	-	8	40.0%	39.9%
		Co. Wide MSA: San Francisco	# Employees-Co. Wide: 22				Bay Area: 20		
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:	# Employees-Co. Wide:				Bay Area:		
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:	# Employees-Co. Wide:				Bay Area:		
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:	# Employees-Co. Wide:				Bay Area:		
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:	# Employees-Co. Wide:				Bay Area:		

WM=White Male, WW=White Women, EM=Ethnic Minority (Ethnicities: B=Black, H=Hispanic, A/PI=Asian/Pacific Islander, and AI/AN=American Indian/Alaskan Native)



AGENDA NO.
MEETING DATE

11.
April 22, 2014

TITLE **ASSIGNMENT OF CONTRACT FOR LIQUID POLYALUMINUM CHLORIDE AND LIQUID ALUMINUM SULFATE**

MOTION RESOLUTION ORDINANCE

RECOMMENDED ACTION

Approve the assignment of the contracts for liquid polyaluminum chloride (Proposal No. 1109) and liquid aluminum sulfate (Proposal No. 1201) originally awarded under Board Motions 163-10 and 100-11, respectively, from General Chemical Performance Products, LLC, to Chemtrade Chemicals US, LLC.

SUMMARY

The District has contracts with General Chemical Performance Products, LLC, for supplying liquid polyaluminum chloride and liquid aluminum sulfate to the District's water treatment plants. The District was notified that General Chemical Performance Products, LLC, became Chemtrade Chemicals US, LLC, effective March 1, 2014. Assignment of the existing contracts to Chemtrade Chemicals US, LLC, requires Board approval. All prior contract obligations of the assignor, General Chemical Performance Products, LLC, will be in full force and effect and binding on the assignee, Chemtrade Chemicals US, LLC. Assignment of this contract will not materially affect the vendor's performance.

CONTRACT EQUITY PROGRAM EFFORTS

The completed P-035 and P-061 forms are attached.

FISCAL IMPACT

There is no anticipated fiscal impact as a result of this assignment. Chemtrade Chemicals US, LLC, will continue to provide the products as required in the previously approved contracts with General Chemical Performance Products, LLC.

Funds Available: FY14/15		Budget Code: 363/8621
DEPARTMENT SUBMITTING Finance	DEPARTMENT MANAGER or DIRECTOR Eric L. Sandler	APPROVED General Manager

Contact the Office of the District Secretary with questions about completing or submitting this form.

Assignment of Contract for Liquid Polyaluminum Chloride
and Liquid Aluminum Sulfate
April 22, 2014
Page 2

ALTERNATIVES

Terminate the current contracts and go out to bid again. This is not recommended due to the additional costs of new competition that could possibly yield the same awarded bidder, increase pricing, and possibly disrupt our current operations.

Purchase the chemicals on the open market. This is not recommended due to the cost efficiencies achieved by volume pricing, and service reliability with the current contract.

Attachments

I:\SEC\04-22-14 Agenda Items\FIN - BD1 Assignment of Contract for Liquid Polyaluminum Chloride and Liquid Aluminum Sulfate 042214



CONTRACT EQUITY PROGRAM SUMMARY (P-035)

This summary contains information on the contractor's workforce and contract equity participation. (Completed by District)

TITLE Assignment of Materials & Supplies Liquid Polyaluminum Chloride -Three-Year Contract with 2 One-Year Renewal Options	DATE: <p style="text-align: center; font-size: 1.2em;">April 10, 2014</p>
---	---

CONTRACTOR:		PERCENTAGE OF CONTRACT DOLLARS			
Chemtrade Chemicals US, LLC. Parsippany, NJ		Assignment	Availability Group	Contracting Objectives	Participation
BID/PROPOSER'S PRICE:	FIRM'S OWNERSHIP		White Men	25%	0.0%
	Ethnicity	Gender	White Women	2%	0.0%
\$994,000 *	Publicly Held Corp.		Ethnic Minorities	25%	3.0%

CONTRACT EQUITY PARTICIPATION											
COMPANY NAME	ESTIMATED AMOUNT	ETHNICITY	GENDER		CONTRACTING PARTICIPATION						
			M	W	White-Men	White-Women	Ethnic Minorities	Unclassified	Publicly Held Corp.	Gov't/Non Profit	Foreign
PRIME: Chemtrade Chemicals US, LLC.	\$964,000	Publicly Held Corp.			---	---	-	---	97.0%	---	---
SUBS: CalTank Chemical Transfer	\$30,000	White	x		---	---	3.0%	---	3.0%	---	---
TOTAL	\$994,000				0.0%	0.0%	3.0%	0.0%	100.0%	0.0%	0.0%

CONTRACTOR'S WORKFORCES PROFILE (From P-025 Form)				
	White Men	White Women	Ethnic Minorities	Total Employees
No. of Employees:	193	23	35	251
Percent of Total Employees:	76.9%	9.2%	13.9%	
MSA Labor Market %:	36.7%	31.5%	31.7%	
MSA Labor Market Location:	New Jersey			

COMMENTS

Contract Equity Participation - 13.4% White Men participation.

**Balance Remaining on Original Contract*

Workforce Profile & Statement of Nondiscrimination Submitted	Good Faith Outreach Efforts Requirement Satisfied	Award Approval Recommended
ON FILE	YES	



AFFIRMATIVE ACTION SUMMARY (P-061)

(Completed by District)

This summarizes information provided by the contractor(s)' P-025 Form regarding their workforce.

Title: Liquid Polyaluminum Chloride -Three-Year Contract with 2 One-Year Renewal Options		Ethnic Minority Percentages From U.S. Census Data							
				B	H	A/PI	AI/AN	TOTAL	
		National		10.5	10.7	3.7	0.7	27.3	
Materials & Supplies Award DATE: 4/10/2014		9 Bay Area Counties		5.5	16.2	14.2	0.4	39.9	
		Alameda/CC Counties		10.7	15.6	15.4	0.5	46.2	
R=Recmmd P=Prime S=Sub	Composition of Ownership	Number of Ethnic Minority Employees							
Company Name, Owner/Contact Person, Address, and Phone Number			B	H	A/PI	AI/AN	TOTAL	PERCENT	MSA %
RP	PHC	Company Wide	24	5	2	4	35	13.9%	31.7%
Chemtrade Chemicals US, LLC. 90 East Halsey Road Parsippany, NJ 07054 800-631-8050		Manager/Prof	3	3	1	-	7	9.6%	
		Technical/Sales	1	-	-	1	2	13.3%	
		Clerical/Skilled	8	-	-	1	9	16.4%	
		Semi/Unskilled	12	2	1	2	17	15.7%	
		Bay Area	0	-	-	-	-	NA	39.9%
		AA Plan on File:	NA		Date of last contract with District:		10/1/2011		
		Co. Wide MSA:	New Jersey		# Employees-Co. Wide:		251 Bay Area: 0		
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:			# Employees-Co. Wide:		Bay Area:		
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:			# Employees-Co. Wide:		Bay Area:		
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:			# Employees-Co. Wide:		Bay Area:		
		Company Wide							
		Manager/Prof							
		Technical/Sales							
		Clerical/Skilled							
		Semi/Unskilled							
		Bay Area							39.9%
		Co. Wide MSA:			# Employees-Co. Wide:		Bay Area:		

WM=White Male, WW=White Women, EM=Ethnic Minority (Ethnicities: B=Black, H=Hispanic, A/PI=Asian/Pacific Islander, and AI/AN=American Indian/Alaskan Native)



CHEMTRADE

March 1, 2014

**General Chemical Performance Products LLC
IS NOW
Chemtrade Chemicals US LLC**

As previously notified, effective 3/1/14, General Chemical Performance Products LLC became Chemtrade Chemicals US LLC.

PLEASE CHANGE THE NAME ONLY.

The Remit to address and the electronic payment information have not changed.

Enclosed is our W-9 with the new name.

Chemtrade is a publicly traded company and is one of the North America's largest suppliers of sulfuric acid, water treatment chemicals, sodium hydrosulfite, and a host of other inorganic and specialty chemicals. We have operations at more than 60 sites in the United States, Canada and Europe, and are proud practitioners of Responsible Care®. We invite you learn more about Chemtrade at www.chemtradelogistics.com.

We appreciate your business and commit to you that we will continue to provide the same high quality products and level of service that you have enjoyed in the past.

If you have any questions regarding this notice, please contact me directly.

Cordially,

Robert V. Marin

Phone: 973-515-3210

Fax: 973-515-1984

Email: rmarin@chemtradelogistics.com



AGENDA NO.
MEETING DATE

12.
April 22, 2014

**TITLE WATER SUPPLY ASSESSMENT FOR THE NORTHERN WATERFRONT
 GENERAL PLAN AMENDMENT**

MOTION _____ RESOLUTION _____ ORDINANCE _____

RECOMMENDED ACTION

Approve the Water Supply Assessment (WSA) requested by the City of Alameda (City) for the Northern Waterfront General Plan Amendment pursuant to the California Water Code, Section 10910-10915.

SUMMARY

The Northern Waterfront General Plan Amendment is bounded by Buena Vista Avenue to the south, Chapin Street to the west, Minturn Street to the east, and the Oakland Estuary to the north (Attachment A). The project area consists of approximately 110 acres: 71 acres of residential, retail commercial, manufacturing, warehouse, and marina slips and 39 acres of open space and parks. At total build out the project area will consist of 1,147 residential units (191 single-family and 956 multi-family), 50,000 square feet of retail space, 273,095 square feet of commercial space, 275,200 square feet of manufacturing and warehouse space, and 1,145 marina slips.

The existing land use consists of mixed-use industrial, residential, commercial, public/institutional, commercial recreation/marina, parks, and open space. Historical water use of the site is approximately 85,000 gallons per day (gpd). The projected water demand is estimated to be approximately 430,000 gpd at build out. This demand is accounted for in the District's Urban Water Management Plan (UWMP). Approval of the assessment by the Board of Directors is required prior to its submittal to the City. The assessment is described in the attached letter (Attachment B) and, upon Board approval, will be sent to the City.

DISCUSSION

On December 20, 2002, the City requested a WSA for the Northern Waterfront Area General Plan Amendment, with an estimated water demand of 250,000 gpd, which was approved by the Board of Directors on March 6, 2003. Since then, the foreseeable development for the project changed with an increase on the projected demands requiring a new WSA. On March 19, 2014, the City submitted a formal request for a consultation between the District and the City regarding water service to the Northern

Funds Available: FY		Budget Code:
DEPARTMENT SUBMITTING	DEPARTMENT MANAGER or DIRECTOR	APPROVED
Engineering and Construction	 Xavier J. Irias	 General Manager

Contact the Office of the District Secretary with questions about completing or submitting this form.

Waterfront General Plan Amendment, pursuant to California Water Code, Sections 10910-10915. The project, for which an Environmental Impact Report was being prepared, meets the threshold requirement for an assessment of water supply availability based on the amount of water this project would require, a mixed-use project that would demand an amount of water equivalent to or greater than the amount of water required by a 500 dwelling unit project. The City is required to consult with the public water supplier to determine whether the water demand associated with the proposed project was included in its last UWMP, and to assess whether its 20-year water supply (available during normal, single-dry and multiple-dry water years) will meet the water demand associated with the proposed project.

The 2010 UWMP concludes that the District has, and will have, adequate water supplies to serve existing and projected demand within the Ultimate Service Boundary during normal and wet years, but that deficits are projected for drought years. The District's Water Supply Management Plan includes up to a 15 percent water conservation requirement in a severe drought. The project will be subject to the same drought restriction as all District customers.

The WSA letter requests that the City comply with the California Code of Regulations concerning water-efficient landscapes and District water service regulations in force at the time the application is made. The District also requests a meeting to discuss water conservation opportunities in the project area. A key objective of this discussion will be to explore timely opportunities to maximize conservation via early consideration of the District's conservation programs and State and Federal best management practices applicable to the project.

The Northern Waterfront General Plan Amendment project site is located within EBMUD's East Bayshore Recycled Water Project service boundaries and in the vicinity of future planned transmission pipeline extensions within the City. As part of the long-term water supply planning, EBMUD will consider the feasibility of providing recycled water to the project area for appropriate uses including landscape irrigation, commercial and industrial process uses, as well as toilet and urinal flushing in non-residential buildings. The District recommends that the City require developers of the Northern Waterfront General Plan Amendment area to coordinate and consult with the District during the planning and implementation phases of future developments regarding the feasibility of providing recycled water for appropriate non-potable uses.

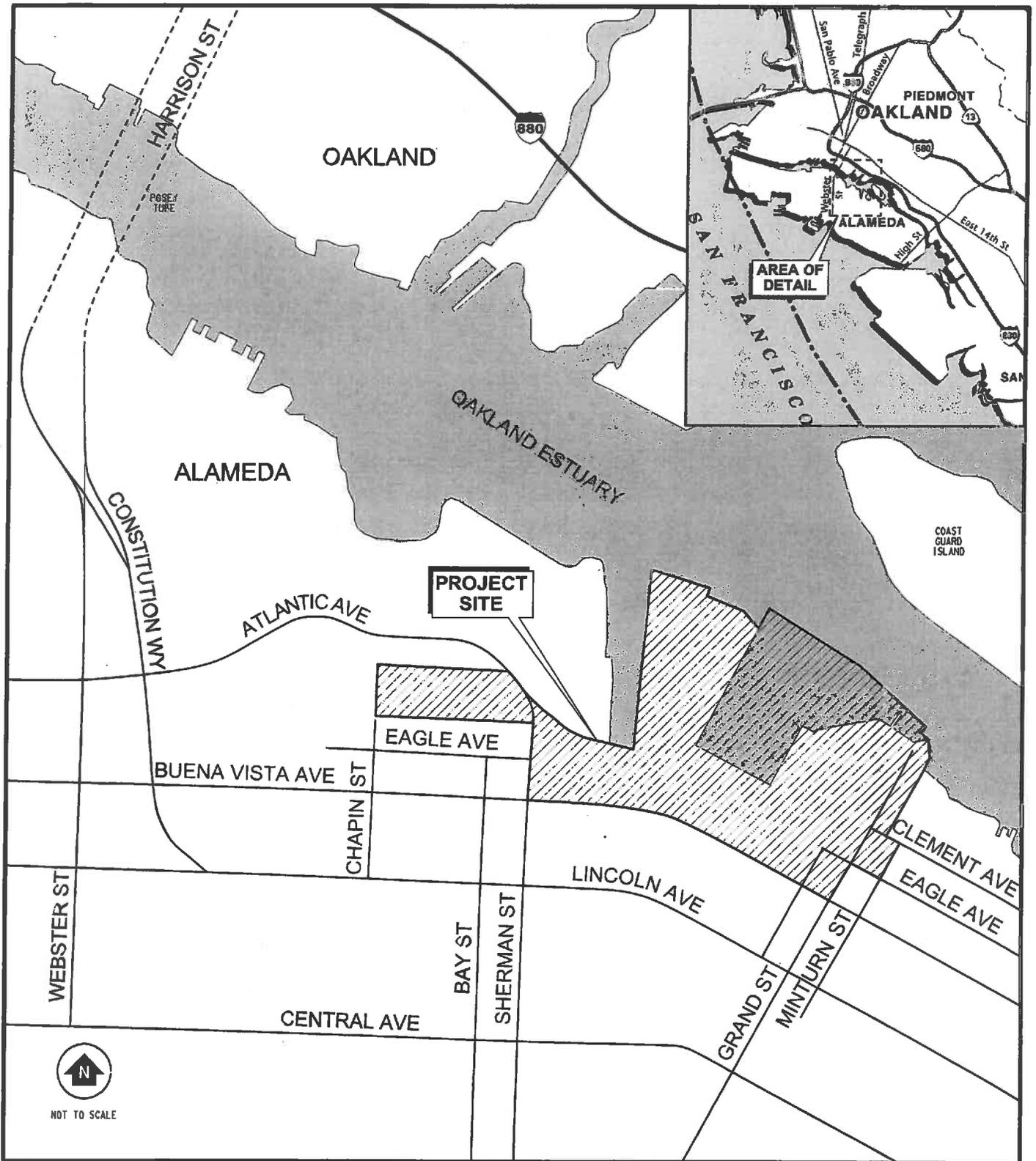
ALTERNATIVES

Do not submit a response. This alternative is not recommended. This assessment has been prepared pursuant to California Water Code, Sections 10910-10915. It is consistent with the law and the District's past WSAs.

Attachments: A. Map – Northern Waterfront General Plan Amendment
B. District's Response to March 19, 2014 Water Supply Assessment Request

NORTHERN WATERFRONT GENERAL PLAN AMENDMENT

Attachment A



April 22, 2014

Andrew Thomas, Supervising Planner
City of Alameda
Planning and Building Department
2263 Santa Clara Avenue, Room 190
Alameda, CA 94501

Re: Water Supply Assessment – Northern Waterfront General Plan Amendment

Dear Mr. Thomas:

This letter responds to the City of Alameda's (City) request on March 19, 2014, for water agency consultation concerning the Northern Waterfront General Plan Amendment (Enclosure 1) located in Alameda, which is within the East Bay Municipal Utility District's (EBMUD) Ultimate Service Boundary. EBMUD appreciates the opportunity to provide this response.

Pursuant to Sections 10910-10915 (SB-610) of the California Water Code, the project meets the threshold requirement for an assessment of water supply availability based on the amount of water this project would require, a mixed-use project that would demand an amount of water equivalent to or greater than the amount of water required by a 500 dwelling unit project.

Please note that this assessment addresses the issue of water supply only and is not a guarantee of service, and future water service is subject to rates and regulations in effect at the time.

Project Demand

The water demand for the Northern Waterfront General Plan Amendment area is accounted for in EBMUD's water demand projections as published in EBMUD's 2010 Urban Water Management Plan (UWMP/Enclosure 2). EBMUD's water demand projections account for anticipated future water demands within EBMUD's service boundaries and for variations in demand-attributed changes in development patterns. The historical water use is approximately 85,000 gallons per day (gpd). The projected water demand is estimated to be approximately 430,000 gpd at build out.

EBMUD's demand projections indicate both densification and land use changes in a few existing land use classifications, including commercial and residential land use areas, thus increasing EBMUD's overall demand. EBMUD's 2010 UWMP projects water demands over time, accounting for estimated variations in demand usage less conservation and recycled supply sources as noted in Table 4-1, Water Demand Projections for Each Water Use Sector, of the 2010 UWMP. EBMUD's water demand projections are based on the 2040 Demand Study (Demand Study), which was completed in 2009. For planning purposes, the demands are

estimated in five year increments, but it is recognized that actual incremental amounts may occur stepwise in shorter time increments. An increase in usage by one customer in a particular customer class does not require a strict gallon-for-gallon increase in conservation by other customers in that class as, in actuality, the amount of potable demand, conservation and recycled water use EBMUD-wide will vary somewhat. Future versions of the UWMP, which is updated every five years, will include an updated assessment of customer demand and water supply.

Project Area

The Northern Waterfront General Plan Amendment consists of approximately 110 acres bounded by Buena Vista Avenue to the south, Chapin Street to the west, Minturn Street to the east, and the Oakland Estuary to the north. The project area consists of approximately 110 acres: 71 acres of residential, retail commercial, manufacturing, warehouse, and marina slips and 39 acres of open space and parks. At total build out the project area will consist of 1,147 residential units (191 single-family and 956 multi-family), 50,000 square feet of retail space, 273,095 square feet of commercial space, 275,200 square feet of manufacturing and warehouse space, and 1,145 marina slips.

EBMUD Water Demand Projections

Since the 1970s, water demand within EBMUD's service area has ranged from 200 to 220 million gallons per day (mgd) in non-drought years. The 2040 water demand forecast of 312 mgd for EBMUD's service area can be reduced to 230 mgd with the successful implementation of water recycling and conservation programs, as outlined in the 2010 UWMP. Although current demand is lower than estimated in the Demand Study, as a result of the recent multi-year drought and the downturn in the economy, the Demand Study still reflects a reasonable expectation for growth over the long term for demand in year 2040. The Northern Waterfront General Plan Amendment Project will not change EBMUD's 2040 demand projection.

EBMUD Water Supply and Water Rights

EBMUD has water rights permits and licenses that allow for delivery of up to a maximum of 325 mgd from the Mokelumne River, subject to the availability of Mokelumne River runoff and the senior water rights of other users. EBMUD's position in the hierarchy of Mokelumne River water users is determined by a variety of agreements between Mokelumne River water right holders, and the terms of the appropriative water rights permits and licenses, which have been issued by the State, pre-1914 rights, and riparian rights.

Conditions that could, depending on hydrology, restrict EBMUD's ability to receive its full entitlement include:

- Upstream water use by prior right holders.
- Downstream water use by riparian and senior appropriators and other downstream obligations, including protection of public trust resources.
- Variability in rainfall and runoff.

During prolonged droughts, the Mokelumne River supply cannot meet EBMUD's projected customer demands. To address this, EBMUD has completed construction of the Freeport Regional Water Facility and the Bayside Groundwater Facility, which are discussed below in the Supplemental Water Supply and Demand Management section of this assessment. EBMUD has obtained and continues to seek supplemental supplies.

EBMUD UWMP

The 2010 UWMP, adopted on June 28, 2011, by EBMUD's Board of Directors by Resolution No. 33832-11, is a long-range planning document used to assess current and projected water usage, water supply planning and conservation and recycling efforts. A summary of EBMUD's demand and supply projections, in 5-year increments for a 25-year planning horizon is provided in Table 4-3, EBMUD Demand and Supply Projections of the 2010 UWMP (Enclosure 3).

EBMUD's evaluation of water supply availability accounts for the diversions of both upstream and downstream water right holders and fishery releases on the Mokelumne River. Fishery releases are based on the requirements of a 1998 Joint Settlement Agreement (JSA) between EBMUD, United States (U.S.) Fish and Wildlife Service, and the California Department of Fish and Game. The JSA requires EBMUD to make minimum flow releases from its reservoirs to the lower Mokelumne River to protect and enhance the fishery resources and ecosystem of the river. As this water is released downriver, it is, therefore, not available for use by EBMUD's customers.

The available supply shown in the attached table (Enclosure 3) was derived from EBMUD's hydrologic model with the following assumptions:

- EBMUD Drought Planning Sequence is used for 1976, 1977 and 1978;
- Total system storage is depleted by the end of the third year of the drought;
- EBMUD will implement its Drought Management Program when necessary;
- The diversions by Amador and Calaveras Counties upstream of Pardee Reservoir will increase over time, eventually reaching the full extent of their senior rights;
- Releases are made to meet the requirements of senior downstream water right holders and fishery releases are made according to the JSA;

- Dry-year supply of Central Valley Project (CVP) water, through the Freeport Regional Water Facility, is available; and
- Bayside Groundwater Project, Phase 1, is available.

As discussed under the Drought Management Program section in Chapter 3 of the 2010 UWMP, EBMUD's system storage generally allows it to continue serving its customers during dry-year events. EBMUD imposes rationing based on the projected storage available at the end of September. By imposing rationing in the first dry year of potential drought periods, EBMUD attempts to minimize rationing in subsequent years if a drought persists while continuing to meet its current and subsequent-year fishery flow release requirements and obligations to downstream agencies. Table 3-2, Long-Term Drought Management Program Guidelines, in the 2010 UWMP summarizes the Drought Management Program guidelines for consumer water reduction goals based on projected system storage.

In Table 4-3, EBMUD Demand and Supply Projections (Enclosure 3), "Single Dry Water Year" (or Year 1 of "Multiple Dry Water Years") is determined to be a year that EBMUD would implement Drought Management Program elements at the "moderate" stage with the goal of achieving a reduction between 0 to 10 percent in customer demand. Year 2 of "Multiple Dry Years" is determined to be a year that EBMUD would implement Drought Management Program elements at the "severe" stage with the goal of achieving between 10 to 15 percent reduction in customer demand. Year 3 of "Multiple Dry Years" is a year in which EBMUD would implement Drought Management Program elements at the "critical" stage. Despite water savings from EBMUD's aggressive conservation and recycling programs and rationing of up to 15 percent, additional supplemental supplies beyond those provided through the Freeport Regional Water Facility and the Bayside Groundwater Facility will be needed during Years 2 and 3 of a three-year drought. Therefore, supplemental supplies are needed in a multiple-year drought periods while continuing to meet the requirements of senior downstream water right holders and the provisions of the 1998 JSA.

Supplemental Water Supply and Demand Management

The goals of meeting projected water needs and increased water reliability rely on supplemental supplies, improving reliability of existing water supply facilities, water conservation and recycled water programs.

By 2011, EBMUD completed construction of the Freeport Regional Water Facility and the Bayside Groundwater Facility to augment its water supply during drought periods. However, additional supplemental supplies beyond those provided through these facilities will still be needed, as noted above. Chapter 2 of the 2010 UWMP describes potential supplemental water supply projects that could be implemented to meet projected long-term water demands during multi-year drought periods.

The Freeport Regional Water Facility became operational in February 2011. EBMUD's ability to take delivery of water through the Freeport facility is based on its Long Term Renewal Contract (LTRC) with the U.S. Bureau of Reclamation. The LTRC provides for up to 133,000 acre-feet in a single dry-year, not to exceed a total of 165,000 acre feet in three consecutive dry years. Under the LTRC, the CVP supply is available to EBMUD only in dry years when EBMUD's total stored water supply is forecast to be below 500,000 total acre feet on September 30 of each year.

Construction of the Bayside Groundwater Project, Phase 1, was completed in 2010. A permit from the Department of Public Health, which is pending, is required before the groundwater can be extracted and treated for municipal use. The project is designed to yield 2 mgd over a 6-month period, resulting in an average annual production capacity of 1 mgd per year.

Chapter 2 of the 2010 UWMP also lists other potential supplemental water projects, including northern California water transfers, Bayside Groundwater Project Expansion, Los Vaqueros Expansion and others that could be implemented as necessary to meet the projected long-term water supplemental need during multi-year drought periods. The 2010 UWMP identifies a broad mix of projects, with inherent scalability and the ability to adjust implementation schedules for a particular component, so that EBMUD will be able to continue to pursue the additional supplemental supplies that are projected to be necessary, while also minimizing the risks associated with future uncertainties such as project implementation challenges and global climate change. The Environmental Impact Report that EBMUD certified for the Water Supply Management Program 2040 examined the impacts of pursuing these supplemental supply projects at a program level. Separate project-level environmental documentation will be prepared, as appropriate, for specific components as they are developed in further detail and implemented in accordance with EBMUD's water supply needs.

In addition to pursuing supplemental water supply sources, EBMUD also maximizes resources through continuous improvements in the delivery and transmission of available water supplies, and investments in ensuring the safety of its existing water supply facilities. These programs, along with emergency interties and planned water recycling and conservation efforts, would ensure a reliable water supply to meet projected demands for current and future EBMUD customers within the current service area.

Individual developments within the project area may present opportunities to incorporate water conservation measures. EBMUD requests that the City include in its conditions of approval a requirement that the project sponsors comply with the California Model Water Efficient Landscape Ordinance (Division 2, Title 23, California Code of Regulations, Chapter 2.7, Sections 490 through 495). EBMUD staff would appreciate the opportunity to meet with the project sponsor to discuss water conservation programs and best management practices applicable to the integrated projects. A key objective of this discussion will be to explore timely opportunities to expand water conservation via early consideration of EBMUD's conservation programs and best management practices applicable to the project.

Andrew Thomas, Supervising Planner

April 22, 2014

Page 6

The Northern Waterfront General Plan Amendment area is located within EBMUD's East Bayshore Recycled Water Project service boundaries and in the vicinity of future planned transmission pipeline extensions within the City. As part of the long-term water supply planning, EBMUD will consider the feasibility of providing recycled water to the project area for appropriate uses including landscape irrigation, commercial and industrial process uses, as well as toilet and urinal flushing in non-residential buildings. EBMUD recommends that the City require developers of the Northern Waterfront General Plan Amendment area to coordinate and consult with EBMUD during the planning and implementation phases of future developments regarding the feasibility of providing recycled water for appropriate non-potable uses. The project sponsor should contact David J. Rehnstrom, Senior Civil Engineer, at (510) 287-1365 for further information.

Sincerely,

William R. Kirkpatrick
Manager of Water Distribution Planning Division

WRK:KSG:sb
sb14_075a

Enclosures: 1. Letter of Request for Water Supply Assessment dated March 19, 2014
2. EBMUD 2010 Urban Water Management Plan
3. EBMUD Demand and Supply Projections Table

cc: Board of Directors w/o Enclosure 2



City of Alameda • California

March 19, 2014

William R. Kirkpatrick
Manager of Water Distribution Planning
East Bay Municipal Utility District
375 Eleventh Street
Oakland, CA 94607-4240

WATER SERVICE PLANNING
MAR 21 2014
RECEIVED

RE: Water Supply Availability Assessment pursuant to Section 10910-10915 of the California Water Code.

Dear Mr. Kirkpatrick:

This letter is to formally request the required consultation between the City of Alameda and the East Bay Municipal Utility District on water supply availability for the City of Alameda's proposed Encinal Terminals Project (project). As you know, East Bay Municipal Utility District prepared a Water Supply Availability Assessment for the City of Alameda in 2003 as part of the Northern Waterfront General Plan Amendment, Specific Plan and Environmental Impact Report. At this time we are requesting a revision to that assessment, based on the updated project information found below.

The proposed Encinal Terminals Project would be located at 1521 Buena Vista Avenue in the northern portion of the City of Alameda and the site encompasses approximately 25 acres. The project would include demolition of existing structures on the site; construction of 350 to 505 new housing units, 200 to 400 private boat slips, 25,000 square feet of commercial/office uses, and boardwalk, open space, and public uses; and rehabilitation of three existing wharves and two concert wharves. The residential units would include three to five unit types including condominiums, townhomes, lofts, and live-work units. Based on preliminary water demand calculations, the anticipated water demand generated by the project is approximately 0.11 million gallons per day.

To provide some background, this project was originally part of the Northern Waterfront Specific Plan and subsequently the Northern Waterfront General Plan Amendment. In March 2003, East Bay Municipal Utility District prepared a water supply assessment for the Northern Waterfront Specific Plan. The project was also evaluated in the Northern Waterfront General Plan Amendment Environmental Impact Report (State Clearinghouse No. 202102118), which

Community Development Department
2243 Santa Clara Avenue, Room 190
Alameda, California 94501-4477
310.747.6500 • Fax 310.865.4053 • TTY 510.522.7538

was certified in July 2007. As more detailed information is available, an Initial Study/Mitigated Negative Declaration (IS/MND) is currently being prepared for the project.

Other projects that were identified in the Northern Waterfront General Plan Amendment have come into finer focus. Please see the attached table prepared by Carlson, Barbee & Gibson, Inc. This represents the maximum development that has been recently approved or is currently being proposed.

The City respectfully requests that EBMUD revise the Northern Waterfront General Plan Amendment water supply assessment, based on the various project updates described above. Please let me know if there is any information you need in order to complete the process. I can be reached at 510-747-6881.

Thank you for your assistance with this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Andrew Thomas', with a long horizontal flourish extending to the right.

Andrew Thomas
Planning Manager



**Carlson, Barbee
& Gibson, Inc.**

CIVIL ENGINEERS • SURVEYORS • PLANNERS

March 12, 2014
Job No.: 1236-031

**2003 vs 2014 DEMAND
ENCINAL TERMINAL
ALAMEDA, CALIFORNIA**

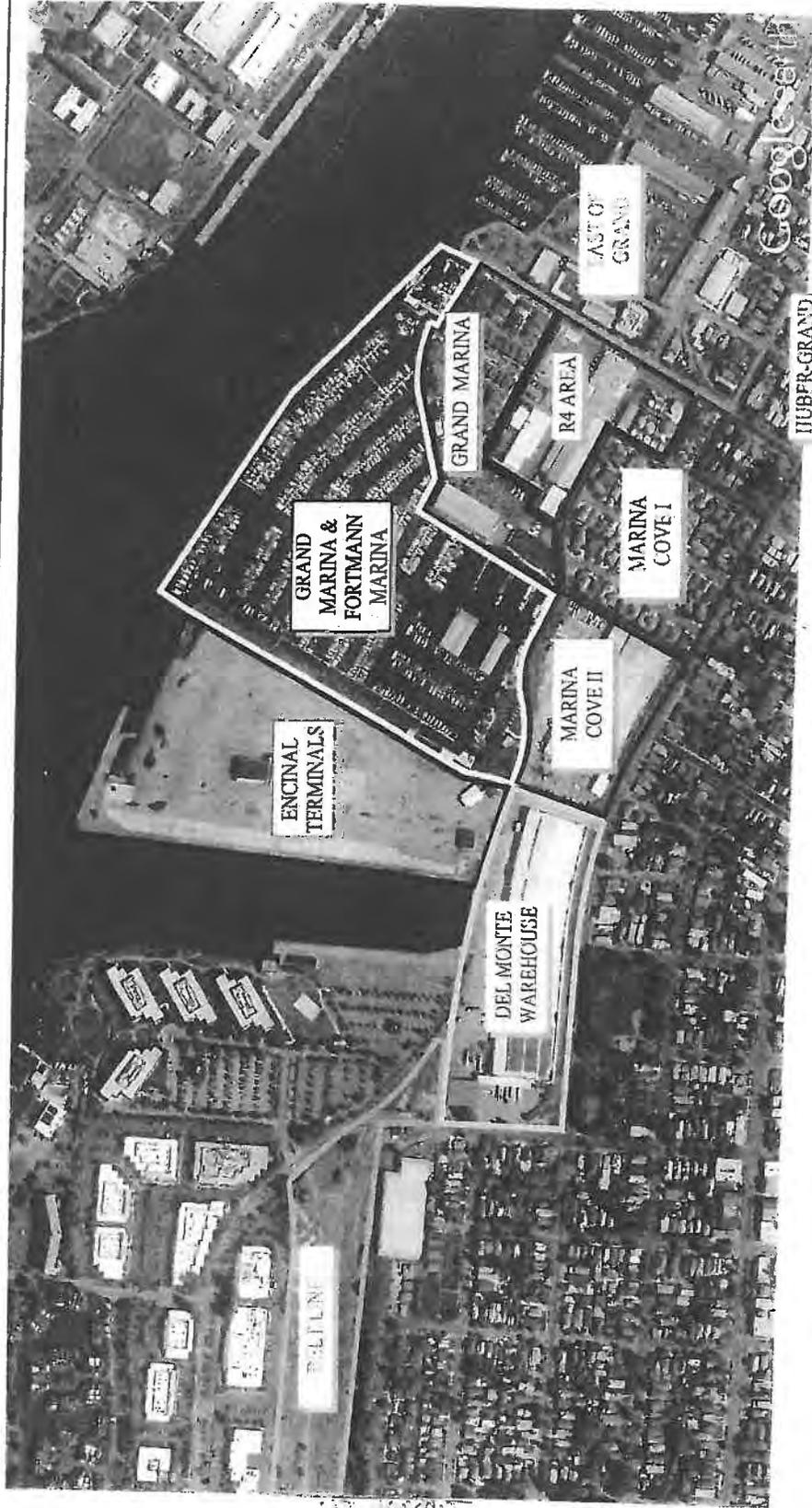
North Waterfront 2003 Specific Plan

USE	QUANTITY	DEMAND FACTOR	DEMAND (GPD)
Residential (Units)	420	165	69,300
Office Space (SF)	200,000	0.084	16,800
Commercial / Retail (SF)	250,000	0.15	37,500
Hotel (Rooms)	90	100	9,000
Marina (Slips)	145	22	3,190
Open Space / Park (AC)	33	3,040	100,320
TOTAL (MGD)			0.24

North Waterfront 2014 Proposed & Existing Conditions

DEVELOPMENT	USE	QUANTITY	DEMAND FACTOR	DEMAND (GPD)
ENCINAL TERMINALS	Multi-Family (Units)	505	165	83,325
	Retail (SF)	25,000	0.15	3,750
	Marina (Slips)	400	22	8,800
	Open Space / Park (AC)	3.21	3,040	9,770
DEL MONTE WAREHOUSE	Multi-Family (Units)	414	165	68,310
	Retail (SF)	25,000	0.15	3,750
MARINA COVE II	Single Family (Units)	52	280	14,560
	Multi-Family (Units)	37	165	6,105
MARINA COVE I	Single Family (Units)	79	280	22,120
GRAND MARINA	Single Family (Units)	41	280	11,480
	Commercial (SF)	101,500	0.15	15,225
	Open Space / Park (AC)	3	3,040	7,726
GRAND MARINA & FORTMANN MARINA	Marina (Slips)	745	22	16,390
EAST OF GRAND	Single Family (Units)	8	280	2,240
	Commercial (SF)	146,445	0.15	21,967
R4 AREA	Manufacturing / Warehouse (SF)	275,200	0.084	23,117
HUBER-GRAND BLOCK	Single Family (Units)	11	280	3,080
	Commercial (SF)	25,150	0.15	3,773
BELT LINE	Open Space / Park (AC)	33	3,040	100,320
TOTAL (MGD)				0.43

2633 CAMINO RAMON, SUITE 350 • SAN RAMON, CALIFORNIA 94583 • (925) 866-0322 • www.chandq.com



WSA STUDY AREAS

ENCINAL TERMINALS

CITY OF ALAMEDA ALAMEDA COUNTY CALIFORNIA

DATE: MARCH 17, 2014 SCALE: 1" = 400'

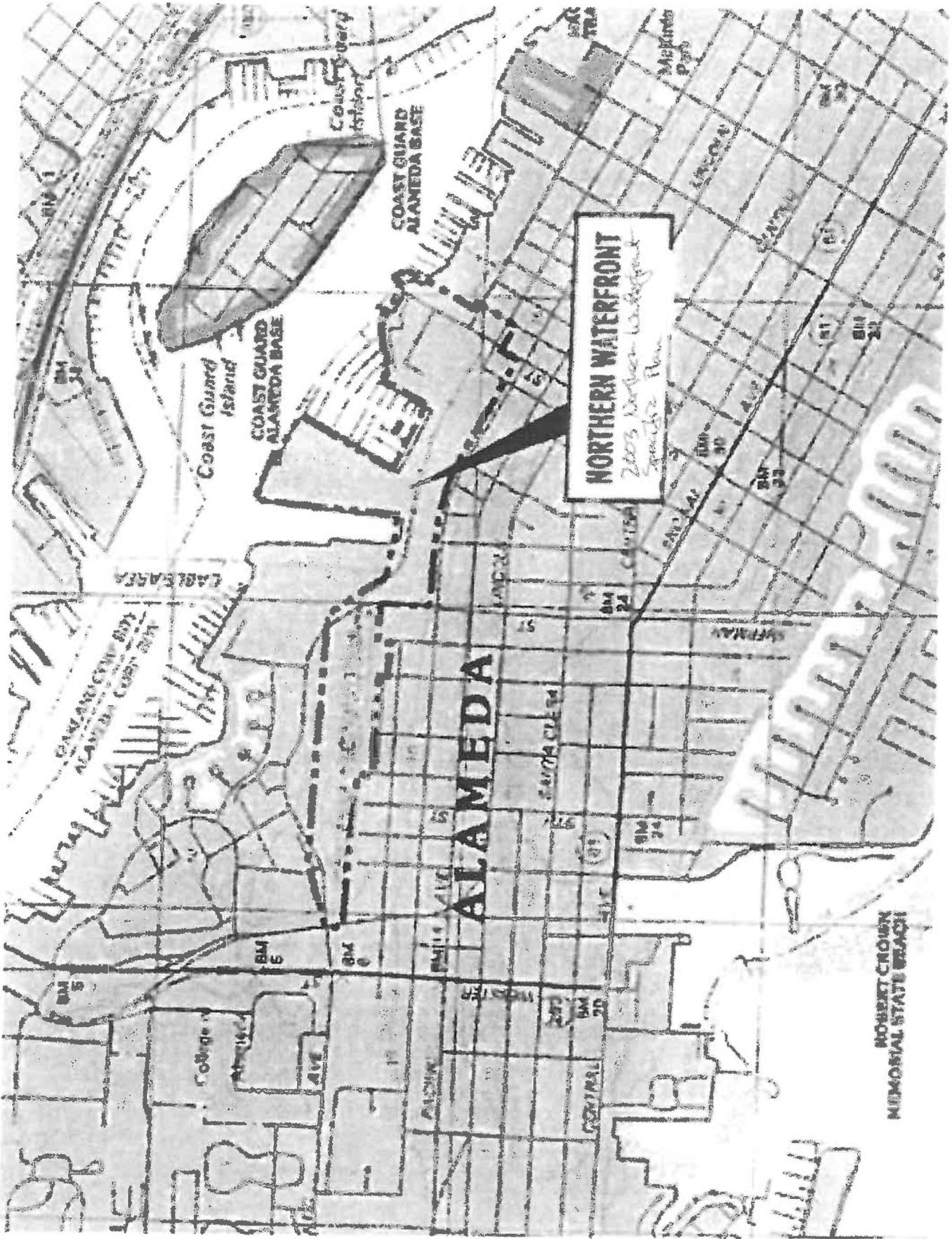


City of Alameda
 Planning & Public Works
 1000 Lakeside Blvd., Suite 100
 Alameda, CA 94601
 415.762.3100
 www.cityofalameda.org

G:\1206-030\ACAD\EXHIBIT\WB_WSA STUDY AREA MAP.DWG

RECEIVED
 MAR 21 2014
 WATER SERVICE PLANNING

3/17/2014 3:14 PM



NORTHERN WATERFRONT
*2003 Northern Waterfront
Specific Plan*

ALAMEDA

**COAST GUARD
ALAMEDA BASE**

**COAST GUARD
ALAMEDA BASE**

**COAST GUARD
Island**

**ROBERT CROWLEY
MEMORIAL STATE BEACH**

LAFAYETTE

COLLEGE AVE

COLLEGE

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EAST BAY MUNICIPAL UTILITY DISTRICT DEMAND AND SUPPLY PROJECTION
(Reference: Table 4-3, UWMP 2010 – EBMUD)

	2010	2015	2020	2025	2030	2035 ¹	2040
PROJECTED DEMAND (MGD)							
CUSTOMER DEMAND ²	251	266	280	291	304	308	312
ADJUSTED FOR CUMULATIVE CONSERVATION ³	(26)	(32)	(43)	(49)	(56)	(59)	(62)
ADJUSTED FOR RECYCLED WATER ⁴	(9)	(11)	(16)	(18)	(19)	(20)	(20)
PLANNING LEVEL OF DEMAND	216	223	221	224	229	229	230
PROJECTED AVAILABLE SUPPLY AND NEED FOR SUPPLEMENTAL SUPPLY (MGD)⁵							
NORMAL YEAR	>216	>223	>221	>224	>229	>229	>230
SUPPLEMENTAL SUPPLY NEED	0	0	0	0	0	0	0
SINGLE DRY YEAR (MULTIPLE DRY YEARS – YEAR 1)							
AVAILABLE SUPPLY	211	217	215	218	223	222	222
CUSTOMER RATIONING ⁶	2%	3%	3%	3%	3%	3%	4%
SUPPLEMENTAL SUPPLY NEED ⁷	5	6	6	7	7	8	8
MULTIPLE DRY YEARS – YEAR 2							
AVAILABLE SUPPLY	183	189	188	190	194	194	195
CUSTOMER RATIONING ⁶	15%	15%	15%	15%	15%	15%	15%
SUPPLEMENTAL SUPPLY NEED ⁷	21	21	21	21	22	22	22
MULTIPLE DRY YEARS – YEAR 3							
AVAILABLE SUPPLY	183	189	188	190	183	164	144
CUSTOMER RATIONING ⁶	15%	15%	15%	15%	15%	15%	15%
SUPPLEMENTAL SUPPLY NEED ⁷	21	21	21	21	33	53	73
THREE-YEAR DROUGHT							
TOTAL SUPPLEMENTAL SUPPLY NEED (TAF) ⁷	53	54	54	55	69	93	115

¹ Projected demand for 2035 is interpolated.

² Customer demand values are based on the demand projections from the "2040 Demand Study," Feb 2009. These projected water demands are based on land use in EBMUD's ultimate service area and is unadjusted for conservation and non-potable water. The values are also unadjusted for the current suppressed demand due to the 2007-2010 rationing period and the economic downturn.

³ Existing conservation saving from the "1994 Water Conservation Master Plan" and planned conservation program savings based on the "2011 Water Conservation Master Plan".

⁴ Existing recycled water achieved per the "1993 Water Supply Management Program" and planned recycled water program savings as outlined in Chapter 5 of the UWMP 2010.

⁵ Projected available supply data includes dry year supply deliveries from the Freeport Regional Water Project (FRWP) and Bayside Groundwater Project, Phase 1. Delivery rules for the FRWP follow the rules as developed in the Freeport EIR, 2003.

⁶ Rationing reduction goals are determined according to projected system storage levels in the Long-Term Drought Management Program guidelines per Table 3-2 in Chapter 3 of the UWMP 2010.

⁷ The supplemental supply need is based on EBMUDSIMI modeling studies. It is the amount of water needed based on EBMUD's updated demand projections, the provisions of the 1998 Joint Settlement Agreement and the rationing policy stated in Table 3-2, Chapter 3 of the UWMP 2010. The actual need will be dependent on antecedent conditions and the severity of actual drought conditions. Supplemental supply stored during the initial year of the drought could be later released, diminishing supplemental supply needs. During the drought that continued into 2010, the combined effects of water rationing and an economic downturn suppressed demand below the planning level of demand to maintain a sufficient water supply and deferred the need for supplemental water. However, if the drought had continued into its second year, most likely supplemental supplies would have been obtained from the Freeport Regional Water Facility as anticipated in the Interim Drought Management Program Guidelines discussed in Appendix G-2.



AGENDA NO. _____
MEETING DATE April 22, 2014

TITLE FIXING THE EBMUD WARD BOUNDARIES

MOTION _____ RESOLUTION _____ ORDINANCE _____

RECOMMENDED ACTION

Adopt a Resolution fixing the ward boundaries from which the East Bay Municipal Utility District (EBMUD) Directors are elected for the November 4, 2014 General Election.

SUMMARY

Adoption of the proposed Resolution would formally establish the boundaries of the seven District wards to be consistent with those approved by the Board on January 24, 2012 as part of the redistricting process (Resolution No. 33865-12). These modifications have been incorporated into the legal description in the resolution and constitute the official boundaries. There have been no annexations to the District since that time.

The Municipal Utility District Act and the California Elections Code require that the Secretary of the District provide District ward boundaries to the respective County Clerks in accordance with county deadlines. The deadline for providing approved legal ward boundaries to Alameda and Contra Costa counties is July 2, 2014.

Following Board action, staff will submit the resolution and approved legal ward boundaries to the counties to enable them to determine their precinct boundaries for the November 2014 General Election.

Funds Available: FY		Budget Code:	
DEPARTMENT SUBMITTING	DEPARTMENT MANAGER or DIRECTOR	APPROVED	
Office of the Secretary			
		General Manager	

Contact the Office of the District Secretary with questions about completing or submitting this form.

RESOLUTION NO. _____

FIXING THE BOUNDARIES OF THE WARDS FOR
THE PURPOSE OF ELECTING DIRECTORS THEREFROM

Introduced by Director

; Seconded by Director

BE IT RESOLVED AS FOLLOWS:

Pursuant to the provisions of Section 11823 and Article 2.5 (commencing with Section 11850) of Chapter 3 of Division 6 of the Municipal Utility District Act, and until changed pursuant to said Act, the boundaries of the wards for the purpose of electing directors therefrom are hereby fixed and established as follows:

WARD NO. 1

THE BOUNDARY of Ward No. 1 includes the following 2010 census tracts and blocks in Contra Costa County, State of California, as established by the 2010 decennial federal census:

CENSUS TRACTS:

3580, 3591.02, 3591.03, 3591.04, 3591.05, 3592.03, 3592.04, 3640.02, 3650.02, 3650.03, 3660.01, 3660.02, 3671, 3672, 3680.01, 3680.02, 3690.01, 3710, 3720, 3730, 3740, 3750, 3760, 3770, 3780, 3790, 3800, 3810, 3820, 3830, 3923,

Tract 3560.01 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 3001, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029, 3030, 3031, 3049, 3050, 3051, 3052, 3053, 3063, 3064, 3065, 3066, 3067, 3068, 3069, 3070, 3071, 3072, 3073, 3074, 3077, 3078, 3079, 3080, 3081, 3082, 3083, 3084, 3085, 3086, 3087;

Tract 3560.02 Blocks as follows: 1001, 1002, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1029, 1030, 1031, 1032, 1037, 2023, 2024, 2032, 2034, 2035, 2101, 2102, 2105, 2106, 2107, 2108, 2109, 2129, 2130, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3012, 3013;

Tract 3570 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1054, 1056, 1057, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2041, 2066, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3031, 3032, 3033;

Tract 3592.02 Blocks as follows: 1004;

Tract 3601.01 Blocks as follows: 3000, 3001, 3003, 3004, 3029;

Tract 3610 Blocks as follows: 2012, 2014, 2016, 2018, 2025, 2026, 2038, 2039, 2051, 2052, 2053, 2054;

Tract 3620 Blocks as follows: 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017;

Tract 3630 Blocks as follows: Block 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1021, 1022, 3003, 3004, 3005, 3006, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3021, 3022, 3023, 4000, 4001, 4002, 4028, 4029;

Tract 3690.02 Blocks as follows: 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017;

Tract 3700 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2012, 2013, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025;

Tract 3840 Blocks as follows: 1003, 1010, 1011, 1012, 3011, 3012, 4000, 4001, 4002, 4003, 4004;

Tract 3860 Blocks as follows: 2007, 2008, 2009, 2010, 2011, 2012, 2013;

Tract 3922 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 4000, 4001, 4002, 4003, 4004, 4005, 4006, 4007, 4008, 4009, 4010, 4011, 4012, 4013, 4014, 4015, 4016, 4017, 4018, 4019;

Tract 9900 Blocks as follows: 0002, 0003, 0004, 0005, 0006, 0007, 0008, 0014, 0018, 0019, 0020, 0021, 0022, 0023;

EXCEPTING FROM the hereinabove described Ward No. 1, the following described parcels of land:

EXCEPTION ONE: All that parcel of land in Contra Costa County, being a portion of Census Tract 3922, described as follows:

BEGINNING at the intersection of the northern line of Lot 225 with the western line of Road 21, as said lot and road are shown on the map entitled, "Map of the San Pablo Rancho Accompanying and Forming a Part of the Final Report of the Referees in Partition", a certified copy of which map was filed in the office of the Recorder of Contra Costa County, California, on March 1, 1894; thence southerly along said western line of Road 21 to an intersection with the western production of the northern line of Lot 224 of said San Pablo Rancho; thence easterly along said westerly production to the eastern line of said Road 21; thence northerly along said

eastern line of said Road 21 to its intersection with the east right of way line of the Atchison, Topeka and Santa Fe Railway as it now exists; thence northerly along said east right of way line to its intersection with the easterly production of said northern line of Lot 225; thence westerly along said easterly production of Lot 225 to the Point of Beginning.

EXCEPTION TWO: All that portion of Census Tract 3922, being a parcel of land delineated and designated as "Survey No. 456, Swamp and Overflowed Lands, Contra Costa County", records of said County.

EXCEPTION THREE: All that parcel of land in Contra Costa County, being a portion of Census Tracts 3591.03, 3591.04, 3592.02 and 3592.04 described as follows:

BEGINNING at a point on the general westerly boundary line of that annexation to East Bay Municipal Utility District known as Town of Hercules, as annexed by Resolution No. 15962 of the Utility District's Board of Directors dated May 22, 1953 at the most easterly corner of Lot 21 as said lot is shown on the map of Tract 2603; filed June 25, 1958 in Book 70 of Maps at Page 1, Contra Costa County Records; thence southerly along said Town of Hercules annexation to the intersection with the northwesterly boundary line of that annexation to East Bay Municipal Utility District known as Sunset Boundary Reorganization, as annexed by Resolution No. 29462 of the Utility District's Board of Directors dated July 22, 1980; thence southwesterly along said Sunset Boundary Reorganization annexation to the intersection with the general northeasterly boundary line of that annexation to East Bay Municipal Utility District known as Faria Ranch Boundary Reorganization, as annexed by Resolution No. 29609 of the Utility District's Board of Directors dated December 9, 1980; thence northwesterly along said Faria Ranch Boundary Reorganization annexation to the intersection with the southeasterly boundary line of the City of Pinole annexation as established by Ordinance No. 92 of the City of Pinole; thence northeasterly along said City of Pinole boundary to the Point of Beginning.

EXCEPTION FOUR: All that parcel of land in Contra Costa County, being a portion of Census Tract 3560.02, described as follows:

BEGINNING at the most southerly corner on the general easterly boundary line of that annexation to East Bay Municipal Utility District known as Town of Hercules, as annexed by Resolution No. 15962 of the Utility District's Board of Directors dated May 22, 1953; thence northwesterly along said Town of Hercules annexation to the intersection with the most easterly corner of that certain annexation to East Bay Municipal Utility District known as Marsten Ranch, as annexed by Resolution No. 31,986 of the Utility District's Board of Directors dated December 8, 1987; thence southwesterly along the easterly boundary of said annexation (Res. No. 31,986) to its intersection with the boundary line of that certain annexation to East Bay Municipal Utility District known as Silver Canyon, as annexed by Resolution No. 22,726 of the Utility District's Board of Directors dated September 19, 1965; thence along the boundary of said annexation (Res. No. 22,726) southeasterly, southwesterly, northeasterly, southeasterly, southerly, easterly and southwesterly to its intersection with the boundary line of that certain annexation to East Bay Municipal Utility District known as East Bay Municipal Utility District Watershed No. 2 Unincorporated Territory, a map of which was filed in the office of the County Recorder of Contra Costa County on March 28, 1974 under Recorder's Series No. 22917; thence in a general easterly direction to its intersection with the boundary line of that certain annexation to East Bay Municipal Utility District known as Hanna Ranch, as annexed by Resolution No. 31,777 of the Utility District's Board of Directors dated December 9, 1986; thence along the boundary of said annexation (Res. No. 31,777) northwesterly to the said most southerly corner on the general

easterly boundary line of that annexation to East Bay Municipal Utility District known as Town of Hercules, and the Point of Beginning.

EXCEPTION FIVE: Any portion of those parcels of land in Contra Costa County, being a portion of Census Tracts 3560.01, 3560.02 and 3570.00, lying outside of the existing East Bay Municipal Utility District "Service Area" as shown on the 1920-R map entitled "Boundaries and Sphere of Influence", on file at the offices of East Bay Municipal Utility District.

WARD NO. 2

THE BOUNDARY OF Ward No. 2 includes the following 2010 census tracts and blocks in Contra Costa County, State of California, as established by the 2010 decennial federal census:

CENSUS TRACTS:

3260, 3390.01, 3400.02, 3410, 3430.01, 3430.02, 3451.01, 3451.02, 3451.03, 3451.05, 3451.08, 3451.11, 3451.13, 3451.14, 3462.03, 3490, 3511.02, 3511.03, 3551.13;

Tract 3211.03 Blocks as follows: 1017, 1018, 1035, 1036;

Tract 3220 Blocks as follows: 3008, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029, 3030, 3031, 4012, 4016, 4025, 4026, 4030;

Tract 3250 Blocks as follows: 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3012, 3013, 3021, 3022, 3023, 3024, 4015;

Tract 3342 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1035, 1036, 1037, 1038, 1039, 1040, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 4000, 4001, 4002, 4003, 4004, 4005, 4006, 4007, 4008, 4009, 4010, 4011, 4012, 4013, 4014, 4015, 4016, 4017, 4018, 4019, 4020, 5000, 5001, 5002, 5003, 5004, 5005, 5006, 5007;

Tract 3382.03 Blocks as follows: 1012, 1015, 1016, 1017, 1022;

Tract 3382.04 Blocks as follows: 1002, 1003, 1004, 1005, 1006, 1013, 1014, 1015, 1016, 1017, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1031, 1032, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2008, 2009, 2010, 2011, 2012, 2013, 3008;

Tract 3383.01 Blocks as follows: 2008;

Tract 3383.02 Blocks as follows: 1007, 1016, 1017, 1019, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029, 3030, 3031, 3032, 3033;

Tract 3390.02 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 3002, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 4003, 4004, 4005, 4006, 4007, 4008, 4009, 4010, 4011, 4012;

Tract 3400.01 Blocks as follows: 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 3001, 3003, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 4000, 4001, 4002, 4003, 4004, 4005, 4006, 4007, 4008, 4009, 4010, 4011, 4012, 4013, 4014, 4015, 4016, 4017, 4018, 4019, 4020, 4021, 4022, 4023;

Tract 3430.03 Blocks as follows: 1003, 1004, 1005, 1007, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1047, 1048, 1049, 1050, 1051, 1052, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023;

Tract 3451.12 Blocks as follows: 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1040, 1041, 1042, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044;

Tract 3452.02 Blocks as follows: 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3012, 3013, 3014, 3015, 3016, 3037, 3038, 3039;

Tract 3452.03 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1023, 1025, 1026, 1027, 1042, 1044, 1045, 1046, 1047, 1048, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 4000, 4001, 4002, 4003, 4004, 4005, 4006, 4007, 4008, 4009, 4010, 4011, 4012, 4013, 4014, 4015, 4016, 4017, 4018, 4019, 4020, 4021, 4022, 4023, 4024, 4025, 4026, 4027, 4028, 4029, 4030, 4031, 4032, 4033, 4034, 4035, 4036, 4037, 4038, 4039, 4040, 4041;

Tract 3452.04 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2018, 2023, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2037, 2038, 2039, 2040;

Tract 3461.01 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037;

Tract 3461.02 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 2000, 2001, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2026, 2027, 2028, 2029, 2030, 2031, 3001, 3002, 3003, 3004, 3008, 3009, 3011;

Tract 3462.01 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029, 3030, 3031, 3032, 3033, 3034, 3035, 3036, 3037, 3038, 4002, 4003, 4004, 4005, 4006, 4007, 4008;

Tract 3462.04 Blocks as follows: 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3016, 3017, 3019, 3020, 3023, 3025, 3026, 3027;

Tract 3470 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 2023, 2030, 2031, 2032, 2035, 2036, 2037, 2038, 2039, 2040, 2043, 2044, 2047, 2049, 2055, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2084, 2085, 2087, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2103, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2120, 2121, 2122, 2123, 2127, 2129, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029, 3030, 3031, 3032;

Tract 3480 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3010, 3011, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3033, 3034, 3035, 3036, 3037, 3038, 3039, 3040, 3041;

Tract 3500 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2025, 2026, 3003, 4000, 4001, 4002, 4003, 4004, 4005, 4006, 4007, 4008, 4009, 4010, 4011, 4012, 4013, 4014, 4015, 4016, 4017, 4019, 4020, 4021, 4022, 4023, 4024, 4025, 4026, 4027, 4031, 4032, 4033, 4035, 4036, 4037, 4038;

Tract 3511.01 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 2000, 2001, 3000, 3001, 3002, 3003, 3005, 3006, 3007;

Tract 3512 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2022, 2023, 2024, 2025, 2026, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3013, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022;

Tract 3521.01 Blocks as follows: 1000, 1001, 2004, 2005, 2009;

Tract 3530.02 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1009, 1012, 1013, 1017, 1019, 2000, 2001, 2002, 2011, 2012;

Tract 3540.02 Blocks as follows: 1021, 1022, 1024, 1025, 1026, 1027, 1028, 1037, 1038, 1039, 3021;

Tract 3551.12 Blocks as follows: 1170, 1366, 1367, 1368, 1369, 2004, 2005, 2006, 2007, 2010, 2011, 2014, 2015, 2016, 2017, 2018, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016;

Tract 3551.14 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2030, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3030, 3031, 3032, 3033, 3034, 3035, 3036, 3037, 3038, 3039, 3048, 3049;

Tract 3551.16 Blocks as follows: 1001, 1002, 1003, 1004, 1005, 1006;

EXCEPTING FROM the hereinabove described Ward No. 2, the following described parcels of land:

EXCEPTION ONE: All that parcel of land in Contra Costa County, being a portion of Census Tract 3342.00, described as follows:

BEGINNING at the northwest corner of The Hill Mutual Water Company Unincorporated Territory annexation to East Bay Municipal Utility District, EBMUD Resolution No. 27235, dated February 25, 1975, a map of which was recorded in the office of the County Recorder of Contra Costa County under Recorder's Series No. 18353; thence easterly along the northern boundary line of said annexation to the west line of Castle Crest Road and the actual Point of Beginning; thence continuing along said boundary line southerly and northeasterly to the general western line of the San Ramon Valley County Water District annexation to East Bay Municipal Utility District, EBMUD Resolution No. 18868, dated November 14, 1958, a map of which was recorded in the office of the County Recorder of Contra Costa County under Recorder's Series No. 63644; thence northerly and westerly along said line to the Point of Beginning.

EXCEPTION TWO: All that parcel of land in Contra Costa County, being a portion of Census Tract 3410.00, described as follows:

BEGINNING on the southern boundary line of that annexation to East Bay Municipal Utility District known as Parcel No. 2 of Tice-Colorados Unincorporated Territory, a map of which was filed in the office of the County Recorder of Contra Costa County on September 27, 1949 under Recorder's Series No. 34720, at the eastern boundary of that annexation to East Bay Municipal Utility District on October 19, 1931 by Resolution No. 3457 of the Utility District's Board of Directors known as Lafayette County Water District; thence along the boundary of said Parcel No. 2 of Tice-Colorados annexation, easterly, northerly and easterly to the boundary of the annexation to the City of Walnut Creek by City Ordinance No. 661, designated as Dollar Ranch Annexation to the City of Walnut Creek (Rossmoor); thence along the boundary of said Dollar Ranch annexation easterly and southerly to the northern line of that annexation to the East Bay Municipal Utility District known as the Lindberg/Strand Annexation, as annexed by the Contra Costa County Local Agency Formation Commission (LAFCO) Resolution No. 06-19 of January 10, 2007 and recorded in the Office of the County Recorder of Contra Costa County on February 26, 2007 as Document 2007-0057069-00; thence along the boundary of said Lindberg/Strand annexation, westerly, southerly, southeasterly, south, southwesterly, southeasterly and northwesterly to the boundary of that annexation to the East Bay Municipal Utility District known as the Soldier Field Partners LLC Annexation, as annexed by the Contra Costa County Local Agency Formation Commission (LAFCO) Resolution No. 07-26 of June 11, 2008 and recorded in the Office of the County Recorder of Contra Costa County on July 22, 2008 as Document 2008-0163071-00; thence along the boundary of said Soldier Field Partners LLC annexation southerly and westerly to the boundary of the territory annexed to the East Bay Municipal Utility District known as Lafayette Valley Unincorporated Territory, a map and description of which said territory was filed in the office of the Recorder of Contra Costa County on October 26, 1955 under Recorder's Series No. 65461; thence along the boundary of said Lafayette Valley Unincorporated Territory, westerly to the boundary of that annexation to East Bay Municipal Utility District known as North Moraga Unincorporated Territory, a map of which was filed in the office of the County Recorder of Contra Costa County on January 20, 1948 under Recorder's Series No. 2619; thence along the boundary of said North Moraga

Unincorporated Territory annexation northwesterly to the boundary of that annexation to East Bay Municipal Utility District on October 19, 1931 by Resolution No. 3457 of the Utility District's Board of Directors known as Lafayette County Water District; thence, northerly, along the boundary of said Lafayette County Water District annexation to the Point of Beginning.

EXCEPTION THREE: All those parcels of land in Contra Costa County, being a portion of Census Tract 3462.04, lying within a boundary more particularly described as follows:

BEGINNING at the northwest corner of that certain annexation to East Bay Municipal Utility District known as Rassier Ranch Boundary Reorganization as adopted by the District's Board of Directors on September 14, 1988 by Resolution No. LAFC 88-27, also being a point on the easterly right of way of McCauley Road; thence northerly along said road to the intersection with Diablo Road; thence in a general easterly direction along Diablo Road to the westerly corner of that annexation to East Bay Municipal Utility District known as Diablo Unincorporated Territory, EBMUD Resolution No. 20112, dated December 9, 1960; thence southeasterly along the southwesterly boundary line of the last said annexation and along the southwesterly boundary of the annexation to East Bay Municipal Utility District known as Valley Verde Unincorporated Territory, EBMUD Resolution No. 28958, dated May 22, 1979; to the western boundary line of the annexation to East Bay Municipal Utility District known as Blackhawk Ranch Unincorporated Territory, EBMUD Resolution No. 22192, dated July 24, 1964; thence southerly along the last said line to the intersection with the general northerly boundary line of the annexation to East Bay Municipal Utility District known as Sycamore Valley No. 3, EBMUD Resolution No. 31535, dated March 11, 1986; thence westerly and northerly along said line to the southeast corner of the aforesaid Rassier Ranch Boundary Reorganization; thence northerly and westerly along said Rassier Ranch Boundary Reorganization boundary line to a point on the east line the Purcell Boundary Reorganization, recorded March 25, 2002, Contra Costa County Recorder's Series No. 2002-092932; thence northerly and westerly along the said Purcell Boundary Reorganization to the point of beginning.

EXCEPTION FOUR: All those parcels of land in Contra Costa County, being a portion of Census Tract 3342.00 lying within a boundary more particularly described as follows:

BEGINNING at the northwest corner of The Hill Mutual Water Company Unincorporated Territory annexation to East Bay Municipal Utility District, a map of which was recorded in the office of the Recorder of Contra Costa County under Recorder's Series No. 18353; thence southerly along the boundary of said annexation to the northern line of the Alamo Summit Boundary Reorganization (LAFC 91-33) annexation to East Bay Municipal Utility District, a map of which is recorded in the office of the County Recorder of Contra Costa County, filed March 2, 1992 under Recorder's Series No. 92-47535; thence westerly along the said northern line to the easterly line of the annexation to East Bay Municipal Utility District known as Dollar Ranch Annexation to the City of Walnut Creek (Rossmoor); thence northerly, westerly, northerly and northeasterly to the aforesaid northwest corner of said Hill Mutual Water Company Unincorporated Territory annexation and the Point of Beginning.

EXCEPTION FIVE: All that parcel of land in Contra Costa County, being a portion of Census Tracts 3220.00 and 3260.00, described as follows:

ALL that portion of Contra Costa County bounded by that certain annexation to East Bay Municipal Utility District known as Pleasant Hills County Water District as annexed by the

District's Board of Directors on January 29, 1941 by Resolution No. 8298 on the south, by that certain annexation to East Bay Municipal Utility District known as Pleasant Hill No. 1 as annexed by the District's Board of Directors on February 24, 1956 by Resolution No. 17465 on the east, and by those certain annexations to East Bay Municipal Utility District known as Pleasant Hill No. 2 as annexed by the District's Board of Directors on June 14, 1963 by Resolution No. 21528 and Valpreda Property as annexed by the District's Board of Directors in July, 1966 by Resolution No. 23310 on the northwest.

EXCEPTION SIX: All that parcel of land in Contra Costa County, being a portion of Census Tract 3462.01, described as follows:

ALL that area bounded southerly and westerly by that certain annexation to East Bay Municipal Utility District known as the San Ramon Valley County Water District Annexation, EBMUD Resolution No. 18868, dated November 14, 1958; bounded northerly by that certain annexation to East Bay Municipal Utility District known as the Stratmore Territory Annexation, EBMUD Resolution No. 32423, dated December 11, 1991; and bounded on the east by Block 3014 of Census Tract 3462.01.

EXCEPTION SEVEN: Any portion of those parcels of land in Contra Costa County, being a portion of Census Tracts 3211.03, 3220.00, 3250.00, 3382.03, 3382.04, 3383.01, 3383.02, 3390.02, 3400.01, 3430.03, 3451.12, , 3452.02, 3452.04, 3461.01, 3461.02, 3462.01, 3470.00, 3521.01, 3551.12, 3551.14 and 3551.16, lying outside of the existing East Bay Municipal Utility District "Service Area" as shown on the 1920-R map entitled "Boundaries and Sphere of Influence", on file at the offices of East Bay Municipal Utility District.

WARD NO. 3

THE BOUNDARY of Ward No. 3 includes the following 2010 census tracts and blocks in Alameda County, State of California, as established by the 2010 decennial federal census:

Census Tracts:

4003, 4010, 4011, 4012, 4013, 4014, 4029, 4034, 4035.01, 4035.02, 4036, 4037.01, 4037.02, 4038, 4039, 4040, 4041.01, 4041.02, 4042, 4044, 4045.01, 4045.02, 4046, 4047, 4048, 4067, 4068, 4069, 4080, 4261, 4262,

Tract 4001 Blocks as follows: 1027, 1028, 1029, 1036, 1038, 1039, 1040, 1041, 1043, 1044, 1045, 1046, 1047, 1048, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062, 1063, 1064, 1065, 1069, 1070, 1071, 1074;

Tract 4027 Blocks as follows: 1000, 1001, 1002, 1006, 1009, 1010, 1011, 1026, 1027;

Tract 4028 Blocks as follows: 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2033, 2035, 2036, 2037, 2038, 2041, 2042, 2043;

Tract 4030 Blocks as follows: 1000, 1001, 2000, 2001;

Tract 4043 Blocks as follows: 1004, 1005, 1006, 1007, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1026, 1027, 1028, 1029, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007,

2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021;

Tract 4049 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 2011, 2015, 2016, 2017, 2018, 2019, 2020;

Tract 4050 Blocks as follows: 3012;

Tract 4051 Blocks as follows: 3002, 3003, 4006, 4007, 4008, 4009, 5003;

Tract 4064 Blocks as follows: 1000, 2000;

Tract 4066.01 Blocks as follows: 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 4000, 4001, 4002, 4003, 4004, 4005, 4006, 4010, 4011, 4012, 4013, 4014, 4015;

Tract 4066.02 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1020, 1021;

Tract 4070 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012;

Tract 4079 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1013, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021;

Tract 4081 Blocks as follows: 2013, 2014;

Tract 4301.02 Blocks as follows: 1020;

All of the following census tracts and blocks in Contra Costa County, State of California, as established by the 2010 decennial federal census:

Census Tracts:

3522.01, 3540.01, 3602;

Tract 3452.03 Blocks as follows: 1019, 1028, 1029;

Tract 3470 Blocks as follows: 2105, 2106;

Tract 3480 Blocks as follows: 3025, 3026, 3027, 3028, 3029, 3030, 3031, 3032;

Tract 3500 Blocks as follows: 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 3000, 3001, 3002, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 4018, 4028, 4029, 4030, 4034;

Tract 3512 Blocks as follows: 3009, 3010, 3011, 3012, 3014;

Tract 3521.01 Blocks as follows: 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 2010, 2011, 2024, 2025, 2026, 2027;

Tract 3521.02 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 3001, 3002, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 4004, 4005, 4006, 4007, 4008, 4009, 4011, 4012, 4015, 4016, 4017, 4018, 4019, 4021, 4022, 4023, 4024, 4025, 4026, 4027, 4028, 4029, 4030, 4031, 4032, 4033, 4034;

Tract 3522.02 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1022, 1024, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1054, 1057, 1058;

Tract 3530.01 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2017, 2018, 2019, 2020, 2024, 2025, 2026, 2027, 2028, 2029, 2034, 2035, 2036, 2037, 2038, 2042, 2043, 2044;

Tract 3530.02 Blocks as follows: 1006, 1007, 1008, 1010, 1011, 1014, 1015, 1016, 1018, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2013, 2014, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 4000, 4001, 4002, 4003, 4004, 4005, 4006, 4007, 4008, 4009, 4010, 4011;

Tract 3540.02 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1023, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1040, 1041, 1042, 1043, 1044, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3022, 4000, 4001, 4002, 4003, 4004, 4005, 4006, 4007, 4008, 4009, 4010, 4011, 4012, 4013, 4014, 4015, 4016, 4017, 4018, 4019, 4020, 4021, 4022, 4023, 4024, 4025, 4026, 4027, 4028, 4029, 4030, 4031, 4032;

Tract 3560.02 Blocks as follows: 1000, 1003, 1027, 1028, 1033, 1034, 1035, 1036, 1038, 2096, 2097, 2099, 2100, 2110, 2111, 2112, 2114, 2122, 2124, 2125, 2126, 4005, 4032, 4033, 4034, 4035, 4036, 4037, 4038, 4039, 4040, 4041, 4042, 4043, 4044, 4045, 4046, 4047, 4048, 4049, 4050, 4055, 4081, 4082, 4083, 4084, 4085, 4086, 4087, 4088, 4089, 4090, 4091, 4092, 4093, 4094, 4095, 4096, 4097, 4098, 4099, 4101, 4102, 4104, 4105, 4106, 4107, 4108, 4109, 4110, 4111, 4112, 4113, 4114, 4115, 4116, 4117, 4118, 4119, 4120, 4121, 4122, 4123, 4124, 4125, 4126, 4127, 4128, 4129, 4130, 4131, 4132, 4133, 4134, 4135, 4136, 4137, 4138, 4139, 4140, 4141, 4142, 4143, 4144, 4145, 4146, 4147, 4148, 4149, 4150, 4151, 4152, 4153, 4154, 4155, 4156, 4157, 4158, 4159, 4160, 4161, 4162, 4163, 4164, 4165, 4166, 4167, 4168, 4169, 4170, 4171, 4172, 4173, 4174, 4175, 4178, 4179, 4180, 4181, 4182, 4183, 4184, 4185, 4186, 4187, 4188;

Tract 3592.02 Blocks as follows: 1001, 1002, 1003, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2021, 2022, 2024, 2025, 2026, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015;

Tract 3601.01 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2025, 2026, 2027, 2028, 2030, 2031, 2032, 2033, 3002, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3030, 3031, 3032, 3033;

Tract 3601.02 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 2000, 2001, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009;

Tract 3610 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2013, 2015, 2017, 2019, 2020, 2021, 2022, 2023, 2024, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2055, 2056, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029, 3030, 3031, 3032, 3033, 3034, 3035, 3036, 3037, 3038, 3039, 3040, 3041, 3042, 3043, 3044, 3045, 3046, 3047, 3048, 3049, 3050;

Tract 3620 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005;

Tract 3630 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1020, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 3000, 3001, 3002, 3007, 4003, 4004, 4005, 4006, 4007, 4008, 4009, 4010, 4011, 4012, 4013, 4014, 4015, 4016, 4017, 4018, 4019, 4020, 4021, 4022, 4023, 4024, 4025, 4026, 4027;

Tract 3690.02 Blocks as follows: 1000, 1001;

EXCEPTING FROM the hereinabove described Ward No. 3; the following described parcels of land:

EXCEPTION ONE: All that portion of land in Contra Costa County, being a portion of Census Tract 3522.02, described as follows:

A tract of land containing 0.93 acres conveyed by C. A. Hooper & Company to Valle Vista School District, described as follows:

BEGINNING at point in the southerly right of way fence of the Oakland, Antioch & Eastern Railway which point bears North $58^{\circ}24'$ West, 192.55 feet from Station No. 2 of Rancho Laguna de los Palos Colorados Tract No. 2; thence South $37^{\circ}02'$ West, 160 feet; thence North $50^{\circ}52'$ West, 269.7 feet; thence North $45^{\circ}21'$ East, 163.6 feet; thence South $50^{\circ}14'$ East, 246.2 feet, to the Point of Beginning.

EXCEPTION TWO: All that portion of land in Contra Costa County, being a portion of Census Tract 3522.02, described as follows:

ALL that parcel of land described as Lot 31 as delineated upon that certain map entitled, "Pinehurst Unit One"; Contra Costa County, California, filed June 17, 1916 in Map Book 15, Page 306, in the office of the County Recorder of Contra Costa County, State of California, more particularly described as follows:

BEGINNING on the west line of Pinehurst Drive as said road is shown on said Map of Pinehurst Unit One at the most easterly corner of said Lot 31, said corner bears South $66^{\circ}30'$ East, 1115

feet, more or less, from the Section corner common Sections 23, 24, 25 and 26, of Township 1 south, Range 3 west, Mount Diablo Base and Meridian; thence North $81^{\circ}41'$ West, 99.25 feet; thence North $8^{\circ}19'$ East, 36.86 feet; thence South $88^{\circ}30'40''$ East, 97.05 feet to the aforesaid west line of Pinehurst Drive, thence southerly along said line along the arc of a curve to the right with a radius of 407.12 feet an arc distance of 48.52 feet to the Point of Beginning.°

EXCEPTION THREE: All that portion of land in Contra Costa County, being a portion of Census Tracts 3530.01 and 3522.02, described as follows:

BEGINNING at a point on the southern boundary of that annexation to East Bay Municipal Utility District known as the Orinda County Water District, as annexed by the District's Board of Directors on May 18, 1934 by Resolution No. 4771 at the western boundary line of that annexation to East Bay Municipal Utility District known as Indian Valley, Unincorporated Territory, a map of which was filed in the office of the County Recorder of Contra Costa County on June 17, 1971 under Recorder's Series No. 48015; thence northerly to the southeast corner of the Montanera Boundary Reorganization, recorded September 10, 1999, Contra Costa County Recorder's series number 1999-242482; thence westerly and northerly along said Montanera Boundary Reorganization to the southerly line of said Orinda County Water District; thence westerly along the southern boundary of the Orinda County Water District annexation to its intersection with the common boundary line between the Counties of Alameda and Contra Costa; thence southeasterly to a point on the northerly line of the Persin Annexation, recorded August 14, 2001, Contra Costa County Recorder's series number 2001-240406; thence easterly and southerly along said Persin Annexation to the said common boundary line between the Counties of Alameda and Contra Costa; thence along said common boundary line to its intersection with the northern boundary line of the Randi Annexation, recorded December 28, 2005, Contra Costa County Recorder's series number 2005-496653; thence easterly, southerly and westerly along said Randi Annexation to the said common boundary line between the Counties of Alameda and Contra Costa; thence along said common boundary line to its intersection with the northern boundary line of the McCulley Annexation, EBMUD Resolution No. 33171-99, dated September 14, 1999; thence easterly, southerly and westerly along said McCulley Annexation to the said common boundary line between the Counties of Alameda and Contra Costa; thence along said common boundary line to its intersection with the northern boundary line of the Duffy Annexation, EBMUD Resolution No. 33180-00, dated January 11, 2000; thence easterly and southerly along said Duffy Annexation to the said common boundary line between the Counties of Alameda and Contra Costa; thence along said common boundary line to East Bay Municipal Utility District known as East Bay Municipal Utility District Watershed No. 3 Unincorporated Territory as annexed by the District's Board of Directors on June 10, 1975 by Resolution No. 27344; thence along said boundary line easterly, southeasterly and easterly to a point on the aforesaid western boundary of the Indian Valley Unincorporated Territory annexation, EBMUD Resolution No. 25640, dated May 11, 1971; thence northwesterly and northerly along said boundary to the Point of Beginning.

EXCEPTION FOUR: All that portion of land in Contra Costa County, being a portion of Census Tract 3521.02, described as follows:

BEGINNING at the northern corner of the parcel of land described in the deed to Alfred Carr, Jr., et ux, recorded June 22, 1971 in Book 6414 of Official Records, at Page 375; thence southwesterly and southeasterly along the eastern boundary of the Town of Moraga, 2900 feet, more or less, to the northwestern corner of Parcel "B", as shown on that certain map filed May 11, 1971 in Book 16 of Parcel Maps, Page 34; thence leaving said Town boundary North $74^{\circ}58'$

East, along the northern line of said Parcel "B" and the northern line of Parcel "C", as shown on said Parcel Map 16 P.M. 34, and its eastern extension, 1093.96 feet to a point on the boundary line of the East Bay Municipal Utility District as established by that certain annexation known as East Bay Municipal Utility District Watershed No. 3 Unincorporated Territory, a map of which was filed in the office of the County Recorder of Contra Costa County in Map Book 1 of East Bay Municipal Utility District annexations at page 36; thence north, west and north along said boundary line to the Point of Beginning.

EXCEPTION FIVE: All that portion of land in Contra Costa County, being a portion of Census Tract 3521.02, described as follows:

BEGINNING at the most northerly corner of Renz/Stremel Annexation to East Bay Municipal Utility District, which is recorded in the office of the County Recorder of Contra Costa County filed on October 7, 1993 under Recorder's Series 93-280555, said point also being on the southern boundary line of the Town of Moraga; thence northwesterly along the said boundary line of the Town of Moraga to the boundary line of East Bay Municipal Utility District as established by that certain annexation known as East Bay Municipal Utility District Watershed No. 3 Unincorporated Territory, a map of which was filed in the office of the County Recorder of Contra Costa County in Map Book 1 of East Bay Municipal Utility District Annexations at Page 36; thence south, southeasterly and westerly along said last boundary to the southwest corner of said Renz/Stremel Annexation; thence northwesterly, westerly and northeasterly, along last said Annexation to the Point of Beginning.

EXCEPTION SIX: All that portion of land in Contra Costa County, being a portion of Census Tract 3522.02, described as follows:

ALL that portion of Contra Costa County bounded by the boundary between Contra Costa County and Alameda County on the south, the City of Oakland on the west and that certain annexation to East Bay Municipal Utility District known as East Bay Municipal Utility District Watershed No. 3 Unincorporated Territory as annexed by the District's Board of Directors on June 10, 1975 by Resolution No. 27344 on the northeast.

EXCEPTION SEVEN: All that parcel of land in Contra Costa County, being a portion of Census Tract 3601.01 and 3601.02, described as follows:

BEGINNING at a point on the northeasterly boundary line of that certain annexation to East Bay Municipal Utility District known as El Sobrante County Water District, a map of which was filed March 30, 1972 under Recorder's Series No. 26819 Official Records of Contra Costa County, said point being also the most southerly corner of that certain annexation to East Bay Municipal Utility District known as a portion of the City of Pinole, Resolution No. 1170 "Bragg Annexation", a map of which was filed April 4, 1977 in Book 1 of East Bay Municipal Utility District Annexation Maps at page 43 Official Records of Contra Costa County; thence northeasterly along the southeasterly boundary line of the aforesaid "Bragg Annexation" to a point on the southwesterly boundary line of that certain annexation to East Bay Municipal Utility District known as the City of Pinole Annexation, Ordinance No. 85 adopted April 25, 1955; thence southeasterly along the southwesterly boundary line of said annexation to the most westerly corner of Parcel One of that certain annexation to East Bay Municipal Utility District known as Pinole Valley Unincorporated Territory, a map of which was filed in the office of the County Recorder of Contra Costa County on March 5, 1968 under Recorder's Series No. 6883; thence easterly along the southern line of said Parcel One to the aforesaid boundary line of the

City of Pinole (Ordinance No. 85); thence easterly along said boundary to its intersection with the western boundary line of that certain annexation to East Bay Municipal Utility District, known as Adobe Road Annexation, as annexed by Resolution No. 32,591 of the Utility District's Board of Directors dated March 10, 1992 ; thence southwesterly, southerly and easterly along said boundary to its intersection with the southwest corner of Parcel Two of that certain annexation to East Bay Municipal Utility District known as Pinole Valley No. 2 Unincorporated Territory, a map of which was filed in the office of the County Recorder of Contra Costa County on February 17, 1969 under Recorder's Series No. 11151; thence easterly along the southerly boundary of said Parcel Two (Rec. Ser. No. 11151) to the southwest corner of that annexation to the East Bay Municipal Utility District known as "4900 Pinole Valley Road Annexation", as annexed by the Contra Costa County Local Agency Formation Commission (LAFCO) Resolution No. 07-18 of October 10, 2007 and recorded in the Office of the County Recorder of Contra Costa County on November 13, 2007 as Document 2007-0314291-00; thence, along the southerly boundary of said "4900 Pinole Valley Road Annexation" to its intersection with the westerly boundary line of that certain annexation to East Bay Municipal Utility District known as East Bay Municipal Utility District Watershed No. 2 Unincorporated Territory, a map of which was filed in the office of the County Recorder of Contra Costa County on March 28, 1974 under Recorder's Series No. 22917; thence in a general southerly direction along the general westerly boundary of said annexation (Rec. Ser. No. 22917) to its intersection with the northeasterly boundary line of that certain annexation to East Bay Municipal Utility District known as Cutter Ranch Boundary Reorganization as annexed by Resolution No. 29,770 of the Utility District's Board of Directors dated May 12, 1981; thence northwesterly along the northeasterly boundary of said annexation (Res. No. 29,770) to its intersection with the general easterly boundary line of that certain annexation to East Bay Municipal Utility District known as El Sobrante Hills No. 1 Unincorporated Territory, a map of which was filed in the office of the County Recorder of Contra Costa County on March 7, 1978 in Book 8737, Official Records, at Page 18; thence northwesterly along the northeasterly boundary of said annexation (8737 OR 18) to its intersection with the northeasterly boundary line of the aforesaid El Sobrante County Water District annexation (Rec. Ser. No. 26819); thence northwesterly along said boundary to the Point of Beginning.

EXCEPTION EIGHT: All that parcel of land in Contra Costa County, being a portion of Census Tract 3560.02, described as follows:

BEGINNING at a point on the general northerly boundary line of that certain annexation to East Bay Municipal Utility District known as East Bay Municipal Utility District Watershed No. 2, a map of which was filed in the office of the County Recorder of Contra Costa County on March 28, 1974 under Recorder's Series No. 22917 said point also being on the general easterly boundary line of that certain annexation to East Bay Municipal Utility District known as Kensington Unincorporated Territory as annexed by the Utility District's Board of Directors by Resolution No. 3579 dated January 4, 1932; thence northwesterly along the easterly boundary of said annexation (Res. No. 3579) to its intersection with the southerly boundary line of that certain annexation to East Bay Municipal Utility District known as Castro Pointe - Carriage Hill South Boundary Reorganization as adopted by the City Council of the City of Richmond on April 16, 1987 under Resolution No. 37/87 (LAFCO 86-45); thence northeasterly and southeasterly along said boundary to its intersection with the aforesaid East Bay Municipal Utility District Watershed No. 2 annexation (Rec. Ser. 22917); thence southerly and southwesterly along said boundary to the Point of Beginning.

EXCEPTION NINE: All those parcels of land in Contra Costa County, being a portion of Census Tract 3592.02 bounded northerly by those certain annexations to East Bay Municipal Utility District known as the Town of Hercules Annexation, EBMUD Resolution No. 15962, dated May 22, 1953 and the Hanna Ranch Annexation, EBMUD Resolution No. 31777, dated December 9, 1986; bounded southerly and easterly by that certain annexation known as the EBMUD Watershed #2 Annexation, EBMUD Resolution No. 26849, dated March 12, 1974; bounded southwesterly by that certain annexation known as the Marcas Street Annexation, EBMUD Resolution No. 23141, dated April 8, 1966 and bounded westerly by those certain annexations known as the Sliver Canyon Annexation, EBMUD Resolution No. 22726, dated September 19, 1965 and the Marsten Ranch Annexation, EBMUD Resolution No. 31986, dated December 8, 1987.

EXCEPTION TEN: Any portion of those parcels of land in Contra Costa County, being a portion of Census Tracts 3470, 3480, 3521.01, 3521.02, 3522.02, 3540.02, 3560.02 and any portion of that parcel of land in Alameda County, being a portion of Census Tract 4046 lying outside of the existing East Bay Municipal Utility District "Service Area" as shown on the 1920-R map entitled "Boundaries and Sphere of Influence", on file at the offices of East Bay Municipal Utility District.

WARD NO. 4

THE BOUNDARY of Ward No. 4 includes the following 2010 census tracts and blocks in Alameda County, State of California, as established by the 2010 decennial federal census:

Census Tracts:

4002, 4004, 4005, 4006, 4007, 4008, 4009, 4201, 4202, 4203, 4204, 4205, 4206, 4211, 4212, 4213, 4214, 4215, 4216, 4217, 4218, 4219, 4220, 4221, 4222, 4223, 4224, 4225, 4226, 4227, 4228, 4229, 4230, 4231, 4232, 4233, 4234, 4235, 4236.01, 4236.02, 4237, 4238, 4239.01, 4239.02, 4240.01, 4240.02, 4251.01, 4251.02, 4251.03, 4251.04,

Tract 4001 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1030, 1031, 1032, 1033, 1034, 1035, 1037, 1042, 1049, 1050, 1066, 1067, 1068, 1072, 1073, 1075, 1076;

Tract 4043 Blocks as follows: 1000, 1001, 1002, 1003, 1008, 1009, 1010, 1024, 1025;

Tract 9900 Blocks as follows: 0001, 0002, 0003, 0004, 0005;

All of the following census tracts and blocks in Contra Costa County, State of California, as established by the 2010 decennial federal census:

Census Tracts:

3851, 3852, 3870, 3880, 3891, 3892, 3901, 3902, 3910, 3920;

Tract 3700 Blocks as follows: 2010, 2011, 2014;

Tract 3840 Blocks as follows: 1000, 1001, 1002, 1004, 1005, 1006, 1007, 1008, 1009, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3013, 3014,

3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 4005, 4006, 4007, 4008, 4009, 4010, 4011, 4012, 4013, 4014, 4015, 4016, 4017, 4018, 4019;

Tract 3860 Blocks as follows: 1000, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 4000, 4001, 4002, 4003, 4004, 4005, 4006, 4007, 4008, 4009, 4010, 4011

WARD NO. 5

THE BOUNDARY of Ward No. 5 includes the following 2010 census tracts and blocks in Alameda County, State of California, as established by the 2010 decennial federal census:

Census Tracts:

4015, 4016, 4017, 4018, 4022, 4024, 4025, 4026, 4031, 4033, 4061, 4073, 4088, 4090, 4091, 4092, 4105, 4271, 4272, 4273, 4276, 4277, 4278, 4279, 4280, 4281, 4282, 4283.01, 4283.02, 4284, 4285, 4286, 4287, 4324, 4333, 4334, 4335, 4336, 4358, 4359, 4360, 4361, 4362, 9819, 9820, 9832,

Tract 4027 Blocks as follows: 1003, 1004, 1005, 1007, 1008, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029

Tract 4028 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 2031, 2032, 2034, 2039, 2040;

Tract 4030 Blocks as follows: 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033;

Tract 4060 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062, 1063, 1064, 1065, 1066, 1067, 1068, 1069, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 1082, 1083, 1084, 1085, 1086, 1087, 1088, 1089, 1090, 1091, 1092, 1093, 1094, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 3000, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029, 3030, 3031, 3032, 3033, 3034, 3035, 3036, 3037, 3038, 3039, 3040;

Tract 4089 Blocks as follows: 1009, 1010, 1011, 1012, 1013, 2004, 2005, 2014, 2015, 2030, 2031;

Tract 4093 Blocks as follows: 1000, 1002, 1004, 1007, 1014, 1016, 1017, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 3000, 3001, 3004, 3005, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019,

3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029, 3030, 3031, 3032, 3033, 4000, 4001, 4002, 4003, 4004, 4005, 4006, 4007, 4008, 4009, 4010, 4011, 4012, 4013, 4014, 4015;

Tract 4094 Blocks as follows: 2010, 2011, 2034, 2035, 2036, 2037, 2038;

Tract 4095 Blocks as follows: 1005, 1006, 1007;

Tract 4357 Blocks as follows: 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 4000, 4001, 4002, 4003, 4004, 4005, 4006, 4007, 4008, 4009, 4010, 4011, 4012;

Tract 9900 Blocks as follows: 0006, 0007, 0008, 0009, 0010, 0011, 0012, 0013, 0014, 0015, 0016, 0017;

EXCEPTING FROM the hereinabove described Ward No. 5; the following described parcels of land:

EXCEPTION ONE: All that parcel of land in Alameda County, being a portion of Census Tract 4324.00, described as follows:

ALL that portion of the Southern Pacific Railroad property bounded by the boundary of the City of San Leandro on the north, east, south and west as said boundary was established by City of San Leandro Ordinances 723 N.S., 879 N.S., 1220 N.S. and 1029 N.S.

EXCEPTION TWO: All that parcel of land in Alameda County, being a portion of Census Tract 4324.00, described as follows:

ALL that unincorporated territory bounded on the north by the City of San Leandro boundary as established by Ordinance 723 N.S., bounded on the east by the City of San Leandro boundary as established by Ordinance 654 N.S., bounded on the south by the north line of Davis Street, and bounded on the west by the eastern line of that certain annexation to East Bay Municipal Utility District known as Davis Street Unincorporated Territory, a map of which was filed December 23, 1962 in Map Book 43, Page 27A, Alameda County Records and by the City of San Leandro boundary as established by Ordinance 879 N.S.

EXCEPTION THREE: All that parcel of land in Alameda County, being a portion of Census Tract 4324.00, described as follows:

That portion of Census Tract 4342.00, Block 3000, bounded southerly and westerly by Doolittle Drive and easterly by Carden Street.

EXCEPTION FOUR: All that area of land annexed to the City of Oakland by City of Oakland Ordinance 47516 C.M.S.

WARD NO. 6

THE BOUNDARY of Ward No. 6 includes the following 2010 census tracts and blocks in Alameda County, State of California, as established by the 2010 decennial federal census:

Census Tracts:

4052, 4053.01, 4053.02, 4054.01, 4054.02, 4055, 4056, 4057, 4058, 4059.01, 4059.02, 4062.01, 4062.02, 4063, 4065, 4071.01, 4071.02, 4072, 4074, 4075, 4076, 4077, 4078, 4082, 4083, 4084, 4085, 4086, 4087, 4096, 4097, 4098, 4099, 4101, 4102, 4103, 4104,

Tract 4049 Blocks as follows: 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2012, 2013, 2014, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 4000, 4001, 4002, 4003, 4004, 4005, 4006, 4007, 4008, 4009, 4010, 4011, 4012, 4013, 4014, 4015, 4016, 4017, 4018, 4019;

Tract 4050 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029;

Tract 4051 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 4000, 4001, 4002, 4003, 4004, 4005, 5000, 5001, 5002, 5004, 5005, 5006, 5007, 5008;

Tract 4060 Blocks as follows: 3001;

Tract 4064 Blocks as follows: 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014;

Tract 4066.01 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 4007, 4008, 4009;

Tract 4066.02 Blocks as follows: 1014, 1015, 1016, 1017, 1018, 1019, 1022, 1023, 1024, 1025, 2000, 2001, 2002, 2003, 2004, 2005;

Tract 4070 Blocks as follows: 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 4000, 4001, 4002, 4003, 4004, 4005, 4006, 4007, 4008, 4009, 5000, 5001, 5002, 5003, 5004, 5005, 5006, 5007;

Tract 4079 Blocks as follows: 1012;

Tract 4081 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 4000, 4001, 4002, 4003, 4005, 4006, 4007, 4008, 4009;

Tract 4089 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 2000, 2001, 2002, 2003, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029;

Tract 4094 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2039, 2040, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019;

Tract 4095 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014;

Tract 4100 Blocks as follows: 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011;

Tract 4301.02 Blocks as follows: 1025;

Tract 4328 Blocks as follows: 1009, 1010;

WARD NO. 7

THE BOUNDARY of Ward No. 7 includes the following 2010 census tracts and blocks in Alameda County, State of California, as established by the 2010 decennial federal census:

Census Tracts:

4303, 4304, 4305, 4306, 4307, 4308, 4309, 4310, 4311, 4321, 4322, 4323, 4325.01, 4325.02, 4326, 4327, 4330, 4331.02, 4331.03, 4331.04, 4332, 4337, 4338, 4339, 4340, 4352, 4356.01, 4356.02,

Tract 4093 Blocks as follows: 2023;

Tract 4100 Blocks as follows: 1000, 1001;

Tract 4301.01 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3017, 3018, 3019, 3023, 3024, 3025, 3027, 3032, 3033, 3034, 3035, 3036, 3037, 3038, 3039, 3040;

Tract 4301.02 Blocks as follows: 1004, 1007, 1013, 1014, 1015, 1016, 1017, 1018, 1021, 1022, 1023, 1024, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062,

1063, 1064, 1065, 1066, 1067, 1068, 1069, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 1082, 1085, 1086, 1087, 1088, 1089;

Tract 4302 Blocks as follows: 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 4000, 4001, 4002, 4003, 4004, 4005, 4006, 4007, 4008, 4009, 4010, 4011, 4012, 4013, 4014, 4015, 4016, 4017, 4018, 5000, 5001, 5002, 5003, 5004, 5005, 5006, 5007, 5008, 5009, 5010, 5011, 5012;

Tract 4312 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2040, 2041, 2042, 2044, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029;

Tract 4328 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029, 3030, 3031, 3032, 3033;

Tract 4351.03 Blocks as follows: 1003, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1070, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 3000, 3003, 3004, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3025;

Tract 4353 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2008, 2014, 2022, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007;

Tract 4354 Blocks as follows: 2000, 2004;

Tract 4355 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2015, 2016, 3000, 3001, 3002, 3005, 3006, 3007, 3008, 3018, 3020;

Tract 4357 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021;

Tract 4362 Blocks as follows: 2005, 2006, 2007, 2008;

Tract 4363 Blocks as follows: 1000, 1001, 1002, 1009, 1013, 1014, 1015;

Tract 4364.01 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2010, 2016, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3036, 3037, 3038, 3039, 3040, 3041, 3044, 4000, 4001, 4002, 4003, 4004, 4005;

Tract 4364.02 Blocks as follows: 1001, 1002, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 2000, 2001, 2002, 2003, 2005, 2008;

Tract 4367 Blocks as follows: 1001, 1004, 2000, 2001, 2005, 2007, 2008, 2009, 2010, 2019, 2020;

Tract 4369 Blocks as follows: 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 2000, 4001, 4007;

All of the following census tracts and blocks in Contra Costa County, State of California, as established by the 2010 decennial federal census:

Census Tracts:

3451.16;

Tract 3451.15 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1053, 1054, 1055, 1056, 1059, 1060, 1061, 1062, 1063, 1064, 1065, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010;

Tract 3452.02 Blocks as follows: 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029, 3030, 3031, 3032, 3033, 3034, 3035, 3036;

Tract 3452.03 Blocks as follows: 1037, 1038, 1040, 1041;

EXCEPTING FROM the hereinabove described Ward No. 7 the following described parcels of land:

EXCEPTION ONE: All that portion of land in Alameda County, being any portion of Census Tracts 4338.00, 4337.00 and 4332.00, described as follows:

ALL that portion of Southern Pacific Railroad right of way, lying between the east line of Hesperian Boulevard and the south line of Lewelling Boulevard.

EXCEPTION TWO: All that portion of land in Alameda County, being any portion of Census Tracts 4337.00 and 4332.00, described as follows:

ALL that portion of the Nimitz Freeway bounded on the north by the City of San Leandro boundary as established by Resolution No. 115261 of the Board of Supervisors of Alameda County, bounded on the southwest by the City of San Leandro boundary as established by Ordinance 1052 N.S., and bounded on the east by the west line and its prolongation northerly and southerly of the parcel of land conveyed to Mary Graves, et al, by deed recorded on June 21, 1971 under Recorder's Series No. 71-76203, Official Records of Alameda County.

EXCEPTION THREE: All that portion of land in Alameda County, being a portion of Census Tracts 4301.02 and 3522.02, described as follows:

ALL that portion of Alameda County bounded by the boundary between Contra Costa County and Alameda County on the north, the City of Oakland on the West, those certain annexations to East Bay Municipal Utility District known as East Bay Municipal Utility District Watershed No. 3 Unincorporated Territory as annexed by the Board of Director's on June 10, 1975 by Resolution No. 27344 and East Bay Municipal Utility District Watershed No. 1 Unincorporated Territory as annexed by the Board of Director's on March 28, 1972 by Resolution No. 26021 on the east and by that certain annexation to East Bay Municipal Utility District known as Chabot as annexed by the Board of Director's on February 13, 1934 by Resolution No. 4648 on the south.

EXCEPTION FOUR: All that portion of land in Alameda County, being a portion of Census Tracts 4301.02 and 4302, described as follows:

ALL that portion of Alameda County bounded on the north by an annexation to East Bay Municipal Utility District known as Cull Ridge Unincorporated Territory as annexed by the Board of Director's on June 26, 1979 by Resolution No. 29000 and bounded on the west and south by an annexation to East Bay Municipal Utility District known as Castro Valley County Water District as annexed by the Board of Director's on July 17, 1931 by Resolution No. 3302 and bounded on the east by the annexation to East Bay Municipal Utility District known as Cull Canyon Unincorporated Territory as annexed by the Board of Director's on July 12, 1977 by Resolution No. 28213 and Cull Canyon Estates Annexation as annexed by the Castro Valley Sanitary District on June 2, 1992 by Resolution No. 2656. The above described parcel is commonly known as the Cull Canyon Regional Recreation Area.

EXCEPTION FIVE: All that parcel of land in Alameda County, being a portion of Census Tract 4351.03, described as follows:

The area bounded northerly and westerly by that certain annexation to East Bay Municipal Utility District known as the Fairview County Water District Annexation, EBMUD Resolution No. 4283, dated May 26, 1933; bounded easterly by that certain annexation known as the Palomares Canyon Annexation, filed November 2, 1965 in Book 51, Page 8, Annexation Maps of Alameda County; and bounded southerly by that certain annexation known as the Rancho Palomares Annexation, recorded December 26, 1990, Alameda County Recorder's series number 90-335077.

EXCEPTION SIX: All that parcel of land in Contra Costa County, being a portion of Census Tract 3451.15, described as follows:

The area bounded northerly, westerly and southerly by that certain annexation to East Bay Municipal Utility District known as the Norris Canyon Annexation, Contra Costa County Resolution No. 93-83, dated April 1, 1993 and bounded easterly by those certain annexations known as the Twin Creeks Hills Annexation, EBMUD Resolution No. 29610, dated December 9, 1980 and the San Ramon South Annexation, EBMUD Resolution No. 21862, dated January 10, 1964.

EXCEPTION SEVEN: Any portion of those parcels of land in Alameda County, being a portion of Census Tracts 4301.01, 4301.02, 4302.00, 4312.00, 4351.03, 4353.00, 4355.00, 4363.01, 4357, 4363, 4364.01, 4364.02, 4367.00 and 4369.00, lying outside of the existing East Bay Municipal Utility District "Service Area" as shown on the 1920-R map entitled "Boundaries and Sphere of Influence", on file at the offices of East Bay Municipal Utility District.

EXCEPTION EIGHT: Any portion of those parcels of land in Contra Costa County, being a portion of Census Tracts 3451.15, 3452.02, and 3452.03, lying outside of the existing East Bay Municipal Utility District "Service Area" as shown on the 1920-R map entitled "Boundaries and Sphere of Influence", and dated May 2009, on file at the offices of East Bay Municipal Utility District.

The official map of the territory included within the East Bay Municipal Utility District, as described above, covering portions of Alameda and Contra Costa Counties and vicinity is on file at East Bay Municipal Utility District and by reference made a part hereof.

Any Resolution; or part thereof, in conflict herewith is hereby repealed and rescinded.

This legal description is for administrative purposes only and is not a legal property description as defined in the Subdivision Map Act.

ADOPTED THIS 22nd day of April, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

President

ATTEST:

Secretary

APPROVED AS TO FORM AND PROCEDURE:

General Counsel

This document was made by me, or
under my direction in February, 2014.

James M. Mangini
Exp. Date 12/31/14

L.S. 7263

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: April 17, 2014

MEMO TO: Board of Directors

FROM: Alexander R. Coate, General Manager *ARC*

SUBJECT: Legislative Report No. 06-14

The following issues are being referred to the Board of Directors for action, as appropriate.

<u>STATE LEGISLATION</u>	<u>RECOMMENDED POSITION</u>
<p>AB 1699 (Bloom)</p>	<p>WASTE MANAGEMENT: MICROPLASTICS</p> <p>SUPPORT</p>

Existing law regulates the discharge of pollutants in storm water and urban runoff by regulating, through the National Pollution Discharge Elimination System, industrial discharges and discharges through municipal storm drain systems. Existing law also requires the State Water Resources Control Board and regional boards to develop a program that requires plastic manufacturing, handling, and transportation facilities to implement best management practices to control discharges of preproduction plastic pellets.

AB 1699 (Bloom), as amended March 28, 2014, is a pollution prevention measure that would prohibit, as of January 1, 2016, the sale of any cleaning product, personal care product or both containing one part per million by weight or more of microplastic. Under AB 1699, the Department of Resources Recycling and Recovery (CalRecycle) would be tasked with administering and implementing the provisions of the bill and violators would be subject to civil penalties. AB 1699 would also establish the Plastic Pollution Fund, to be funded by the civil penalties, and authorize CalRecycle to expend moneys in the fund, upon appropriation by the Legislature, to implement and administer the bill by transferring funds or by providing grants to other state agencies, local governments, or other entities.

Microplastic, generally referred to as microbeads by product manufacturers, is comprised of small plastic pellets that are added to personal care and cleaning products as exfoliants and abrasives. Unlike other forms of plastic pollution, microplastic in personal care and cleaning products are designed to be washed down the drain, where they make their way to wastewater treatment systems. However, wastewater treatment systems are not designed to treat these small plastic particles and the microplastic can pass through into plant effluent and then into waterways and the ocean, contributing to the accumulation of plastic marine debris and posing a threat to animal and plant life and health.

Regulators are increasingly interested in emerging contaminants, including microplastic. Since microplastic is common in products that are designed to go down the drain and is not easily removed or transformed through the wastewater treatment process, limiting the production and sale of products containing microplastic appears to be the most efficient way to prevent microplastic from polluting waterways and oceans. AB 1699 would reduce the amount of microplastic entering the aquatic system via wastewater discharges and would help reduce pollution into the San Francisco Bay, as well as assist EBMUD with compliance if regulations limiting microplastic in wastewater discharges are imposed in the future.

EBMUD has previously supported pollution prevention measures. In 2010, EBMUD supported AB 2256 (Huffman) which would have required that products intended for distribution in California that are labeled as “flushable” meet specified criteria. AB 2256 failed to advance out of the legislature. In 2008, the Board adopted a “support” position on AB 2347 (Ruskin) to reduce the amount of mercury from thermometers flushed into the sewer system. AB 2347 was signed into law in 2008 (Chapter 572).

The current list of support and opposition to AB 1699 is shown below.

Support

5 Gyres Institute
All One Ocean
California Association of Sanitation Agencies
Californians Against Waste
Center for Biological Diversity
City of Los Angeles
Environment California
Heal the Bay
Los Angeles Waterkeeper
Natural Resources Defense Council
Plastic Free Seas
Plastic Pollution Coalition
Plastic Soup
Project Kaisei
San Luis Obispo Coastkeeper
Save our Shores
Seventh Generation Advisors
Sierra Club California
Surfrider Foundation
Team Marine
Turtle Island Restoration Network

Opposition

Bay Bio
Biocom

CalChamber
California Healthcare Institute
California Manufacturers & Technology Association
California Retailers Association
Chemical Industry Council of California
Consumer Healthcare Products Association
Grocery Manufacturers Association
Personal Care Products Association
Western Plastics Association

AB 1826 SOLID WASTE: ORGANIC WASTE SUPPORT
(Chesbro)

The California Integrated Waste Management Act of 1989, administered by the Department of Resources Recycling and Recovery (CalRecycle), requires businesses generating more than four cubic yards of commercial solid waste per week and multifamily residential dwellings of five units or more, to arrange for recycling services. Existing law also requires local jurisdictions to implement a commercial solid waste recycling program to divert solid waste from businesses and sets a policy goal for the state of diverting at least 75-percent of solid waste from landfills by 2020.

AB 1826 (Chesbro), as amended on March 24, 2014, would phase out landfill disposal of organic waste by doing four primary things: (1) require businesses generating specified amounts of organic waste to arrange for that organic waste to be recycled; (2) require local jurisdictions to implement an organic waste recycling program targeting businesses subject to AB 1826; (3) require CalRecycle, in partnership with the California Environmental Protection Agency and other state and regional agencies, to reduce barriers to siting and encourage the continued viability of the state's organic waste processing and recycling infrastructure; and (4) require CalRecycle to cooperate with local jurisdictions and industry to provide assistance and incentives for increasing the feasibility of organic waste recycling.

Under AB 1826, businesses generating eight or more cubic yards of organic waste per week would have to arrange for the recycling of that organic waste by 2016, businesses generating four cubic yards or more would have to comply by 2017, and businesses generating one cubic yard or more would have to comply by 2019. Organic waste generated by or at businesses via gardening or landscaping services would also be subject to the requirements of the bill.

According to CalRecycle, an estimated 35 million tons of waste are disposed in California landfills annually, about a third of which is organic waste, including food. Food and other organic materials in landfills produce significant amounts of methane, a short-lived climate pollutant that contributes to greenhouse gas emissions. CalRecycle, as part of its efforts to help achieve the state's waste diversion goals, has developed a strategic directive calling for a 50-percent reduction in organic waste being disposed of in landfills by 2020. However, significant

gains in organic waste diversion are necessary to meet both the 50-percent reduction goal for organic waste and the overall state policy goal of diverting 75-percent of solid waste from landfills.

AB 1826 would apply to EBMUD both as a regulated entity and as an entity that recycles organic waste. As part of its efforts to minimize waste, EBMUD already provides for the recycling of approximately 7.5 cubic yards of organic waste generated weekly at a number of EBMUD facilities, including the main administration building. While additional recycling would likely be needed to attain full compliance with AB 1826, the impact to EBMUD is expected to be minimal. In addition, AB 1826 would increase demand for organic waste recycling services and could increase the supply of organic waste being diverted to EBMUD's resource recovery program. EBMUD's excess wastewater treatment capacity provides an environmentally friendly and economical disposal alternative for a variety of liquid and solid wastes, such as winery wastes; domestic waste; portable toilet and septic tank waste; fats, oils, and grease; and food processing waste, which is treated and transformed into renewable energy through the anaerobic digestion of biodegradable waste and capture of methane gas.

AB 1826 would have the potential to increase the amount of organic waste that is hauled to EBMUD's main wastewater treatment plant and could result in increased tipping fee revenue as well as increased green power generation and associated revenue. Overall, AB 1826 would help California reach its waste diversion and greenhouse gas emission reduction goals by reducing the amount of organic waste being disposed of in landfills and encouraging the recycling of organic waste to generate renewable energy and is consistent with EBMUD's sustainability policy and its efforts to reduce greenhouse gas emissions.

EBMUD has previously supported legislation to facilitate the proper disposal and recycling of wastes. In 2010, EBMUD supported SB 1107 (Kehoe) which would have required the creation of a manifest system to track the transportation of waste grease. SB 1107 failed to advance out of the legislature. In 2005, EBMUD supported AB 1333 (Frommer) which imposed penalties for improper disposal of waste grease. AB 1333 was signed into law (Chapter 186 of 2006).

There are currently no entities listed in support or opposition to AB 1826.

AB 1983
(Gray)

**WATER METERS: MULTIUNIT
STRUCTURES**

OPPOSE

The Water Measurement Law requires every water purveyor to require, as a condition of new water service on and after January 1, 1992, the installation of a water meter to measure water service. That law also requires urban water suppliers to install water meters on specified service connections, and to charge water users based on the actual volume of deliveries as measured by those water meters in accordance with a certain timetable.

AB 1983 (Gray), as introduced on February 19, 2014, would primarily do four things: (1) allow the owner or operator of an existing building containing residential units to install submeters; (2) allow the owner or operator of an existing building containing residential units to charge tenants separately for water and wastewater service based either on their usage as measured by the submeters or on an economic allocation methodology; (3) require the installation of submeters for each individual leased, rented, or other tenant space in new multi-unit residential buildings permitted on or after January 1, 2015; and (4) require the owner or operator of new multiunit residential buildings permitted on or after January 1, 2015 to seek reimbursement for water and wastewater usage through an economic allocation methodology based on the measured amount of water used by each unit.

AB 1983 would require the use of economic allocation methodologies, also known as Ratio Utility Billing Systems (RUBS), to bill for water use in individual units in new multi-unit residential buildings with submeters. RUBS is based on an allocation formula that estimates water consumption for each unit in a multi-unit building using one or more quantitative measures such as occupancy, square footage, number of bedrooms, or number of bathrooms. AB 1983 would also permit but not require owners and operators of existing multi-unit residential buildings to use a RUBS method for billing.

AB 1983 purports to encourage water conservation by requiring all newly constructed multi-unit residential buildings to have submeters installed. However, rather than require that bills be based on the actual amount of used by each unit, AB 1983 would require owners and operators of these new buildings to bill for water and wastewater through a RUBS method, which is unlikely to result in significant water conservation.

A 2004 U.S. Environmental Protection Agency sponsored study demonstrated that significant water conservation savings are not achieved using RUBS. The "National Multiple Family Submetering and Allocation Billing Program Study," which EBMUD participated in, found no evidence that the RUBS method of billing reduced water use by a statistically significant amount. The study also found significant conservation savings (about 15 percent) when residents were billed for the actual amount of water used through the use of submeters.

Unlike RUBS, where water is billed using an estimation of water use, submetering programs are designed to bill for the actual amount of water that is delivered to each unit. For a submetering program to be both effective and fair, protections must be in place to ensure water is not resold to tenants at a profit and administrative billing standards must be included so that tenants are provided with the necessary information to determine what they are being billed for. A properly crafted submetering program will promote conservation by providing tenants the information they need to conserve water and enable tenants to benefit from their water conservation efforts because they are only charged for the water they actually use. AB 1983 lacks both the billing standards and tenant protections that are needed for an effective program.

The legislature has been working to develop statewide standards for submetering since at least 2007. AB 1983 does not reflect the progress that has been made over the past seven years and

represents a step backward in these longstanding efforts to increase water conservation through the use of submeters. Further, AB 1983 does not include protections critical to EBMUD that have been included in other submetering measures, including SB 750 (Wolk) which the Board adopted a “support” position on in 2013. SB 750 is the product of a multi-year stakeholder effort and would promote increased water conservation by requiring the installation of submeters in new multiunit residential, mixed-use and commercial buildings. SB 750 contains appropriately rigorous billing standards and tenant protections and, consistent with EBMUD’s submetering pilot program, provides water purveyors the discretion to determine whether meters or submeters are required for a particular property. Unlike SB 750, AB 1983 would not be likely to promote significant water conservation nor does it contain important protections for tenants and water suppliers.

EBMUD has consistently supported efforts to increase water conservation through the use of submeters, as long as adequate tenant protections are included. As mentioned above, in 2013, EBMUD’s Board took a “support” position on SB 750 (Wolk). SB 750 is pending in the legislature. In 2011, EBMUD supported AB 19 (Fong), which is substantially similar to SB 750. AB 19 failed to advance out of the legislature. In 2010, EBMUD adopted a “support if amended” position on AB 1975 (Fong) in order to work with the author to address the tenant protection issues. AB 1975 failed to advance out of the legislature. In 2007, EBMUD adopted an “oppose unless amended” position on AB 1173 (Keene), which would have required the use of submeters for buildings with new construction permits but lacked adequate tenant protections. AB 1173 failed to advance out of the legislature.

There are currently no entities listed in support or opposition to AB 1983.

ARC:MD:JF

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1699

**Introduced by Assembly Member Bloom
(Coauthor: Assembly Member Nestande)**

February 13, 2014

An act to add Chapter 5.9 (commencing with Section 42360) to Part 3 of Division 30 of the Public Resources Code, relating to waste management.

LEGISLATIVE COUNSEL'S DIGEST

AB 1699, as amended, Bloom. Waste management: microplastics.

The Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65) prohibits any person, in the course of doing business, from knowingly and intentionally exposing any individual to a chemical known to the state to cause cancer or reproductive toxicity without giving a specified warning, or from discharging or releasing such a chemical into any source of drinking water, except as specified. Existing law prohibits the sale of expanded polystyrene packaging material by a wholesaler or manufacturer. Existing law prohibits a person from selling a plastic product in this state that is labeled with the term "compostable," "home compostable," or "marine degradable" unless, at the time of sale, the plastic product meets the applicable American Society for Testing and Materials standard specification.

This bill would prohibit, after January 1, 2016, a person in the course of doing business, as defined, from selling or offering for promotional purposes in this state any cleaning product, personal care product, or both containing microplastic, as specified. The bill would provide ~~exceptions an exception to the above provision, including an exception~~

provision for the sale or promotional offer of a product containing less than 1 part per million (ppm) by weight of microplastic, as provided.

The bill would ~~require the imposition of~~ *make a violator liable for* a civil penalty not to exceed \$2,500 per day for each violation. The bill would authorize the penalty to be assessed and recovered in a civil action brought in any court of competent jurisdiction by the Attorney General or local officials, as provided, ~~or a by a person in the public interest, as specified.~~

The bill would require the Department of Resources Recycling and Recovery to administer and implement these provisions and would authorize the department to adopt and modify regulations as necessary to further the purposes of this act.

The bill would establish the Plastic Pollution Fund in the State Treasury. The bill would authorize the department to expend the funds, upon appropriation by the Legislature, to implement and administer the act by, among other things, providing grants to local governments or other entities. The bill would require 50% of all civil penalties collected pursuant to the act, and any interest earned on the money in the fund, to be deposited into the fund. The bill would require 50% of all civil penalties collected in an action pursuant to the act to be paid to the Attorney General; ~~or local officials, or to a person acting in the public interest, whichever entity~~ *official who* brought the action.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Chapter 5.9 (commencing with Section 42360)
- 2 is added to Part 3 of Division 30 of the Public Resources Code, to
- 3 read:
- 4
- 5 CHAPTER 5.9. MICROPLASTIC NUISANCE PREVENTION LAW
- 6
- 7 42360. The Legislature finds and declares all of the following:
- 8 (a) Plastic does not biodegrade like other organic materials, but,
- 9 upon exposure to the elements photodegrades into smaller pieces
- 10 causing land and water pollution that is virtually impossible to
- 11 remediate.
- 12 (b) Plastic pollution is the dominant type of anthropogenic debris
- 13 found throughout the marine environment.

- 1 (c) Plastic pollution is an environmental and human health
2 hazard and a public nuisance.
- 3 (d) Consumer personal care products such as facial scrubs,
4 soaps, and toothpaste increasingly contain thousands of
5 microplastic particles, ranging from ~~50-500~~ 50 to 500 microns,
6 which are flushed down drains as part of their intended use.
- 7 (e) Microplastics in personal care products are not recoverable
8 through ordinary wastewater treatment and so are released into
9 the environment.
- 10 (f) Microplastics of the size found in cleaning and personal care
11 products are ingested by marine organisms.
- 12 (g) ~~Microplastics are persistent organic compounds that~~ attract
13 other pollutants commonly present in the environment, many of
14 which are recognized to have serious deleterious impacts on human
15 health or the environment, including DDT, DDE, PCBs, and
16 flame-retardants.
- 17 (h) Microplastics have been found in surface waters within the
18 United States, as well as in fish, marine mammals, and reptiles,
19 and in the digestive and circulatory systems of mussels and worms.
- 20 (i) PAHs, ~~PCBs~~ PCBs, and PBDEs from plastic transfer to fish
21 tissue during digestion and bioaccumulate, resulting in liver
22 damage.
- 23 (j) Fish that humans consume have been found to ingest
24 microplastics.
- 25 (k) There are many biodegradable, natural alternatives to
26 microplastics that are economically feasible ~~alternatives to~~
27 ~~microplastics~~, as evidenced by their current use in some consumer
28 personal care products.
- 29 42361. As used in this chapter, the following terms have the
30 following meanings:
- 31 (a) "Department" means the Department of Resources Recycling
32 and Recovery.
- 33 (b) "Cleaning products, personal care products, or both" means
34 mixtures and solutions used for bathing and cleaning, including,
35 but not limited to, hand and body soap, exfoliates, shampoos,
36 toothpastes, and scrubs.
- 37 (c) "Microplastic" means any plastic size 5 millimeter or less
38 in all dimensions.

1 (d) "Person" means an individual, trust, firm, joint stock
2 company, corporation, company, partnership, limited liability
3 company, and association.

4 (e) "Person in the course of doing business" does not include
5 any person employing fewer than 10 employees in his or her
6 business; any city, county, or district or any department or agency
7 thereof or the state or any department or agency thereof or the
8 federal government or any department or agency thereof; or any
9 entity in its operation of a public water system.

10 (f) "Plastic" means a synthetic material made from linking
11 monomers through a chemical reaction to create a polymer chain
12 that can be molded or extruded at high heat into various forms.
13 ~~Plastics are typically made from petroleum, natural gas, or other~~
14 ~~organic substances can be made from many organic substances,~~
15 ~~including petroleum and natural gas.~~

16 42362. On or after January 1, 2016, a person in the course of
17 doing business shall not sell or offer for promotional purposes in
18 this state any cleaning products, personal care products, or both
19 containing microplastic.

20 42363. ~~(a)~~ Section 42362 shall not apply to any person in the
21 course of doing business that sells or offers for promotional
22 purposes a cleaning product, personal care product, or both
23 containing microplastic in less than 1 part per million (ppm) by
24 weight.

25 ~~(b) (1) Section 42362 shall not apply to any person in the course~~
26 ~~of doing business if it is shown that an otherwise prohibited~~
27 ~~cleaning product, personal care product, or both is designed for a~~
28 ~~use where it is unlikely that the product will pass or probably will~~
29 ~~pass into any wastewater treatment system or water of the state.~~

30 ~~(2) The department shall adopt regulations as necessary to~~
31 ~~implement this subdivision.~~

32 42364. (a) A person who violates or threatens to violate Section
33 42362 may be enjoined in any court of competent jurisdiction.

34 (b) (1) A person who violates Section 42362 is liable for a civil
35 penalty not to exceed two thousand five hundred dollars (\$2,500)
36 per day for each violation in addition to any other penalty
37 established by law. That civil penalty may be assessed and
38 recovered in a civil action brought in any court of competent
39 jurisdiction.

1 (2) In assessing the amount of a civil penalty for a violation of
2 this chapter, the court shall consider all of the following:

3 (A) The nature and extent of the violation.

4 (B) The number of, and severity of, the violations.

5 (C) The economic effect of the penalty on the person.

6 (D) Whether the person took good faith measures to comply
7 with this chapter and the time these measures were taken.

8 (E) The deterrent effect that the imposition of the penalty would
9 have on both the person and the regulated community as a whole.

10 (F) Any other factor that justice may require.

11 (c) Actions pursuant to this section may be brought by the
12 Attorney General in the name of the people of the state, by a district
13 attorney, by a city attorney of a city having a population in excess
14 of 750,000 persons, or, with the consent of the district attorney,
15 by a city prosecutor in a city or city and county having a full-time
16 city prosecutor, or as provided in subdivision (d) *prosecutor*.

17 ~~(d) Actions pursuant to this section may be brought by a person
18 in the public interest if both of the following requirements are met:~~

19 ~~(1) The private action is commenced more than 60 days from
20 the date that the person has given notice of an alleged violation of
21 Section 42362 that is the subject of the private action to the
22 Attorney General and the district attorney, city attorney, or
23 prosecutor in whose jurisdiction the violation is alleged to have
24 occurred, and to the alleged violator.~~

25 ~~(2) Neither the Attorney General, a district attorney, a city
26 attorney, nor a prosecutor has commenced and is diligently
27 prosecuting an action against the violation.~~

28 ~~(e) The court, in issuing any final order in any action brought
29 pursuant to this section, shall award costs of litigation, including
30 reasonable attorney and expert witness fees, to any prevailing or
31 substantially prevailing party, unless the court determines the
32 award is inappropriate.~~

33 42365. The department shall administer and implement this
34 chapter. The department may adopt and modify regulations as
35 necessary to implement and further the purposes of this chapter.

36 42366. (a) The Plastic Pollution Fund is hereby established in
37 the State Treasury. The department may expend the funds in the
38 Plastic Pollution Fund, upon appropriation by the Legislature, to
39 implement and administer this chapter by directly expending those
40 funds, by transferring those funds to other state agencies, or by

1 providing grants to local governments or other entities deemed
2 eligible by the department, including, but not limited to,
3 nongovernmental organizations and the California Conservation
4 Corps.

5 (b) In addition to any other moneys that may be deposited in
6 the Plastic Pollution Fund, all of the following amounts shall be
7 deposited in the fund:

8 (1) Fifty percent of all civil penalties collected pursuant to
9 Section 42364.

10 (2) Any interest earned upon the money deposited into the
11 Plastic Pollution Fund.

12 42367. Fifty percent of all civil penalties collected pursuant to
13 Section 42364 shall be paid to the office of the city attorney, city
14 prosecutor, district attorney, or Attorney General, whichever office
15 brought the action, ~~or in the case of an action brought by a person~~
16 ~~under subdivision (d) of Section 42364, to that person.~~ *action.*

17 42368. This chapter does not alter or diminish any legal
18 obligation otherwise required in common law or by statute or
19 regulation, and nothing in this chapter shall create or enlarge any
20 defense in any action to enforce the legal obligation. Penalties and
21 sanctions imposed under this chapter shall be in addition to any
22 penalties or sanctions otherwise prescribed by law.

AMENDED IN ASSEMBLY MARCH 24, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1826

Introduced by Assembly Member Chesbro

February 18, 2014

An act to amend Section 40003 of the Public Resources Code, relating to waste management add Chapter 12.9 (commencing with Section 42649.8) to Part 3 of Division 30 of the Public Resources Code, relating to solid waste.

LEGISLATIVE COUNSEL'S DIGEST

AB 1826, as amended, Chesbro. ~~Integrated Waste Management Act of 1989.~~ *Solid waste: organic waste.*

~~Existing law, the California Beverage Container Recycling and Litter Reduction Act, requires a beverage distributor to pay a redemption payment in a specified amount for every beverage container sold or offered for sale in the state to the Department of Resources Recycling and Recovery, for deposit in the California Beverage Container Recycling Fund.~~

The

(1) ~~The California Integrated Waste Management Act of 1989, which is administered by the Department of Resources Recycling and Recovery, establishes an integrated waste management program that requires each county and city and county to prepare and submit to the Department of Resources Recycling and Recovery a countywide integrated waste management plan. The act also provides for the regulation of solid waste disposal and solid waste facilities. Existing law provides that nothing in the act abrogates, limits, or otherwise affects the duties of the former Department of Conservation under the~~

~~California Beverage Container Recycling and Litter Reduction Act. requires a business, which is defined as a commercial or public entity, that generates more than 4 cubic yards of commercial solid waste per week or is a multifamily residential dwelling of 5 units or more, to arrange for recycling services. Existing law also requires jurisdictions to implement a commercial solid waste recycling program meeting specified elements.~~

~~This bill would replace this obsolete reference to the Department of Conservation with a reference to the Department of Resources Recycling and Recovery.~~

~~This bill would require a business that generates a specified amount of organic waste per week to arrange for recycling services for that organic waste in a specified manner. The bill would decrease the amount of organic waste under which a business would be subject to those requirements from 8 cubic yards or more during 2016 to 4 cubic yards during 2017 and 2018 and to one cubic yard or more on and after January 1, 2019.~~

~~This bill would require a business, when arranging for gardening or landscaping services, to require the organic waste generated by those services to comply with the requirements of this act.~~

~~This bill would require each jurisdiction, on and after January 1, 2016, to implement an organic waste recycling program to divert organic waste from the businesses subject to this act, thereby imposing a state-mandated local program by imposing new duties on local government agencies. The bill would require each jurisdiction to report to the department on its progress in implementing the organic waste recycling program, and the department would be required to review whether a jurisdiction is in compliance with this act.~~

~~This bill would authorize a local government agency to charge and collect a fee from an organic waste generator to recover the local government agency's costs incurred in complying with this act.~~

~~This bill would require the department to reduce barriers to siting and encourage the continued viability of the state's organic waste processing and recycling infrastructure, in partnership with the California Environmental Protection Agency and other specified state and regional agencies. The bill also would require the department to cooperate with local jurisdictions and industry to provide assistance and incentives for increasing the feasibility of organic waste recycling.~~

~~(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state.~~

Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes. State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 12.9 (commencing with Section 42649.8)
2 is added to Part 3 of Division 30 of the Public Resources Code,
3 to read:

4
5 CHAPTER 12.9. RECYCLING OF ORGANIC WASTE
6

7 42649.8. For purposes of this chapter, the following terms
8 shall apply:

9 (a) "Business" means a commercial or public entity, including,
10 but not limited to, a firm, partnership, proprietorship, joint stock
11 company, corporation, or association that is organized as a
12 for-profit or nonprofit entity, or a multifamily residential dwelling.

13 (b) "Commercial waste generator" means a business subject
14 to subdivision (a) of Section 42649.2.

15 (c) "Organic waste" includes, but is not limited to, food waste,
16 green waste, landscape and pruning waste, and wood waste.

17 (d) "Organic waste generator" means a business subject to
18 subdivision (a) of Section 42649.81.

19 (e) "Self-hauler" means a business that hauls its own waste
20 rather than contracting for that service.

21 42649.81. (a) (1) On and after January 1, 2016, a business
22 that generates eight cubic yards or more of organic waste per
23 week shall arrange for recycling services specifically for organic
24 waste in the manner specified in subdivision (b).

25 (2) On and after January 1, 2017, a business that generates
26 four cubic yards or more of organic waste per week shall arrange
27 for recycling services specifically for organic waste in the manner
28 specified in subdivision (b).

29 (3) On and after January 1, 2019, a business that generates at
30 least one cubic yard of organic waste shall arrange for recycling

1 *services specifically for organic waste in the manner specified in*
2 *subdivision (b).*

3 *(b) A business subject to subdivision (a) shall take at least one*
4 *of the following actions:*

5 *(1) Source separate organic waste from other solid waste and*
6 *subscribe to a basic level of organic waste recycling service that*
7 *includes collection, self-hauling, or other arrangements for the*
8 *collection and recycling of the organic waste, including managing*
9 *it onsite or at another site owned and managed by the generator.*

10 *(2) Subscribe to an organic waste recycling service that may*
11 *include mixed waste processing that specifically recycles organic*
12 *waste.*

13 *(c) A business that is a property owner may require a lessee or*
14 *tenant of that property to source separate their organic waste to*
15 *aid in compliance with this section.*

16 *(d) A business generating organic waste shall arrange for the*
17 *recycling services required by this section in a manner that is*
18 *consistent with state and local laws and requirements, including*
19 *a local ordinance or agreement, applicable to the collection,*
20 *handling, or recycling of solid and organic waste.*

21 *(e) When arranging for gardening or landscaping services, a*
22 *business subject to this section shall require the organic waste*
23 *generated by those services to be managed in compliance with this*
24 *chapter.*

25 *(f) (1) A multifamily residential dwelling that consists of fewer*
26 *than five units is not a business for purposes of this chapter.*

27 *(2) For purposes of determining whether a business that is a*
28 *multifamily dwelling is required to comply with this section, the*
29 *food waste that is generated by the residents of the multifamily*
30 *dwelling shall not be included in determining the amount of organic*
31 *waste generated by that business and that food waste also shall*
32 *not be subject to the requirements of this section.*

33 *42649.82. (a) In addition to the requirements of Section*
34 *42649.3, on and after January 1, 2016, each jurisdiction shall*
35 *implement an organic waste recycling program that is appropriate*
36 *for that jurisdiction and designed specifically to divert organic*
37 *waste from businesses subject to Section 42649.81, whether or not*
38 *the jurisdiction has met the requirements of Section 41780.*

39 *(b) If a jurisdiction as of January 1, 2016, has in place an*
40 *organic waste recycling program that meets the requirements of*

1 *this section, it is not required to implement a new or expanded*
2 *organic waste recycling program.*

3 *(c) The organic waste recycling program required by this section*
4 *shall be directed at organic waste generators and may include,*
5 *but is not limited to, one or more of the following:*

6 *(1) Implementing a mandatory commercial organic waste*
7 *recycling policy or ordinance that addresses organic waste*
8 *recycling.*

9 *(2) Requiring a mandatory commercial organic waste recycling*
10 *program through a franchise contract or agreement.*

11 *(3) Requiring organic waste to go through a source separated*
12 *or mixed processing system that diverts material from disposal.*

13 *(4) Providing exemptions, on a case-by-case basis, deemed*
14 *appropriate by the jurisdiction for reasons including, but not*
15 *limited to, zoning requirements, lack of sufficient space in*
16 *multifamily complexes or businesses to provide additional organic*
17 *material recycling bins, nongeneration of organic materials, or*
18 *the current implementation by a business of actions that result in*
19 *the recycling of a significant portion of its organic waste.*

20 *(d) (1) The organic waste recycling program shall include the*
21 *education of, outreach to, and monitoring of businesses. A*
22 *jurisdiction shall notify a business if the business is not in*
23 *compliance with Section 42649.81.*

24 *(2) The organic waste recycling program may include*
25 *enforcement provisions that are consistent with a jurisdiction's*
26 *authority, including a structure for fines and penalties.*

27 *(3) The commercial organic waste recycling program may*
28 *include certification requirements for self-haulers.*

29 *(e) (1) Each jurisdiction shall provide the department with*
30 *information on the number of regulated businesses that generate*
31 *organic waste and, if available, the number that are recycling*
32 *organic waste. The jurisdiction shall include this information as*
33 *part of the annual report required pursuant to Section 41821.*

34 *(2) On and after August 1, 2017, in addition to the information*
35 *required by paragraph (1), each jurisdiction shall report to the*
36 *department on the progress achieved in implementing its organic*
37 *waste recycling program, including education, outreach,*
38 *identification, and monitoring, on its rationale for allowing*
39 *exemptions, and, if applicable, on enforcement efforts. The*

1 jurisdiction shall include this information as part of the annual
2 report required pursuant to Section 41821.

3 (f) (1) The department shall review a jurisdiction's compliance
4 with this section as part of the department's review required by
5 Section 41825.

6 (2) The department also may review whether a jurisdiction is
7 in compliance with this section at any time that the department
8 receives information that a jurisdiction has not implemented, or
9 is not making a good faith effort to implement, an organic waste
10 recycling program.

11 (g) During a review pursuant to subdivision (f), the department
12 shall determine whether the jurisdiction has made a good faith
13 effort to implement its selected organic waste recycling program.
14 For purposes of this section, "good faith effort" means all
15 reasonable and feasible efforts by a jurisdiction to implement its
16 organic waste recycling program. During its review, the
17 department may include, but is not limited to, consideration of the
18 following factors in its evaluation of a jurisdiction's good faith
19 effort:

20 (1) The extent to which businesses have complied with Section
21 42649.81, including information on the amount of disposal that is
22 being diverted from the businesses, if available, and on the number
23 of businesses that are complying with Section 42649.81.

24 (2) The recovery rate of the organic waste from the material
25 recovery facilities that are utilized by the businesses, all
26 information, methods, and calculations, and any additional
27 performance data, as requested by the department from the
28 material recovery facilities pursuant to Section 18809.4 of Title
29 14 of the California Code of Regulations.

30 (3) The extent to which the jurisdiction is conducting education
31 and outreach to businesses.

32 (4) The extent to which the jurisdiction is monitoring businesses
33 and notifying those businesses that are not in compliance.

34 (5) The appropriateness of exemptions allowed by the
35 jurisdiction.

36 (6) The availability of markets for collected organic waste
37 recyclables.

38 (7) Budgetary constraints.

39 (8) In the case of a rural jurisdiction, the effects of small
40 geographic size, low population density, or distance to markets.

1 42649.83. (a) *If a jurisdiction adds or expands an organic*
2 *waste recycling program to meet the requirements of Section*
3 *42649.82, the jurisdiction shall not be required to revise its source*
4 *reduction and recycling element or obtain the department's*
5 *approval pursuant to Article 1 (commencing with Section 41800)*
6 *of Chapter 7 of Part 2.*

7 (b) *If an addition or expansion of a jurisdiction's organic waste*
8 *recycling program is necessary, the jurisdiction shall include this*
9 *information in the annual report required pursuant to Section*
10 *41821.*

11 42649.84. (a) *This chapter does not limit the authority of a*
12 *local government agency to adopt, implement, or enforce a local*
13 *organic waste recycling requirement that is more stringent or*
14 *comprehensive than the requirements of this chapter.*

15 (b) *This chapter does not modify, limit, or abrogate in any*
16 *manner any of the following:*

17 (1) *A franchise granted or extended by a city, county, city and*
18 *county, or other local government agency.*

19 (2) *A contract, license, or permit to collect solid waste*
20 *previously granted or extended by a city, county, city or county,*
21 *or other local government agency.*

22 (3) *The existing right of a business to sell or donate its*
23 *recyclable organic waste materials.*

24 42649.85. *A local government agency may charge and collect*
25 *a fee from an organic waste generator to recover the local*
26 *government agency's costs incurred in complying with this chapter.*

27 42649.86. (a) *The department shall reduce barriers to siting*
28 *and encourage the continued viability of the state's organic waste*
29 *processing and recycling infrastructure, in partnership with the*
30 *California Environmental Protection Agency and other state and*
31 *regional agencies. These other state and regional agencies shall*
32 *include, but are not limited to, the State Air Resources Board, the*
33 *State Energy Resources Conservation and Development*
34 *Commission, the Public Utilities Commission, the Department of*
35 *Food and Agriculture, the State Water Resources Control Board,*
36 *California regional water quality control boards, and air pollution*
37 *control and air quality management districts.*

38 (b) *The department shall cooperate with local government*
39 *agencies and industry to provide assistance and incentives for*
40 *increasing the feasibility of organic recycling by promoting*

1 *processing opportunities and the development of new infrastructure*
2 *of sufficient capacity to meet the needs of generators, and*
3 *developing sufficient end-use markets throughout the state for the*
4 *quantity of organic waste required to be diverted.*

5 *SEC. 2. No reimbursement is required by this act pursuant to*
6 *Section 6 of Article XIII B of the California Constitution because*
7 *a local agency or school district has the authority to levy service*
8 *charges, fees, or assessments sufficient to pay for the program or*
9 *level of service mandated by this act, within the meaning of Section*
10 *17556 of the Government Code.*

11 ~~SECTION 1. Section 40003 of the Public Resources Code is~~
12 ~~amended to read:~~

13 ~~40003. Nothing in this division abrogates, limits, or otherwise~~
14 ~~affects the duties of the department under the California Beverage~~
15 ~~Container Recycling and Litter Reduction Act (Division 12.1~~
16 ~~(commencing with Section 14500)).~~

ASSEMBLY BILL

No. 1983

Introduced by Assembly Member Gray

February 19, 2014

An act to add Chapter 2.4 (commencing with Section 1954.12) to Title 5 of Part 4 of Division 3 of the Civil Code, relating to residential units.

LEGISLATIVE COUNSEL'S DIGEST

AB 1983, as introduced, Gray. Water meters: multiunit structures.

The Water Measurement Law requires every water purveyor to require, as a condition of new water service on and after January 1, 1992, the installation of a water meter to measure water service. That law also requires urban water suppliers to install water meters on specified service connections, and to charge water users based on the actual volume of deliveries as measured by those water meters in accordance with a certain timetable.

Existing law generally regulates the hiring of dwelling units, and among other things, imposes certain requirements on landlords and tenants. Among these requirements, existing law requires landlords to provide tenants with certain notices or disclosures pertaining to, among other things, pest control and gas meters. On or before January 1, 2019, existing law requires all noncompliant plumbing fixtures in any multifamily residential real property, as defined, to be replaced with water-conserving plumbing fixtures.

This bill would authorize the owner or operator of a building containing residential units to install equipment to determine or use an economic allocation methodology to approximate the quantity of water that is provided to the tenants and used in the common areas of that

building. The bill would also authorize the owner or operator of a building to charge tenants separately for water and wastewater service based on usage as determined through the use of that equipment or allocation methodology if certain requirements are met, including that the owner or operator disclose certain information to the tenants as part of any contractual leasing agreement.

The bill would require all new multiunit residential buildings permitted on or after January 1, 2015, to be constructed in a manner to permit measurement by a county, municipal, or other public water system or the owner or operator of water use by each unit and to have installed separate submeters for each unit. The bill would require an owner or operator of a building subject to that construction requirement to seek reimbursement for water usage by the units based on a specified economic allocation methodology.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 2.4 (commencing with Section 1954.12)
2 is added to Title 5 of Part 4 of Division 3 of the Civil Code, to
3 read:

4
5 CHAPTER 2.4. TENANT WATER USAGE
6

7 1954.12. (a) Except as otherwise provided in subdivision (c),
8 the owner or operator of a building containing residential units
9 may install equipment to determine or use an economic allocation
10 methodology to approximate the quantity of water that is provided
11 to the tenants and used in the common areas of that building, and
12 the owner of that building may charge tenants separately for water
13 and wastewater service based on usage as determined through the
14 use of such equipment or allocation methodology.

15 (b) (1) Except as otherwise provided in subdivision (c), the
16 owner or operator of a building containing residential units may
17 charge tenants separately for water and wastewater service,
18 provided that the total amount of the charges to the tenants for
19 water and wastewater service shall not exceed the total charges
20 and fees paid by the owner or operator to the utility company or
21 municipality providing the water and wastewater service plus

1 actual fees paid to a third-party billing service provider for
2 establishing, servicing, processing payments, and billing such
3 tenants.

4 (2) The third-party service provider fees and the submetering
5 methodology or economic allocation methodology shall be
6 disclosed to the tenants as part of any contractual leasing
7 agreement.

8 (c) All new multiunit residential buildings permitted on or after
9 January 1, 2015, shall be constructed in a manner that will permit
10 the measurement by a county, municipal, or other public water
11 system or by the owner or operator of water use by each unit and
12 separate submeters shall be installed for each individual leased,
13 rented, or other tenant space within each multifamily residential
14 building.

15 (1) This subdivision shall not apply to any building constructed
16 or permitted prior to January 1, 2015, which is thereafter: (A)
17 renovated or (B) following a casualty or condemnation, renovated
18 or rebuilt.

19 (2) Subdivision (c) shall not apply to any construction of a
20 building, the permit for which was granted prior to January 1,
21 2015.

22 (d) (1) The owner or operator of a building subject to
23 subdivision (c) shall seek reimbursement for water and wastewater
24 usage by the units through an economic allocation methodology
25 which is based on the measured quantity of water used by each
26 unit.

27 (2) The owner or operator of that building which includes
28 common areas for the benefit of the units may also seek
29 reimbursement for common area water and wastewater use through
30 an economic allocation which approximates the portion of the
31 common area water and wastewater services allocable to each unit.

32 (3) (A) The total amount of charges to the units under
33 paragraphs (1) and (2) for water and wastewater shall not exceed
34 the total charges and fees paid by the owner or operator to the
35 utility company or municipality providing the water and wastewater
36 service for the multiunit residential building, plus actual fees paid
37 to a third-party billing service provider for establishing, servicing,
38 processing payments, and billing tenants.

1 (B) The third-party service provider fees and the economic
2 allocation methodology shall be disclosed to the tenants as part of
3 any contractual leasing agreement.

4 (4) If a tenant notifies the owner or operator of a building subject
5 to this subdivision, or the owner or operator otherwise becomes
6 aware, of a condition that indicates a submeter reading indicating
7 abnormally high water usage of more than 150 percent of that
8 unit's volumetric usage of the last three months, the owner or
9 operator of the building shall investigate, and if warranted, rectify
10 the condition within 60 days and shall not charge the tenant more
11 than 80 percent billed for volumetric usage of the last three months
12 for which complete billing information is available. The owner or
13 operator shall disclose the adjustment on the bill.

14 (5) If a monthly submeter reading necessary to measure
15 volumetric usage is unavailable for any reason, the owner or
16 operator of a building subject to this subdivision may bill the tenant
17 80 percent of the average amount billed for volumetric usage for
18 the last three months for which complete billing information is
19 available, and may estimate for a period of up to three months
20 while the submeter is being repaired. The landlord shall disclose
21 the adjustment on the bill. If, after the three-month repair period,
22 the submeter has not been repaired, the owner or operator of the
23 building shall not bill the tenant until such repair is completed.

24 (e) Notwithstanding anything to the contrary in subdivision (b)
25 or (d), the water and wastewater charges for the last billing period
26 of a tenant's occupancy in a unit may be estimated by calculating
27 the average of at least three months of charges for the water and
28 wastewater allocated to the unit, and then prorating the average
29 by dividing that average by the number of days in the billing
30 period, and then multiplying that per diem charge by the number
31 of days the tenant had possession of that unit since the last billing
32 period ended, provided, that where available the owner or operator
33 of the building shall use the actual submeter reading for the last
34 month's billing period.

35 (f) A county, municipal, or other public water system shall be
36 prohibited from charging any fee or levy for the installation or use
37 of privately owned meters or other devices which measure or assist
38 in the measurement of water use under subdivision (c).

- 1 (g) Nothing in this section shall affect any local ordinances with
- 2 stricter provisions than those set forth in this section if that
- 3 ordinance was adopted prior to January 1, 2014.

O



AGENDA NO.
MEETING DATE

15.
April 22, 2014

TITLE EBMUD SERIES 2014C WATER REVENUE BONDS

MOTION RESOLUTION ORDINANCE

RECOMMENDED ACTION

Authorize and approve the issuance of not to exceed \$75,000,000 aggregate principal amount of EBMUD Water System Revenue Bonds, Series 2014C, and approve the form and authorize the execution of certain documents, including a Supplemental Indenture, in connection with the issuance, securing and sale of such bonds.

SUMMARY

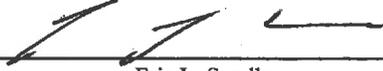
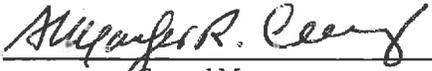
The Water System Revenue Bonds, Series 2014C will fund Water System capital improvements and pay costs of issuance of the bonds.

The bond resolution authorizes the issuance of the bonds and approves the Preliminary Official Statement and supporting documents, including a Supplemental Indenture and a continuing disclosure agreement, and authorizes their execution. It also delegates authority to the General Manager or the Director of Finance or the designee of either of such officers to execute the purchase contract with Siebert Brandford Shank & Co., L.L.C., Barclays Capital Inc. and RBC Capital Markets, LLC, the underwriters, and to engage The Bank of New York Mellon Trust Company, N.A., the District's bond trustee, as trustee for the Series 2014C Water Bonds. The bond resolution further authorizes the General Manager, the Director of Finance and the other proper officers of the District to take the necessary actions and execute other agreements, documents and certificates in order to provide for the sale and delivery of the bonds. The bonds are scheduled to be sold in June 2014. This item was reviewed by the Finance/Administration Committee on April 22, 2014.

A copy of the bond resolution is attached. Copies of the other documents have been provided on the attached CD and paper copies are available from the Office of the Secretary upon request.

DISCUSSION

The proposed Series 2014C Water Revenue Bonds will fund Water System capital improvements and pay for costs of issuance of the bonds. This bond sale is included in the financing schedule approved by the Board in September 2013. The adopted budget planned for bond issuances generating \$175.0 million in

Funds Available:		Budget Code:
DEPARTMENT SUBMITTING	DEPARTMENT MANAGER or DIRECTOR	APPROVED
Finance	 Eric L. Sandler	 General Manager

Contact the Office of the District Secretary with questions about completing or submitting this form.

EBMUD Series 2014C Water Revenue Bonds

April 22, 2014

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construction proceeds to fund a portion of budgeted capital expenditures for Fiscal Years 2014 and 2015. The proposed bond issue represents a portion of that total, with the remainder projected to be issued in Fiscal Year 2015.

A summary of the key bond documents is as follows:

- Authorizing Resolution relating to the Series 2014C Water Bonds authorizes the issuance of the Series 2014C Bonds in an amount not to exceed \$75 million, with a final maturity not later than June 1, 2054 and at a true interest cost to the District of not in excess of 5.5%.
- Twenty-Fifth Supplemental Indenture relating to the Series 2014C Water Bonds supplements the Water System Bond Indenture and provides the terms of the Series 2014C Water Bonds, including the principal and interest payment dates and the interest rates on the new Series 2014C Water Bonds.
- Purchase Contract is the agreement between the District and the underwriters of the Series 2014C Water Bonds which provides the terms and conditions under which the underwriters agree to purchase the District's bonds for reoffering to the public and specifies the circumstances under which the underwriters' obligation may be terminated prior to delivery of the bonds. The authorizing resolution provides that the discount to be paid to the underwriters in connection with their purchase of the bonds shall not exceed 0.4% of the aggregate principal amount of the bonds.
- Continuing Disclosure Agreement obligates the District to provide certain annual reports and notices of certain events in connection with the Series 2014C Water Bonds in the secondary market. Under the securities laws, the underwriters are required to obtain this commitment to provide ongoing disclosure from the District in connection with the Districts bonds.
- Preliminary Official Statement (including Appendix A) is the disclosure document prepared by the District that provides information about the District and the Water System (primarily in Appendix A) and the terms of the bond sale to potential investors. A final official statement will be prepared after the sale of the bonds for distribution to actual purchasers of the Series 2014C Water Bonds. Under the federal securities laws, these disclosure documents are required to contain all information that would be material to investors in making their decision whether to purchase the Districts bonds.

FISCAL IMPACT

At current market rates the District's debt service costs are expected to be consistent with budget estimates. Cost of issuance is estimated at \$314,400 plus an underwriters' discount expected to be less than \$2.00 per \$1,000 based on current market conditions.

EBMUD Series 2014C Water Revenue Bonds

April 22, 2014

Page 3

ALTERNATIVE

Do not issue the proposed bonds. This alternative is not recommended because absent the bond issue the District would need to fund capital improvement projects from cash on hand thereby decreasing the District's liquidity, which in turn would weaken the District's credit profile and put upward pressure on interest costs.

Attachments

I:\SEC\04-22-14 Agenda Items\FIN - BD1 EBMUD Series 2014C Water Revenue Bonds 042214.

RESOLUTION NO. _____

AUTHORIZE AND APPROVE THE ISSUANCE OF NOT TO EXCEED \$75 MILLION AGGREGATE PRINCIPAL AMOUNT OF EAST BAY MUNICIPAL UTILITY DISTRICT WATER SYSTEM REVENUE BONDS, SERIES 2014C; APPROVE THE FORM, AND AUTHORIZE THE EXECUTION, OF CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE, SECURING AND SALE OF SUCH BONDS; AND APPROVE CERTAIN ACTIONS RELATING THERETO

Introduced by Director

; Seconded by Director

WHEREAS, the East Bay Municipal Utility District (the "District") is authorized by Section 12850 *et. seq.* of the Public Utilities Code of the State of California (the "Act") to issue revenue bonds; and

WHEREAS, pursuant to authority granted under the Act, the District has entered into a Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990 (the "Bond Indenture"), by and between the District and First Interstate Bank of California, which has been succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as amended and supplemented; and

WHEREAS, the Bond Indenture provides that the District may issue additional water system revenue bonds (referred to herein as "Bonds") from time to time as authorized by a supplemental indenture; and

WHEREAS, pursuant to Resolution No. 33606-07 adopted by the Board on June 12, 2007, the Board declared its intention to authorize the issuance of up to \$1.1 billion of water system revenue bonds; and, as of the date hereof, \$497,670,000 of such water system revenue bonds have been issued under the authority of Resolution No. 33606-07; and

WHEREAS, pursuant to the Act and the Bond Indenture, the Board has determined to authorize the issuance of Bonds to be designated "East Bay Municipal Utility District Water System Revenue Bonds, Series 2014C," with such further or other designation as may be determined appropriate at the time of issuance of such bonds, if any, to further identify such bonds (herein called the "Series 2014C Bonds") in a principal amount not to exceed \$75,000,000 in order to provide moneys (i) to finance improvements to the Water System, (ii) to fund all or a portion of the interest accrued with respect to the Series 2014C Bonds during the period of acquisition and construction of such improvements, if so desired, (iii) to fund a deposit to a bond reserve fund, if any, and (iv) to pay costs of issuance in connection therewith, such Series 2014C Bonds to be issued pursuant to a Twenty-Fifth Supplemental Indenture (as hereinafter defined), by and between the District and the Trustee; and

WHEREAS, pursuant to a purchase contract, by and between the District and the Underwriters (as hereinafter defined) identified therein, the Underwriters will purchase the Series 2014C Bonds and the District will deliver the Series 2014C Bonds to the Underwriters, all upon and subject to certain conditions as provided therein; and

WHEREAS, in order to provide a continuing disclosure undertaking pursuant to the requirements promulgated under Rule 15c2-12 of the Securities and Exchange Commission in connection with the Series 2014C Bonds, the District intends to enter into a continuing disclosure agreement, by and between the District and the Trustee; and

WHEREAS, the Underwriters will distribute a preliminary and final official statement (including any supplements or amendments thereto) relating to the Series 2014C Bonds to prospective and actual purchasers of the Series 2014C Bonds; and

WHEREAS, it is desirable that the Board provide for the issuance, securing and sale of the Series 2014C Bonds at this time; and

WHEREAS, there has been presented to this Board meeting proposed forms of certain financing documents relating to the Series 2014C Bonds and the issuance, sale and delivery thereof;

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

Section 1. Recitals True and Correct. The Board hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Authorization of Series 2014C Bonds. The issuance of the Series 2014C Bonds on the terms and conditions set forth in, and subject to the limitations specified in, the Twenty-Fifth Supplemental Indenture is hereby authorized and approved. The Series 2014C Bonds will be dated, will bear interest at the rates, will mature on the dates, will be issued in the form, will be subject to redemption (if applicable), and will be as otherwise provided in the Twenty-Fifth Supplemental Indenture as the same is completed as provided in this Resolution. The proposed form of the Series 2014C Bonds, as set forth in the Twenty-Fifth Supplemental Indenture, is hereby approved and the President of the Board of Directors of the District is hereby authorized and directed to execute for and on behalf of the District the Series 2014C Bonds in substantially such form and the Secretary of the District is authorized and directed to attest thereto, and the Trustee is hereby authorized and directed to authenticate and deliver the Series 2014C Bonds to the Underwriters in accordance with the purchase contract and the Twenty-Fifth Supplemental Indenture; provided, however, that (i) the aggregate principal amount of Series 2014C Bonds shall not exceed \$75,000,000, (ii) the final maturity of any of the Series 2014C Bonds shall not be later than June 1, 2054, and (iii) the true interest cost to the District of the Series 2014C Bonds shall not exceed 5.50% per annum.

Section 3. Approval of Twenty-Fifth Supplemental Indenture. The General Manager or the Director of Finance or the designee of either of such officers is hereby authorized and directed to execute for and on behalf of the District, and the Secretary of the District shall attest thereto, a supplemental indenture to the Bond Indenture in connection with the issuance of the Series 2014C Bonds (the herein-referenced Twenty-Fifth Supplemental Indenture), in substantially the form as submitted to this meeting, with such changes therein (and additions thereto to reflect the terms of sale of the Series 2014C Bonds) as the General Manager or the Director of Finance shall approve after consultation with the District's General Counsel and Fulbright & Jaworski LLP and Curls Bartling P.C., the District's Co-Bond Counsel (such

approval to be evidenced by the execution and delivery thereof). The supplemental indenture, as executed and delivered (and numbered such consecutive number as may be appropriate at the time of issuance of the Series 2014C Bonds), is herein referred to as the “Twenty-Fifth Supplemental Indenture” and such Twenty-Fifth Supplemental Indenture is hereby approved.

Section 4. Selection of Underwriters; Approval of Purchase Contract. The Board hereby approves the engagement of Siebert Brandford Shank & Co, L.L.C., as senior managing underwriter, and of Barclays Capital Inc. and RBC Capital Markets, LLC, as co-managing underwriters (and/or such other co-senior managing underwriters and/or co-managing underwriters as the Director of Finance shall determine) (collectively, the “Underwriters”) in connection with the negotiated sale of the Series 2014C Bonds. The General Manager or the Director of Finance or the designee of either of such officers is hereby authorized and directed to execute for and on behalf of the District a bond purchase contract, in substantially the form of the purchase contract as submitted to this meeting, with such changes, insertions and omissions (and additions thereto to reflect the terms of the sale of the Series 2014C Bonds) as the General Manager or the Director of Finance shall approve after consultation with the District’s General Counsel and Co-Bond Counsel (such approval to be evidenced by the execution and delivery thereof); provided, however, that the Underwriters’ discount with respect to the Series 2014C Bonds may not exceed 0.40% of the aggregate principal amount of the Series 2014C Bonds purchased thereunder. The purchase contract, as executed and delivered, is hereinafter referred to as the “Purchase Contract” and such Purchase Contract is hereby approved.

Section 5. Approval of Continuing Disclosure Agreement. The General Manager or the Director of Finance or the designee of either of such officers is hereby authorized and directed to execute for and on behalf of the District a continuing disclosure agreement, in substantially the form as submitted to this meeting, with such changes therein as the General Manager or the Director of Finance shall approve after consultation with the District’s General Counsel and Co-Bond Counsel, such approval to be evidenced by the execution and delivery thereof. The continuing disclosure agreement, as executed and delivered, is hereinafter referred to as the “Continuing Disclosure Agreement” and such Continuing Disclosure Agreement is hereby approved.

Section 6. Approval of Preliminary Official Statement. The Board hereby approves the form of preliminary official statement of the District relating to the Series 2014C Bonds, in substantially the form as submitted to this meeting, with such additions thereto and changes therein (including such changes and additions to reflect the terms of the Series 2014C Bonds) as are approved by the General Manager or the Director of Finance after consultation with the District’s General Counsel and Co-Bond Counsel. The Director of Finance or the designee thereof is hereby authorized to authorize the Underwriters to distribute (via written format and/or through electronic means) such preliminary official statement in connection with the marketing of the Series 2014C Bonds. The General Manager or the Director of Finance or any designee of the General Manager designated by the General Manager in writing to act on behalf of such officer for such purpose is hereby authorized to certify that the preliminary official statement is as of its date “deemed final” for purposes of Rule 15c2-12 of the Securities and Exchange Commission. The General Manager or the Director of Finance or any designee of the General Manager designated by the General Manager in writing to act on behalf of such officer for such purpose is hereby authorized to cause to be prepared and to execute for and on behalf of the

District a final official statement in substantially the form of the preliminary official statement with such changes therein and additions or supplements thereto to reflect the terms of the sale of the Series 2014C Bonds and to comply with applicable federal securities laws as the General Manager or the Director of Finance shall approve after consultation with the District's General Counsel and Co-Bond Counsel, such approval to be evidenced by the execution and delivery thereof. The Director of Finance or the designee thereof is hereby authorized to authorize the Underwriters to distribute (via written format and/or through electronic means) the final official statement (and any supplement thereto) in connection with the sale and delivery of the Series 2014C Bonds. The Board hereby further authorizes the Appendix A (describing the District and the Water System) forming a part of the official statement hereby approved in connection with the Series 2014C Bonds to also be used (with such further additions thereto and changes therein as are approved by the General Manager or the Director of Finance after consultation with the District's General Counsel and Co-Bond Counsel) in connection with, and as part of any official statement distributed by the District in connection with other financings to be undertaken by the District for any refunding of all or any portion of the District's outstanding Bonds pursuant to the authority of Resolution No. 33942-13 and/or Resolution No. 33944-13.

Section 7. Additional Actions. The General Manager, the Director of Finance and all such other proper officers of the District be and they hereby are authorized, individually and collectively, to take all actions and execute any and all documents necessary: to engage The Bank of New York Mellon Trust Company, N.A. as trustee and paying agent under the Twenty-Fifth Supplemental Indenture; to arrange for the funding of a bond reserve fund, if any, including with a letter of credit, surety bond or insurance policy if, upon the advice of the District's Financial Advisor, the funding of such bond reserve fund, if any, with a letter of credit, surety bond or insurance policy will be economically beneficial to the District; to effect the sale and delivery of the Series 2014C Bonds pursuant to the Purchase Contract and the Bond Indenture as supplemented; and to do any and all things and to execute and deliver such other agreements, documents and certificates, including (without limitation) tax certificates relating to the Series 2014C Bonds, any investment agreements relating to the investment of the Series 2014C Bond proceeds, providing for the giving of written directions and notices, and the securing of any necessary third party approvals in connection with the issuance of the Series 2014C Bonds, as may be necessary, convenient, or advisable in order to consummate the sale, execution and delivery of the Series 2014C Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Series 2014C Bonds, the Bond Indenture, the Twenty-Fifth Supplemental Indenture, the Purchase Contract, the Continuing Disclosure Agreement, the preliminary official statement(s) and the final official statement(s) and the transactions herein authorized. All such actions heretofore taken by such officers or their designees are hereby ratified, confirmed and approved.

ADOPTED this 22nd day of April, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

President

Secretary

APPROVED AS TO FORM AND PROCEDURE:

General Counsel

TWENTY-FIFTH SUPPLEMENTAL INDENTURE

between

EAST BAY MUNICIPAL UTILITY DISTRICT

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
as Successor Trustee

Dated as of June 1, 2014

(Supplemental to the Water System Subordinated Revenue Bond
Indenture dated as of April 1, 1990)

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Twenty-Fifth Supplemental Indenture
(Supplemental to the Water System
Subordinated Revenue Bond Indenture dated
as of April 1, 1990)
Authorizing the Issuance of
\$ _____ Aggregate Principal Amount of
East Bay Municipal Utility District
Water System Revenue Bonds,
Series 2014C

This Twenty-Fifth Supplemental Indenture, dated as of _____ 1, 2014 (the “Twenty-Fifth Supplemental Indenture”), between the East Bay Municipal Utility District (the “District”) and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”);

W I T N E S E T H :

WHEREAS, this Twenty-Fifth Supplemental Indenture is supplemental to the Water System Revenue Bond Indenture, dated as of April 1, 1990, as amended and supplemented (the “Indenture”), between the District and the Trustee, providing for the issuance of bonds initially designated as “Water System Subordinated Revenue Bonds” and subsequent to the execution and delivery of the Eighteenth Supplemental Indenture designated as “Water System Revenue Bonds” (the “Bonds”);

WHEREAS, the Indenture provides that the District may issue additional Bonds from time to time as authorized by a Supplemental Indenture;

WHEREAS, the District has previously authorized the issuance of up to \$1.1 billion of water system revenue bonds, pursuant to Resolution No. 33606-07 adopted by the Board on June 12, 2007, and, as of the date hereof, \$497,670,000 of such water system revenue bonds have been issued under the authority of Resolution No. 33606-07;

WHEREAS, the District has determined to issue its Water System Revenue Bonds, Series 2014C (the “Series 2014C Bonds”) in the aggregate principal amount of \$ _____, pursuant to this Twenty-Fifth Supplemental Indenture for the purpose of providing moneys to finance improvements to the Water System and to pay the Costs of Issuance in connection with the delivery of the Series 2014C Bonds;

WHEREAS, the Indenture creates a valid and binding pledge and assignment of and security interest in the Subordinated Water Revenues and all amounts held by the Trustee under the Indenture (except for amounts held in the Rebate Fund) for the payment of the Bonds as and to the extent provided therein in accordance with the terms thereof without the need for any physical delivery, recordation, filing or further act, in accordance with Section 5451 of the Government Code of the State of California;

NOW, THEREFORE, the parties hereto agree, as follows:

ARTICLE XL

SERIES 2014C BONDS

SECTION 40.01. Definitions. The terms defined in this Section shall, for all purposes of this Twenty-Fifth Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Terms defined in the Indenture not otherwise defined herein shall have the meanings specified therein.

“Beneficial Owner” means any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2014C Bond (including any Person holding a Series 2014C Bond through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2014C Bond for federal income tax purposes.

“Book-Entry System” means the system maintained by the Securities Depository and described in Section 40.03 hereof.

“Closing Date” means the date of delivery of the Series 2014C Bonds to the Representative of the Underwriters, against payment therefor, such date being _____, 2014.

“Continuing Disclosure Agreement” means any continuing disclosure agreement entered into by the District and the Trustee in connection with the Series 2014C Bonds in order to comply with the continuing disclosure requirements promulgated under S.E.C. Rule 15c2-12.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Representation Letter” means the Letter of Representations from the District to DTC relating to the Book-Entry System for the Series 2014C Bonds.

“Representative” means Siebert Brandford Shank & Co., L.L.C., as representative of the Underwriters of the Series 2014C Bonds.

“Securities Depository” means DTC or, if applicable, any successor securities depository appointed pursuant to Section 40.03 hereof.

“Securities Depository Participant” means any broker-dealer, bank or other financial institution for which a Securities Depository holds Series 2014C Bonds as Securities Depository from time to time.

“Series 2014C Bonds” means the East Bay Municipal Utility District Water System Revenue Bonds, Series 2014C.

“Series 2014C Water System Fund” means the fund by that name established pursuant to Section 40.13 hereof.

SECTION 40.02. Authorization.

(A) Designation of Bonds. A twenty-[ninth] Series of Bonds to be issued under the Indenture is hereby created. Such Series of Bonds shall be known as the “East Bay Municipal Utility District Water System Revenue Bonds, Series 2014C” (herein referred to as the “Series 2014C Bonds”). The Series 2014C Bonds shall be issued in the aggregate principal amount of \$_____.

The Series 2014C Bonds shall be issued in accordance with the Act and pursuant to Resolution No. _____ adopted by the Board on _____, 2014, and this Twenty-Fifth Supplemental Indenture. The Series 2014C Bonds shall be issued for the purpose of (i) financing improvements to the Water System of the District, and (ii) paying Costs of Issuance in connection with the delivery of the Series 2014C Bonds.

The Series 2014C Bonds shall be Current Interest Indebtedness.

(B) Registered Form. The Series 2014C Bonds shall be issued in fully registered form and shall be initially registered in the name of “Cede & Co.,” as nominee of DTC in accordance with Section 40.03 hereof. The Series 2014C Bonds shall be evidenced by one bond maturing on [each of the maturity dates]{modify if any bifurcated maturities} of the Series 2014C Bonds as set forth in Section 40.02(C) hereof. The Series 2014C Bonds may be assigned by the Trustee a distinctive number or letter and number, and a record of the same shall be maintained by the Trustee. Registered ownership of the Series 2014C Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 40.03 hereof.

(C) Maturities; Interest Rates; Denominations. The Series 2014C Bonds shall be dated the date of delivery thereof, shall be issued in denominations of \$5,000 principal amount or any integral multiple thereof, and shall bear interest from the date thereof at the following rates per annum, and shall mature on June 1 in the following years in the following amounts:

<u>Maturity Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
_____	\$_____	_____ %

Interest on the Series 2014C Bonds shall be payable commencing on [December 1], 2014 and semiannually thereafter on June 1 and December 1 of each year by check mailed by first-class mail on each interest payment date to the Owner thereof as of the close of business on the fifteenth (15th) day of the calendar month immediately preceding such interest payment date (each, a “record date”), except that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of Series 2014C Bonds, upon written request of such Owner to the Trustee received at least ten (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. Interest on the Series 2014C Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. The principal of and premium, if any, on the Series 2014C Bonds are payable when due upon presentation thereof at the corporate trust office of the Trustee in San Francisco, California, or at such other place as designated by the Trustee, in lawful money of the United States of America.

So long as the Series 2014C Bonds are maintained in book-entry form, payments of principal, premium, if any, and interest shall be made by the Trustee to the Securities Depository by wire transfer in accordance with mutually satisfactory arrangements between the Trustee and the Securities Depository.

The Trustee shall provide CUSIP number identification, with appropriate dollar amounts for each CUSIP number, on all redemption payments and interest payments, whether by check or by wire transfer.

SECTION 40.03. Book Entry System. The Series 2014C Bonds shall be initially issued registered in the name of “Cede & Co.,” as nominee for DTC and registered Owner of the Series 2014C Bonds, and held in the custody of the Securities Depository. A single certificate will be issued and delivered to the Securities Depository for [each maturity]{modify if any bifurcated maturities} of the Series 2014C Bonds, and the Beneficial Owners will not receive physical delivery of Series 2014C Bond certificates except as provided herein. For so long as the Securities Depository shall continue to serve as securities depository for the Series 2014C Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Series 2014C Bonds will receive, hold or deliver any Series 2014C Bond certificate.

At the written direction of the District, with notice to the Trustee, but without the consent of the Owners of the Series 2014C Bonds or the Trustee, the District, may appoint a successor Securities Depository and enter into an agreement with the successor Securities Depository, to establish procedures with respect to a Book-Entry System for the Series 2014C Bonds not inconsistent with the provisions of the Indenture. Any successor Securities Depository shall be a “clearing agency” registered under Section 17A of the Securities Exchange Act of 1934, as amended.

The District and the Trustee may rely conclusively upon (i) a certificate of the Securities Depository as to the identity of the Securities Depository Participants in the Book-Entry System

with respect to the Series 2014C Bonds and (ii) a certificate of any such Securities Depository Participant as to the identity of, and the respective principal amount of the Series 2014C Bonds beneficially owned by, the Beneficial Owners.

Whenever, during the term of the Series 2014C Bonds, the beneficial ownership thereof is determined by a book-entry at the Securities Depository, the requirements in the Indenture of holding, delivering or transferring the Series 2014C Bonds shall be deemed modified to require the appropriate person to meet the requirements of the Securities Depository as to registering or transferring the book-entry to produce the same effect. Any provision hereof permitting or requiring delivery of the Series 2014C Bonds shall, while the Series 2014C Bonds are in the Book-Entry System, be satisfied by the notation on the books of the Securities Depository in accordance with applicable state law.

Except as otherwise specifically provided in the Indenture and the Series 2014C Bonds with respect to the rights of Securities Depository Participants and Beneficial Owners, when a Book-Entry System is in effect, the District and the Trustee may treat the Securities Depository (or its nominee) as the sole and exclusive Owner of the Series 2014C Bonds registered in its name for the purposes of payment of the principal of and interest on the Series 2014C Bonds or portion thereof to be redeemed or purchased, and of giving any notice permitted or required to be given to the Owners of Series 2014C Bonds under the Indenture, and neither the District nor the Trustee shall be affected by any notice to the contrary. Neither the District nor the Trustee will have any responsibility or obligations to the Securities Depository, any Securities Depository Participant, any Beneficial Owner or any other Person which is not shown on the registration books required to be maintained by the Trustee, with respect to: (i) the accuracy of any records maintained by the Securities Depository or any Securities Depository Participant; (ii) the payment by the Securities Depository or by any Securities Depository Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price of, or interest on, any Series 2014C Bonds; (iii) the delivery of any notice by the Securities Depository or any Securities Depository Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2014C Bonds; or (v) any other action taken by the Securities Depository or any Securities Depository Participant. The Trustee shall pay all principal of and interest on the Series 2014C Bonds registered in the name of Cede & Co. only to or “upon the order of” the Securities Depository, and all such payments shall be valid and effective to fully satisfy and discharge the District’s obligations with respect to the principal of and interest on such Series 2014C Bonds to the extent of the sum or sums so paid.

The Book-Entry System may be discontinued by the Trustee and the District, at the direction and expense of the District, and the District and the Trustee will cause the delivery of Series 2014C Bond certificates to such Beneficial Owners of the Series 2014C Bonds and registered in the names of such Beneficial Owners as shall be specified to the Trustee by the Securities Depository in writing, under the following circumstances:

(1) The Securities Depository determines to discontinue providing its service with respect to the Series 2014C Bonds and no successor Securities Depository is appointed as described above. Such a determination may be made at any time by giving thirty (30) days’

notice to the District and the Trustee and discharging its responsibilities with respect thereto under applicable law; or

(2) The District determines not to continue the Book-Entry System through a Securities Depository, upon not less than forty-five (45) days' prior written notice to the Trustee.

When the Book-Entry System is not in effect, all references herein to the Securities Depository shall be of no further force or effect.

So long as any Series 2014C Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Series 2014C Bond and all notices with respect to such Series 2014C Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

In the event of a redemption or any other transaction necessitating a reduction in aggregate principal amount of Series 2014C Bonds Outstanding, DTC in its discretion: (a) may request the District and the Trustee to issue and authenticate a new Series 2014C Bond certificate; or (b) shall make an appropriate notation on the Series 2014C Bond certificate indicating the date and amounts of such reduction in principal, except in the case of final maturity, in which case the certificate must be presented to the Trustee prior to payment.

SECTION 40.04. Redemption of Series 2014C Bonds.

(A) Optional Redemption. The Series 2014C Bonds maturing on or before June 1, 20__ are not subject to optional redemption prior to maturity. The Series 2014C Bonds maturing on and after June 1, 20__ 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 on any date (by such maturities as may be specified by the District and by lot within a maturity), on or after _____, at a redemption price equal to the principal amount of Series 2014C Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

(B) [Mandatory Sinking Account Redemption] The Series 2014C Bonds maturing on June 1, ____ are also subject to redemption prior to maturity, in part, by lot, from Mandatory Sinking Account Payments required by and as specified in Section 40.09, commencing on June 1, _____, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.]

SECTION 40.05. Selection of Series 2014C Bonds for Redemption. Whenever provision is made in this Twenty-Fifth Supplemental Indenture for the redemption of less than all of the Series 2014C Bonds, the maturities of the Series 2014C Bonds to be redeemed shall be specified by the District. In the case of partial redemption of less than all of the Series 2014C Bonds of any maturity, the Trustee shall select the Series 2014C Bonds of such maturity to be redeemed, from all Series 2014C Bonds of the respective maturity not previously called for redemption, in authorized denominations, by lot, in any manner which the Trustee in its sole discretion shall deem appropriate and fair. The Trustee shall promptly notify the District in writing of the Series 2014C Bonds so selected for redemption.

SECTION 40.06. Notice of Redemption of Series 2014C Bonds. The District shall notify the Trustee at least twenty-five (25) days prior to the redemption date for any Series 2014C Bonds pursuant to Section 40.04(A) (or such shorter time as may be agreed to by the Trustee). Notice of redemption shall be given by the Trustee, not less than twenty (20) nor more than sixty (60) days prior to the redemption date, (i) to the respective Owners of any Series 2014C Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee by first-class mail, (ii) to the Securities Depository by electronic means of communication or by first-class mail, and (iii) to the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at www.emma.msrb.org, 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. Notice of redemption shall be given in the form and otherwise in accordance with the terms of the Indenture and this Twenty-Fifth Supplemental Indenture.

In the event of an optional redemption of Series 2014C Bonds, in the event that 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 2014C 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.

SECTION 40.07. Partial Redemption of Series 2014C Bonds. Upon surrender of any Series 2014C Bond redeemed in part only, the District shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the District, a new Series 2014C Bond of authorized denominations, and of the same maturity and interest rate, equal in aggregate principal amount to the unredeemed portion of the Series 2014C Bond surrendered.

SECTION 40.08. Effect of Redemption of Series 2014C Bonds. If notice of redemption has been duly given pursuant to Section 40.06, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Series 2014C Bonds (or portions thereof) so called for redemption is held by the Trustee, on the redemption date designated in such notice, the Series 2014C Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice together with interest accrued thereon to the date fixed for redemption, interest on the Series 2014C Bonds so called for redemption shall cease to accrue, the Series 2014C Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Owners of the Series 2014C Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price and accrued interest.

All Series 2014C Bonds redeemed pursuant to the provisions of this Article shall be cancelled upon surrender thereof and destroyed.

SECTION 40.09. [Series 2014C Sinking Accounts. An Account is hereby established within the Principal Fund created by Section 5.02 of the Indenture to be designated the “Series 2014C Sinking Account.” On each Business Day prior to the following payment dates, the District shall transfer from the Principal Fund to the Series 2014C Sinking Account an amount equal to the payment due on such date as set forth below:

Term Series 2014C Bonds Due June 1, 20__

Mandatory Sinking Account Payment Dates (June 1)	Mandatory Sinking Account Payments
	\$

†

† Final Maturity.

Upon an optional redemption of a portion of any Term Series 2014C Bonds pursuant to Section 40.04(A), 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 2014C Bond after such redemption as specified by the District in such schedule to reflect such redeemed portion.

Moneys in the Series 2014C Sinking Account shall be applied as provided in Section 5.02(A) and Section 5.04(B) of the Indenture.]

SECTION 40.10. Form of Series 2014C Bonds. The Series 2014C Bonds and the certificate of authentication and registration to be executed thereon shall be in substantially the form set forth as Exhibit A hereto. The Series 2014C Bond letters and numbers, maturity dates, principal amounts and interest rates shall be inserted therein in conformity with Section 40.02.

SECTION 40.11. Issuance of Series 2014C Bonds. Upon the execution and delivery of this Twenty-Fifth Supplemental Indenture, the District may execute and the Trustee shall authenticate and deliver the Series 2014C Bonds in the aggregate principal amount of \$_____ on the Closing Date therefor upon an Order of the District.

SECTION 40.12. Application of Proceeds of Series 2014C Bonds. The net proceeds of the sale of the Series 2014C Bonds in the amount of \$_____ (representing the \$_____ aggregate principal amount of the Series 2014C Bonds [plus/less \$_____ original issue premium/discount], less \$_____ of Underwriters' discount) shall be received by the District and the Trustee on behalf of the District and held in trust and set aside as follows: Amounts received by the Trustee shall be transferred to the District and the District shall deposit the \$_____ of net proceeds from the sale of the Series 2014C Bonds in the Series 2014C Water System Fund (of which \$_____ shall be deposited in the Construction Account therein and \$_____ shall be deposited in the Costs of Issuance Account therein) to be applied in accordance with Section 40.13.

SECTION 40.13. Establishment and Application of Series 2014C Water System Fund. The District shall establish, maintain and hold in trust a separate fund designated as the “Series 2014C Water System Fund,” with two accounts therein designated as the “Construction Account” and the “Costs of Issuance Account.” The moneys on deposit in the Construction Account shall be used and withdrawn by the District to pay the costs of construction, reconstruction, replacement, acquisition or improvement of any facility or facilities necessary or convenient for the storage, transmission or distribution of water; or incidental to, or in connection with, the operation of the Water System, or to pay or reimburse the District for interest on the Series 2014C Bonds during the respective construction periods for the improvements to the Water System funded by the Series 2014C Bonds. The moneys on deposit in the Costs of Issuance Account shall be used and withdrawn by the District to pay Costs of Issuance of the Series 2014C Bonds. Excess amounts, if any, remaining in the Costs of Issuance Account after payment in full of all Costs of Issuance of the Series 2014C Bonds shall be transferred to the Construction Account to be applied to the purposes thereof. Moneys on deposit in the Series 2014C Water System Fund may be invested in (i) Investment Securities, (ii) investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor, is rated on the date of execution of such investment agreement not lower than “Aa2” by Moody’s (if Moody’s is then rating any of the District’s Outstanding Bonds) and “AA” by Standard & Poor’s (if Standard & Poor’s is then rating any of the District’s Outstanding Bonds), or (iii) the Local Agency Investment Fund (as that term is defined in Section 16429.1 of the California Government Code, as such section may be amended or recodified from time to time), and with a term so as to provide moneys when needed for payments to be made therefrom. On or before June 30 of each year, commencing June 30, 2015, the District may transfer to the Trustee from interest, profit or other income derived from the investment of moneys held in the Series 2014C Water System Fund (other than amounts required to be deposited in the Rebate Fund) the amount determined by the District to be deposited in the Interest Fund and applied to the payment of interest on the Series 2014C Bonds. Interest, profit or other income derived from the investment of moneys held in the Series 2014C Water System Fund, shall also be deposited in the Rebate Fund in an amount determined by the District to be required.

SECTION 40.14. Continuing Disclosure. The District and the Trustee hereby covenant and agree that they will comply with and carry out all of their respective obligations under the Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure of the District or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, any Series 2014C Bondholder or Beneficial Owner or the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Owners of at least 25% of the aggregate principal amount of Outstanding Series 2014C Bonds and upon provision of indemnification satisfactory to the Trustee, shall) take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District or the Trustee, as the case may be, to comply with its obligations under this Section 40.14. For purposes of this Section, “Beneficial Owner” means any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2014C

Bonds (including persons holding Series 2014C Bonds through nominees, depositories or other intermediaries).

SECTION 40.15. Terms of Series 2014C Bonds Subject to the Indenture. Except as in this Twenty-Fifth Supplemental Indenture expressly provided, every term and condition contained in the Indenture shall apply to this Twenty-Fifth Supplemental Indenture and to the Series 2014C Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Twenty-Fifth Supplemental Indenture.

This Twenty-Fifth Supplemental Indenture and all the terms and provisions herein contained shall form part of the Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Indenture. The Indenture is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

SECTION 40.16. Effective Date of Twenty-Fifth Supplemental Indenture. This Twenty-Fifth Supplemental Indenture shall take effect upon its execution and delivery.

SECTION 40.17. Execution in Counterparts. This Twenty-Fifth Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed the Twenty-Fifth Supplemental Indenture by their officers thereunto duly authorized as of the day and year first written above.

EAST BAY MUNICIPAL UTILITY
DISTRICT

By: _____
Eric L. Sandler
Director of Finance

ATTEST:

By: _____
Lynelle M. Lewis
Secretary of the District

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By: _____
Daniel Marroquin
Vice President

EXHIBIT A

(FORM OF SERIES 2014C BOND)

No. _____

\$ _____

EAST BAY MUNICIPAL UTILITY DISTRICT
(ALAMEDA AND CONTRA COSTA COUNTIES, CALIFORNIA)
WATER SYSTEM REVENUE BOND,
SERIES 2014C

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the District or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

<u>Maturity Date</u>	<u>Dated Date</u>	<u>Interest Rate</u>	<u>CUSIP</u>
June 1, _____	_____, 2014	%	271014_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

EAST BAY MUNICIPAL UTILITY DISTRICT, a municipal utility district duly organized and existing under and pursuant to the laws of the State of California (the “District”), for value received, hereby promises to pay (but only out of the Subordinated Water Revenues and funds hereinafter referred to) to the registered owner named above or registered assigns, on the maturity date specified above (subject to any right of prior redemption or payment as provided in the hereinafter mentioned Indenture), the principal amount specified above together with interest thereon from its Dated Date until the principal hereof shall have been paid, at the interest rate per annum specified above, payable on [December 1, 2014], and semiannually thereafter on June 1 and December 1 in each year. Interest hereon is payable in lawful money of the United States of America by (except as otherwise provided in the hereinafter mentioned Indenture) check mailed by first-class mail on each interest payment date to the registered owner as of the close of business on the 15th day of the calendar month immediately preceding such interest payment date (each, a “record date”), except that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of the hereinafter described Series 2014C 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. The principal hereof and premium, if any, hereon are payable when due upon presentation hereof at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., as successor trustee (together with any successor as trustee under said Indenture, the “Trustee”), in San Francisco, California, or at such other place as designated by the Trustee, in lawful money of the United States of America.

This Bond is one of a duly authorized issue (of the series and designation indicated on the face hereof) of Water System Revenue Bonds of the District issued pursuant to a Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, as amended and supplemented, between the Trustee and the District, providing for the issuance of said bonds (the “Bonds”). Said authorized issue of Bonds is not limited in aggregate principal amount, except as otherwise provided in said Water System Subordinated Revenue Bond Indenture, and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in said Water System Subordinated Revenue Bond Indenture provided, all issued and to be issued pursuant to the provisions of the Act (as defined in the Water System Subordinated Revenue Bond Indenture). This Bond is issued pursuant to the Water System Subordinated Revenue Bond Indenture, as amended and supplemented, including as amended and supplemented by a Twenty-Fifth Supplemental Indenture, dated as of _____ 1, 2014, between the Trustee and the District, authorizing the issuance of the series of bonds of which this Bond is one, such series being herein referred to as the “Series 2014C Bonds” (the Water System Subordinated Revenue Bond Indenture, as amended and supplemented, including as amended and supplemented by the Twenty-Fifth Supplemental Indenture, being herein collectively referred to as the “Indenture”). Reference is hereby made to the Indenture and to the Act for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Subordinated Water Revenues (as that term is defined in the Indenture), and the rights of the registered owners of the Bonds; and all the terms of the Indenture and the Act are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by its acceptance hereof, consents and agrees. Additional Bonds may be issued, and indebtedness may be incurred, on a parity with the Bonds of this authorized issue, but only subject to the conditions and limitations contained in the Indenture.

The Bonds and the interest thereon (to the extent set forth in the Indenture), together with the Parity Debt (as defined in the Indenture) issued by the District, and the interest thereon, are payable from, and are secured by a charge and lien on, the “Subordinated Water Revenues” (as more particularly defined in the Indenture). All of the Bonds and Parity Debt are equally secured by a pledge of, and charge and lien upon, all of the Subordinated Water Revenues, and the Subordinated Water Revenues constitute a trust fund for the security and payment of the interest on and principal of the Bonds; but nevertheless out of Subordinated Water Revenues certain amounts may be applied for other purposes as provided in the Indenture.

The Bonds are limited obligations of the District and are payable, both as to principal and interest, and as to any premiums upon the redemption thereof, out of the Subordinated Water Revenues and certain funds held under the Indenture. The general fund of the District is not

liable, and the credit or taxing power of the District is not pledged, for the payment of the Bonds or the interest thereon. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the District or any of its income or receipts, except the Subordinated Water Revenues and the funds held under the Indenture. No registered owner of this Bond shall ever have the right to compel any exercise of the taxing power of the District to pay this Bond or the interest hereon.

The Series 2014C Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One bond certificate with respect to each date on which the Series 2014C Bonds are stated to mature, registered in the name of the Cede & Co, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Series 2014C Bonds by the Securities Depository Participants, beneficial ownership of the Series 2014C Bonds in authorized denominations being evidenced in the records of such Securities Depository Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Securities Depository Participants pursuant to rules and procedures established by the Securities Depository and its Securities Depository Participants. The District and the Trustee will recognize Cede & Co., while the registered owner of this Series 2014C Bond, as the owner of this Series 2014C Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on this Series 2014C Bond and (ii) notices. Transfer of principal, interest and any redemption premium payments to Securities Depository Participants, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Series 2014C Bonds by Securities Depository Participants will be the responsibility of such Securities Depository Participants and other nominees of such beneficial owners. The District will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, Cede & Co., its Securities Depository Participants or persons acting through such Securities Depository Participants. While Cede & Co. is the owner of this Series 2014C Bond, notwithstanding any other provision hereof, payments of principal of, redemption premium, if any, and interest on this Series 2014C Bond shall be made in accordance with existing arrangements between the Trustee or its successors under the Indenture and the Securities Depository.

[The Series 2014C Bonds maturing on or before June 1, 20__ are not subject to optional redemption prior to maturity. The Series 2014C Bonds maturing on and after June 1, 20__ 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 on any date (by such maturities as may be specified by the District and by lot within a maturity), on or after _____, at a redemption price equal to the principal amount of Series 2014C Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

The Series 2014C Bonds maturing on June 1, ____ are also subject to redemption prior to maturity, in part, by lot, from Mandatory Sinking Account Payments required by and as specified in the Indenture, commencing on June 1, ____, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.]

This Bond is transferable or exchangeable for other authorized denominations by the registered owner hereof, in person or by its attorney duly authorized in writing, at the corporate trust office of the Trustee in San Francisco, California, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer or exchange a new fully registered Bond or Bonds without coupons, of authorized denomination or denominations, of the same series, tenor, maturity and interest rate for the same aggregate principal amount will be issued to the registered owner in exchange hereof.

The District, the Trustee and any paying agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the District, the Trustee and any paying agent shall not be affected by any notice to the contrary.

The rights and obligations of the District and of the registered owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of the Bonds.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Bond, together with all other indebtedness of the District pertaining to the Subordinated Water Revenues, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture or the Act.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

IN WITNESS WHEREOF, EAST BAY MUNICIPAL UTILITY DISTRICT has caused this Bond to be executed in its name and on its behalf by the President of the Board of Directors and attested by its Secretary, and this Bond to be dated as of the ___ day of _____, 2014.

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____
President of the Board of Directors

Attested:

By: _____
Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION
AND REGISTRATION]

This is one of the Bonds described in the within mentioned Indenture and registered on the date set forth below.

Dated: _____, 2014

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

For value received _____ hereby sell, assign and transfer unto _____ the within Bond and hereby irrevocably constitute and appoint _____ attorney, to transfer the same on the books of the District at the office of the Trustee, with full power of substitution in the premises.

NOTE: The signature to this Assignment must correspond with the name on the face of the within registered bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: _____

Signature Guaranteed by:

NOTE: Signature must be guaranteed by an eligible guarantor institution.

EAST BAY MUNICIPAL UTILITY DISTRICT
WATER SYSTEM REVENUE BONDS,
SERIES 2014C

PURCHASE CONTRACT

June __, 2014

Board of Directors
East Bay Municipal Utility District
375 -11th Street
Oakland, California 94607

Ladies and Gentlemen:

The undersigned Siebert Brandford Shank & Co., LLC, as representative (the “Representative”) of itself, Barclays Capital Inc. and RBC Capital Markets LLC (collectively, the “Underwriters”), hereby offers to enter into this Purchase Contract (the “Purchase Contract”) with you, the East Bay Municipal Utility District (the “District”), which, upon the District’s acceptance of this offer, will be binding upon the District and the Underwriters. This offer is made subject to acceptance by you prior to 5:00 p.m., California time, on the date hereof. If this offer is not so accepted, this offer will be subject to withdrawal by the Underwriters upon notice delivered to you at any time prior to acceptance. Upon acceptance, this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon the District and the Underwriters. All capitalized terms used herein not otherwise defined herein shall have the respective meanings ascribed thereto in the Official Statement (as hereinafter defined). The Representative has been duly authorized to execute this Purchase Contract and to take any action hereunder by and on behalf of the Underwriters.

The District acknowledges and agrees that (i) the purchase and sale of the Series 2014C Bonds (defined below) pursuant to this Purchase Contract is an arm’s-length commercial transaction between the District and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and are not acting as advisors to or fiduciaries of the District, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the District with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether an Underwriter has provided other services or is currently providing other services to the District on other matters), (iv) the Underwriters have financial and other interests that differ from those of the District, and (v) the District has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

1. Purchase, Sale and Delivery of the Series 2014C Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters, jointly and severally, hereby agree to purchase and the District agrees to sell and deliver to the Underwriters all (but not less than all) of the East Bay Municipal Utility District Water System Revenue Bonds, Series 2014C (the "Series 2014C Bonds") in the aggregate principal amount of \$_____.

(b) The Series 2014C Bonds shall be issued pursuant to the Municipal Utility District Act (constituting Division 6 of the Public Utilities Code of the State of California, as amended) and 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 (collectively, the "Act") and the Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), as amended and supplemented, including as amended and supplemented by a Twenty-Fifth Supplemental Indenture, dated as of _____ 1, 2014, providing for the issuance of the Series 2014C Bonds (collectively, the "Indenture"). The Series 2014C Bonds shall be dated, shall mature, and shall be redeemable as provided in the Indenture and shall otherwise be as described in the Official Statement described below. The Series 2014C Bonds shall be substantially in the form described in, and shall be issued and secured under the provisions of, the Indenture. The Series 2014C Bonds shall be special obligations of the District payable from, and secured by a pledge of, the Subordinated Water Revenues of the District. The Series 2014C Bonds shall be dated the Closing Date (defined below), shall bear interest payable June 1 and December 1 of each year, commencing on December 1, 2014, and shall mature on June 1 in each of the years, subject to earlier redemption, as set forth in Exhibit A.

The Series 2014C Bonds are being issued for the purposes of (i) financing improvements in the District's Water System and (ii) paying costs of issuance of the Series 2014C Bonds.

(c) The aggregate purchase price for the Series 2014C Bonds shall be \$_____ (consisting of the principal amount of the Series 2014C Bonds in the amount of \$_____ plus original issuance premium of \$_____ less \$_____ of Underwriters' discount).

If this offer shall be accepted by the District, then the Underwriters, shall, immediately upon the acceptance by the District of this offer (or as soon thereafter as practicable), deliver or cause to be delivered to the District a wire or cashier's check made payable to the order of the District, in the amount of \$_____ as security for the performance by the Underwriters of their obligations to accept delivery of and pay for the Series 2014C Bonds on the Closing Date in accordance with the provisions of this Purchase Contract (such deposit is herein referred to as the "Good Faith Deposit"). Such deposit shall not be expended by the District pending the Closing except as provided below. On the Closing Date, the Good Faith Deposit will be applied towards the purchase price stated above. If the District fails to deliver the Series 2014C Bonds on the Closing Date, or if the conditions to the obligations of the Underwriters to purchase, accept delivery of and pay for the Series 2014C Bonds as set forth in this Purchase Contract shall be unsatisfied (unless waived by the Underwriters), or if such obligations of the Underwriters shall be terminated by the Underwriters for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and the Good Faith Deposit with interest calculated at the prevailing 1-month LIBOR rate shall be immediately returned to the Underwriters. In the event that the Underwriters fail (other than for a reason permitted under this Purchase Contract) to purchase, accept delivery of and pay for the Series 2014C Bonds on the

Closing Date as herein provided, the Good Faith Deposit shall be retained by the District and shall constitute full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters, and shall constitute full release and discharge of all claims and rights hereunder of the District against the Underwriters with respect to such failure.

(d) At 8:00 a.m., California time, on _____, 2014, or at such other time or on such other date as the District and the Representative mutually agree upon (the "Closing Date"), the District will, subject to the terms and conditions hereof, cause to be delivered to the Underwriters, the Series 2014C Bonds, in fully registered book-entry eligible form, through the facilities of The Depository Trust Company ("DTC") in New York, New York, duly executed, and at the offices of Curls Bartling P.C., Lake Merritt Plaza, 1999 Harrison Street, Suite 610, Oakland, California 94612, or at such other place as shall have been mutually agreed upon by the District and the Representative, the other documents mentioned herein. The Underwriters will accept such delivery and pay the purchase price of the Series 2014C Bonds as set forth in subparagraph (c) above in immediately available funds (such delivery and payment being herein referred to as the "Closing") to the order of the Trustee in an amount equal to the purchase price. If, subsequent to the date hereof, and at any time prior to the Closing a material disruption in securities settlement, payment or clearance services affecting the Series 2014C Bonds shall have occurred, the Underwriters shall not be obligated to accept delivery and pay the purchase price of the Series 2014C Bonds on the scheduled Closing Date and the Closing Date shall be rescheduled to a date mutually agreed upon by the Representative and the District once the material disruption has been alleviated.

(e) The Underwriters agree to make a bona fide public offering of the Series 2014C Bonds at the initial offering prices set forth in the Official Statement, which prices may be changed from time to time by the Underwriters after such initial offering.

2. Use and Preparation of Official Statement.

The District hereby ratifies, confirms and approves of the distribution and use by the Underwriters prior to the date hereof of the preliminary official statement dated _____, 2014 relating to the Series 2014C Bonds (the "Preliminary Official Statement") and the making available of the Preliminary Official Statement to investors prior to the date hereof on the internet. The District has deemed final the Preliminary Official Statement as of the date thereof for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for information permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12. The District hereby agrees to deliver or cause to be delivered to the Underwriters, within seven (7) business days of the date hereof and, in any case, in sufficient time to accompany customer confirms requesting payment, copies of the final Official Statement relating to the Series 2014C Bonds, dated the date hereof, in the form of the Preliminary Official Statement, with such changes thereto, as may be approved by the Representative (including the appendices thereto and any amendments or supplements as have been approved by the District and the Underwriters, the "Official Statement"), in such quantity as the Underwriters shall reasonably request. The District hereby approves of the distribution and use by the Underwriters of the Official Statement in connection with the offer and sale of the Series 2014C Bonds. The Representative hereby agrees to deliver a copy of the Official Statement to the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal Marketplace Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org> on or before the Closing Date.

3. Representations and Agreements of the District.

The District hereby represents and agrees with the Underwriters as follows:

(a) The District is, and will be on the Closing Date, a municipal utility district of the State of California duly organized and validly existing and operating pursuant to the laws of the State of California with full legal right, power and authority to issue the Series 2014C Bonds pursuant to the Act and the Indenture, to execute and deliver the Official Statement and to enter into this Purchase Contract and the Continuing Disclosure Agreement, dated _____, 2014, between the District and the Trustee (the “Disclosure Agreement” and together with the Indenture and this Purchase Contract, the “District Documents”);

(b) By all necessary official action of the District prior to or concurrently with the acceptance hereof, the District has duly approved, ratified and confirmed distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in the District Documents and the consummation by it of all other transactions contemplated by the Official Statement and the District Documents and the District is and will be in compliance in all material respects with the provisions thereof; the District Documents are or as of the Closing Date will be in full force and effect in substantially the form heretofore submitted to the Underwriters with only such changes as shall have been agreed to in writing by the Underwriters; and the District Documents constitute valid and legally binding agreements of the District enforceable against the District in accordance with their terms; provided, however, that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights and to the limitations on legal remedies against public agencies in the State of California;

(c) Except as otherwise disclosed in writing by the District to the Representative on or prior to the date hereof, the District is not in Material Breach or Default under any applicable constitutional provision, law or administrative regulation to which it is subject or any applicable judgment, decree, court order or consent decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a Material Breach or Default under any of the foregoing; and the issuance of the Series 2014C Bonds, the execution and delivery of the District Documents and the Official Statement, and compliance with the provisions on the District’s part contained herein and therein, will not constitute a Material Breach or Default under any law, administrative regulation, judgment, decree, court order, consent decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any such law, administrative regulation, judgment, decree, court order, consent decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Indenture (for purposes of this Purchase Contract, the term “Material Breach or Default” means any breach or default which could have a material adverse effect on the business operations or financial condition of the District or its Water System);

(d) Except as otherwise disclosed in writing by the District to the Representative on or prior to the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best knowledge of the District after reasonable investigation, threatened against or affecting the District: (i) in any material respect affecting or contesting the existence of the District or the titles of its officers to their respective offices; or (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Series 2014C Bonds; or (iii) contesting or affecting, as to the District, the validity or enforceability of the Series 2014C Bonds or the District Documents; or (iv) contesting the powers of the District or its authority to enter into, deliver or perform its obligations under any of the foregoing, or contesting or affecting the power or authority of the District to impose rates and charges, or the collection thereof, or the pledge of revenues under the Indenture; or (v) which may result in any material adverse change in the ability of the District to pay the Series 2014C Bonds; or (vi) contests the status of the interest on the Series 2014C Bonds as excludable from federal gross income as described in the Official Statement; or (vii) which contests in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement; or (viii) which could result in any material adverse change in the business operations or financial condition of the District or the Water System;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction over the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the District of its obligations in connection with the District Documents have been duly obtained and remain in full force and effect, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2014C Bonds;

(f) Under the laws of the State of California, the authority of the District to determine, fix, prescribe and collect rates, fees and charges in connection with the services and facilities furnished by the Water System is not presently subject to the regulatory jurisdiction of the California Public Utilities Commission, or other local, regional or state regulatory authority, and, except as otherwise disclosed in writing by the District to the Representative on or prior to the date hereof, the District is not aware of any legislation proposed or pending to limit or restrict such rates, fees and charges;

(g) The Series 2014C Bonds, when issued, authenticated and delivered in accordance with the Indenture and sold to the Underwriters as provided herein, will be valid and legally enforceable obligations of the District in accordance with their terms and the terms of the Indenture and the Indenture will provide, for the benefit of the holders from time to time of the Series 2014C Bonds and any parity bonds issued under the Indenture, a legally valid and binding pledge of Subordinated Water Revenues (as defined in the Indenture) and the funds and accounts pledged under the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein;

(h) The Series 2014C Bonds and the Indenture conform in all material respects to the descriptions thereof contained in the Official Statement;

(i) The financial statements of the District contained in the Official Statement do and will fairly present the financial position and results of operations of the District as of the dates and

for the periods therein set forth in accordance with generally accepted accounting principles applied consistently, and, except as otherwise disclosed in the Official Statement, since the date thereof there has been no material adverse change in the financial position or results of operations of the District or the Water System;

(j) The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Series 2014C Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and (ii) to determine the eligibility of the Series 2014C Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Series 2014C Bonds; provided, however, that in no event shall the District be required to take any action which would subject it to the general service of process in any jurisdiction in which it is not now so subject;

(k) The Preliminary Official Statement (except for information relating to offering prices, interest rate, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, other terms of the securities depending on such matters, and the identity of the underwriters) did not as of the date thereof and, as supplemented or amended through the date hereof, does not as of the date hereof contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect (except for information relating to DTC and its book-entry only system, as to which no opinion or view is expressed);

(l) As of the date thereof and at all times subsequent thereto to and including the date which is 25 days following the End of the Underwriting Period (as defined below) for the Series 2014C Bonds, the Official Statement did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(m) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Series 2014C Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the District will notify the Underwriters, and, if in the opinion of the District, the Underwriters or their respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will forthwith prepare and furnish to the Underwriters (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriters and their counsel) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Series 2014C Bonds, the District will furnish such information with respect to itself as the Underwriters may from time to time reasonably request;

(n) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (m) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Series 2014C Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or make such information therein, in the light of the circumstances under which it was presented, not misleading;

(o) As used herein and for the purposes of this Purchase Contract, the term “End of the Underwriting Period” for the Series 2014C Bonds shall mean the earlier of (i) the Closing Date unless the District shall have been notified in writing to the contrary by the Representative on or prior to the Closing Date, or (ii) the date on which the End of the Underwriting Period for the Series 2014C Bonds has occurred under Rule 15c2-12; provided, however, that the District may treat as the End of the Underwriting Period for the Series 2014C Bonds the date specified as such in a notice from the Representative stating the date which is the End of the Underwriting Period;

(p) After the Closing, the District will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriters shall reasonably object in writing;

(q) Between the date of this Purchase Contract and the Closing Date, except as referred to in or as contemplated by the Official Statement, the District will not, without the prior written consent of the Representative (which consent shall not be unreasonably withheld), publicly offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, nor will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the District, in either case other than in the ordinary course of its business or as discussed in the Official Statement;

(r) The District will apply, or cause the application of, the proceeds of the Series 2014C Bonds in accordance with the Indenture;

(s) Any certificate signed by any authorized official of the District, and delivered to the Underwriters in connection with the execution and delivery of the Series 2014C Bonds, shall be deemed a representation and warranty by the District to the Underwriters as to the statements made therein; and

(t) Except as disclosed in the Official Statement, the District has never failed within the last five years to comply in all material respects with any previous undertakings with regard to Rule 15c2-12 to provide annual reports of financial and operating data or notices of enumerated events.

4. Conditions to the Obligations of the Underwriters.

The Underwriters hereby enter into this Purchase Contract in reliance upon the representations and warranties of the District contained herein and the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the District of its obligations both on and as of the date hereof and as of the Closing Date. Accordingly, the Underwriters’ obligations under this Purchase Contract to purchase, to accept

delivery of and to pay for the Series 2014C Bonds shall be subject, at the option of the Underwriters, to the accuracy in all material respects of the representations and warranties of the District contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District made in any certificate or other document furnished pursuant to the provisions hereof, to the performance by the District of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and also shall be subject to the following additional conditions:

(a) The Underwriters shall receive, within seven (7) business days of the date hereof and, in any case, in sufficient time to accompany customer confirms requesting payment, copies of the Official Statement (including all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriters), in such reasonable quantity as the Underwriters shall have requested;

(b) The representations and warranties of the District contained herein shall be true and correct in all material respects on the date hereof and on the Closing Date, as if made on and at the Closing Date;

(c) At the Closing, the District Documents shall have been duly authorized, executed and delivered by the respective parties thereto, and the Official Statement shall have been duly authorized, executed and delivered by the District, all in substantially the forms heretofore submitted to the Underwriters, with only such changes as shall have been agreed to in writing by the Underwriters (which consent shall not be unreasonably withheld), and shall be in full force and effect; and there shall be in full force and effect such resolution or resolutions of the Board of Directors of the District as, in the opinion of Fulbright & Jaworski LLP, Los Angeles, California, a member of Norton Rose Fulbright, and Curls Bartling P.C., Oakland, California (“Co-Bond Counsel”), and Orrick, Herrington & Sutcliffe LLP, San Francisco, California, counsel to the Underwriters (hereinafter, “Underwriters’ Counsel”), shall be necessary or appropriate in connection with the transactions contemplated hereby;

(d) Between the date hereof and the Closing Date, the market price or marketability, at the initial offering price set forth in the Official Statement, of the Series 2014C Bonds shall not have been materially adversely affected, in the reasonable judgment of the Underwriters (evidenced by a written notice to the District terminating the obligation of the Underwriters to accept delivery of and make any payment for the Series 2014C Bonds), by reason of any of the following:

(1) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of the State of California or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release

or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the District or upon interest received with respect to obligations of the general character of the Series 2014C Bonds which, in the reasonable judgment of the Underwriters, may have the purpose or effect, directly or indirectly, of affecting the tax status of the District, its property or income, its securities (including the Series 2014C Bonds) or the interest thereon, or any tax exemption granted or authorized by federal or State of California legislation;

(2) legislation shall have been enacted, introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, shall have been made or issued to the effect that obligations of the general character of the Series 2014C Bonds, or the Series 2014C Bonds, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(3) the declaration of war or the escalation of, or engagement in, military hostilities by the United States or the occurrence of any other national or international emergency or calamity relating to the effective operation of the government of, or the financial community in, the United States;

(4) the declaration of a general banking moratorium by federal, State of New York or State of California authorities, or the general suspension of trading on any national securities exchange;

(5) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Series 2014C Bonds or obligations of the general character of the Series 2014C Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriters;

(6) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Series 2014C Bonds, or the issuance, offering or sale of the Series 2014C Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect;

(7) the withdrawal or downgrading of any rating of the Series 2014C Bonds or the underlying rating of any of the District's Water System Revenue Bonds by a national rating agency then rating the Series 2014C Bonds; or

(8) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriters, makes untrue in any material respect any statement or information then contained in the Official Statement, or has the effect that the Official Statement then

contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the District refuses to permit the Official Statement to be supplemented to supply such statement or information or the effect of the Official Statement as so supplemented is, in the judgment of the Underwriters, to materially adversely affect the market for the Series 2014C Bonds or the sale of the Series 2014C Bonds, at the contemplated offering prices (or yields).

(e) At or prior to the Closing Date, the Underwriters shall have received the following documents, in each case satisfactory in form and substance to the Underwriters and Underwriters' Counsel:

(1) Counterparts of the District Documents, duly executed and delivered by the respective parties thereto;

(2) The approving opinion of Co-Bond Counsel, dated the Closing Date and addressed to the District, in substantially the form attached to the Official Statement in Appendix D thereto, and a letter of such counsel, dated the Closing Date and addressed to the Representative, to the effect that such opinion may be relied upon by the Underwriters to the same extent as if such opinion were addressed to them;

(3) The supplemental opinion of Co-Bond Counsel, dated the Closing Date and addressed to the Representative, in substantially the form attached hereto as Exhibit B;

(4) The opinion of the Office of General Counsel of the District, dated the Closing Date and addressed to the Representative, in substantially the form attached hereto as Exhibit C;

(5) The opinion of counsel to the Trustee, dated the Closing Date and addressed to the District and the Representative, in substantially the form attached hereto as Exhibit D;

(6) The opinion of Orrick, Herrington & Sutcliffe LLP, Special Tax Counsel to the Underwriters ("Special Tax Counsel"), dated the Closing Date and addressed to the District, in substantially the form attached to the Official Statement in Appendix D thereto, and a letter of such counsel, dated the Closing Date and addressed to the Representative, to the effect that such opinion may be relied upon by the Underwriters to the same extent as if such opinion were addressed to them;

(7) The opinion of Underwriters' Counsel, dated the Closing Date and addressed to the Representative, to the effect that (a) the Series 2014C Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended, and the Disclosure Agreement satisfies paragraph (b)(5) of Rule 15c2-12; and (b) without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement and based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official Statement and the Official Statement as counsel for the Underwriters, nothing has come to their attention which would cause them to believe that the Preliminary Official Statement, as of the date of this Purchase Contract, or the Official Statement, as of the date thereof and the Closing Date, contained any untrue statement of a

material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that no opinion need be expressed with respect to the financial statements and the statistical data included in the Official Statement, and Appendices B through F thereto, and information regarding DTC and its book-entry only system;

(8) A certificate or certificates, dated the Closing Date, signed by a duly authorized official of the District, in form and substance satisfactory to the Underwriters, to the effect that (a) the representations and warranties of the District contained in this Purchase Contract are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (b) to the best of such official's knowledge, no event affecting the District has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Official Statement relating to the District or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein relating to the District not misleading in any material respect; (c) since June 30, 2013, except as referred to in or as contemplated by the Official Statement, the District has not incurred any financial liabilities, direct or contingent, or entered into any transactions and there has not been any adverse change in the condition, financial or physical, of the Water System, in any such case that would materially and adversely affect the ability of the District to meet its obligations under the Indenture or the Series 2014C Bonds; and (d) the projected operating results and debt service coverage contained in Table 20 in Appendix A to the Official Statement are the District's projections and are based on the stated assumptions, which the District believes to be reasonable;

(9) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Underwriters, to the effect that: (a) the Trustee is a national banking association duly organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture and the Disclosure Agreement (collectively, the "Trustee Documents"); (b) the execution and delivery of the Trustee Documents and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject; and (c) the Trustee has not been served with any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, nor is any such action, to the best of such official's knowledge after reasonable investigation, threatened against the Trustee, as such but not in its individual capacity, affecting the existence of the Trustee, or the titles of its officers to their respective offices, or contesting or affecting the validity or enforceability of the Trustee Documents, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Trustee Documents;

(10) A certified copy of the general resolution of the Trustee authorizing the execution and delivery of the Trustee Documents;

(11) a copy of the Preliminary Official Statement;

(12) A copy of the Official Statement, executed on behalf of the District by authorized representatives of the District;

(13) A copy of each of the resolutions of the District authorizing the execution and delivery of the Official Statement, the District Documents and the issuance of the Series 2014C Bonds, certified by the Secretary or an Assistant Secretary of the District to be in full force and effect as of the Closing Date;

(14) Evidence that any ratings described in the Official Statement are in full force and effect as of the Closing Date;

(15) A copy of the Blue Sky Memorandum with respect to the Series 2014C Bonds, prepared by Underwriters' Counsel;

(16) A Tax Certificate signed by the District relating to the Series 2014C Bonds, in form and substance satisfactory to Special Tax Counsel;

(17) A copy of the Blanket Letter of Representations to DTC relating to the Series 2014C Bonds signed by the District; and

(18) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriters, Underwriters' Counsel or Co-Bond Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations of the District herein and of the statements and information contained in the Official Statement, and the due performance or satisfaction by the District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the District in connection with the transactions contemplated hereby and by the District Documents and the Official Statement.

If the District shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Purchase Contract or if the Underwriters' obligations shall be terminated for any reason permitted herein, all obligations of the Underwriters hereunder may be terminated by the Underwriters at, or at any time prior to, the Closing Date by written notice to the District and neither the Underwriters nor the District shall have any further obligations hereunder.

5. Expenses.

All expenses and costs incident to the authorization, execution, delivery and sale of the Series 2014C Bonds to the Underwriters, including the costs of printing of the Series 2014C Bonds, the Preliminary Official Statement and the Official Statement, the cost of preparing and duplicating the Indenture, the fees of accountants, consultants and rating agencies, the initial fee of the Trustee and its counsel in connection with the execution and delivery of the Series 2014C Bonds and the fees and expenses of Co-Bond Counsel and Underwriters' Counsel shall be paid either from the proceeds of the Series 2014C Bonds or from funds of the District. The District shall pay for expenses (included in the expense component of the Underwriters' discount) incurred on behalf of the District's employees which are incidental to implementing this Purchase Contract, including, but not limited to, meals, transportation, lodging and entertainment, of those employees. The District shall pay the reasonable out-of-pocket expenses of the Underwriters (included in the expense component of the Underwriters' Discount), including travel and other expenses and the California Debt and Investment Advisory Commission fee.

6. Notices.

Any notice or other communication to be given under this Purchase Contract may be given by delivering the same in writing to the respective parties at the following address:

District: East Bay Municipal Utility District
375 Eleventh Street
Oakland, California 94607
Attention: Director of Finance

Representative: Siebert Brandford Shank & Co., LLC
1999 Harrison St., Suite 2720
Oakland, California 94612
Attention: Gary Hall

7. Survival of Representations and Warranties.

The representations and warranties of the District set forth in or made pursuant to this Purchase Contract shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Contract and regardless of any investigations or statements as to the results thereof made by or on behalf of the Underwriters and regardless of delivery of and payment for the Series 2014C Bonds. All of the District's representations, warranties and agreements contained in this Purchase Contract shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Series 2014C Bonds pursuant to this Purchase Contract; and (iii) any termination of this Purchase Contract.

8. Effectiveness and Counterpart Signatures.

This Purchase Contract shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by duly authorized officials of the District and shall be valid and enforceable as of the time of such acceptance. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

9. Parties in Interest.

This Purchase Contract is made solely for the benefit of the District and the Underwriters (including the successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof.

10. Entire Agreement.

This Purchase Contract when accepted by you in writing as heretofore specified shall constitute the entire agreement between the District and the Underwriters with respect to the purchase of the Series 2014C Bonds.

11. Headings.

The headings of the sections of this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

12. Governing Law.

This Purchase Contract shall be construed in accordance with the laws of the State of California.

Very truly yours,

SIEBERT BRANDFORD SHANK & CO., LLC, as
Representative of the Underwriters

By: _____
Authorized Officer

ACCEPTED:

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____
Director of Finance

EXHIBIT A

MATURITY SCHEDULE
EAST BAY MUNICIPAL UTILITY DISTRICT
WATER SYSTEM REVENUE
BONDS, SERIES 2014C

Dated Date: Date of Delivery

<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
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EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF
CO-BOND COUNSEL

[CLOSING DATE]

Siebert Brandford Shank & Co., LLC,
as Representative of the Underwriters
Oakland, California

\$ _____
EAST BAY MUNICIPAL UTILITY DISTRICT
(Alameda and Contra Costa Counties, California)
WATER SYSTEM REVENUE BONDS, SERIES 2014C

Ladies and Gentlemen:

We have acted as co-bond counsel to the East Bay Municipal Utility District (the "District") in connection with the issuance, sale and delivery of the District's Water System Revenue Bonds, Series 2014C in the aggregate principal amount of \$ _____ (the "Bonds"), issued pursuant to the Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and First Interstate Bank of California, which has been succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee, as amended and supplemented, including as amended and supplemented by a Twenty-Fifth Supplemental Indenture, dated as of _____ 1, 2014, providing for the issuance of the Bonds (collectively, the "Indenture").

The Bonds are being sold on the date hereof by the District to Siebert Brandford Shank & Co., LLC, as Representative of itself, Barclays Capital Inc. and RBC Capital Markets LLC, as Underwriters, pursuant to a Purchase Contract, dated June __, 2014 (the "Purchase Contract").

All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Purchase Contract, or if not defined therein, in the Official Statement dated June __, 2014, relating to the Bonds (the "Official Statement").

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of the District and various public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing and our review of such other information, documents and matters of law as we considered necessary to render this opinion, we are of the opinion that:

1. The statements contained in the Preliminary Official Statement, dated _____, 2014, relating to the Bonds (the "Preliminary Official Statement") and in the Official Statement on the cover and under the captions "INTRODUCTION," "THE SERIES 2014C BONDS," and "SECURITY FOR THE SERIES 2014C BONDS," and in "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," and "APPENDIX F — FORM OF CONTINUING DISCLOSURE AGREEMENT" (excluding the statements under each such caption

relating to The Depository Trust Company (“DTC”), Cede & Co. and the book-entry system, and any statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the laws of any jurisdiction, as to all of which we express no view); insofar as the statements contained under such captions purport to summarize certain provisions of the Bonds, the Indenture, the Continuing Disclosure Agreement, the Water Interest Rate Swap Agreements and the Extendable Municipal Commercial Paper Notes (Water Series), present an accurate summary of such provisions for the purpose of use in the Official Statement.

2. The Official Statement and the execution and delivery thereof have been duly approved by the District, and the Purchase Contract and the Continuing Disclosure Agreement have been duly authorized, executed and delivered by the District and (assuming due authorization, execution and delivery by and validity against the other parties thereto) are valid and binding agreements of the District, enforceable against the District in accordance with their respective terms. We call attention to the fact that the rights and obligations under the Purchase Contract and the Continuing Disclosure Agreement and the enforceability thereof are subject to and may be limited by 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. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver (including, without limitation, waiver of jury trial or consent to nonjury trial) provisions contained in the foregoing documents.

3. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

4. The issuance of the Bonds, the execution and delivery of the Twenty-Fifth Supplemental Indenture, the Continuing Disclosure Agreement and the Purchase Contract by the District, and compliance by the District with provisions of the foregoing, as appropriate, do not in any material respect conflict with or constitute on the part of the District a Material Breach or Default under the Indenture or the Bonds issued thereunder or Resolution No. 33705-09 of the District, adopted on March 10, 2009, authorizing the District’s extendable commercial paper program or, to the best of our knowledge, any loan agreement with any State governmental agency to which the District is a party or to which the District or any of its property or assets are otherwise subject.

Based upon our participation in the preparation of the Preliminary Official Statement, dated _____, 2014, relating to the Bonds, and the Official Statement as co-bond counsel and on the basis of the information made available to us in the course of the foregoing, but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement (except to the extent expressly set forth in paragraph 1 above), as of the date hereof no facts have come to the attention of the personnel in our respective firms directly involved in rendering legal advice and assistance in connection with the preparation of the Preliminary Official Statement or the Official Statement that causes us to believe that (a) the Preliminary Official Statement as of the date of the Purchase Contract contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the discussions

contained in the Preliminary Official Statement of permits, licenses and approvals required for the construction and operation of any projects of the District, and the status thereof, the description of any litigation, statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction, any information relating to DTC, Cede & Co., the book-entry system, forecasts, projections, estimates, assumptions and expressions of opinions and the financial and statistical data included therein, as to all of which we express no view), and except for such information as is permitted to be excluded from the Preliminary Official Statement pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, including but not limited to information as to pricing, yields, interest rates, maturities, amortization, redemption provisions, debt service requirements, underwriters' discount, ratings and CUSIP numbers, or (b) the Official Statement as of its date or as of the hereof contained or contains any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the discussions contained in the Official Statement of permits, licenses and approvals required for the construction and operation of any projects of the District, and the status thereof, the description of any litigation, statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction, any information relating to DTC, Cede & Co., the book-entry system, forecasts, projections, estimates, assumptions and expressions of opinions and the financial and statistical data included therein, as to all of which we express no view).

During the period from the date of the Preliminary Official Statement to the date of this opinion, except for our review of the certificates and opinions regarding the Preliminary Official Statement and the Official Statement delivered on the date hereof, we have not undertaken any procedures or taken any actions which were intended to or were likely to elicit information concerning the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions 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 opinion in light of any such actions or events.

We are furnishing you this letter at the request of the District and solely for the information of, and assistance to, you in conducting and documenting your investigation of the affairs of the District in connection with the offering of the Bonds and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, including but not limited to the purchase or sale of the Bonds, nor is it to be referred to in whole or in part in the Official Statement or any other document, except that it may be included in, and reference may be made to it in any list of, the closing documents pertaining to the delivery of the Bonds. The provision of this opinion to you shall not create any attorney-client relationship between either of our firms and you. This opinion may not be relied upon by any other person, firm, corporation or other entity without our prior written consent.

Respectfully submitted,

Respectfully submitted,

EXHIBIT C

FORM OF OPINION OF OFFICE OF DISTRICT GENERAL COUNSEL

[CLOSING DATE]

Siebert Brandford Shank & Co., LLC,
as Representative of the Underwriters
Oakland, California

\$ _____
EAST BAY MUNICIPAL UTILITY DISTRICT
(Alameda and Contra Costa Counties, California)
WATER SYSTEM REVENUE BONDS, SERIES 2014C

Ladies and Gentlemen:

I am General Counsel to the East Bay Municipal Utility District (the “District”), a municipal utility district organized and existing pursuant to the Municipal Utility District Act, constituting Division 6 of the Public Utilities Code of the State of California, as amended. This opinion is rendered pursuant to Section 4(e)(4) of the Purchase Contract (the “Purchase Contract”) dated June __, 2014 between the District and Siebert Brandford Shank & Co., LLC, as representative of the underwriters (the “Underwriters”) listed therein, and relating to the sale of \$ _____ aggregate principal amount of District’s Water System Revenue Bonds, Series 2014C (the “Series 2014C Bonds”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Contract or if not defined herein, in the Official Statement dated _____, 2014, relating to the Series 2014C Bonds (the “Official Statement”).

In rendering this opinion, I have examined the following documents: (i) the Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, between the District and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”), as amended and supplemented, including as amended and supplemented by the Twenty-Fifth Supplemental Indenture dated as of _____ 1, 2014 by and between the District and the Trustee (collectively, the “Indenture”); (ii) the Continuing Disclosure Agreement, dated _____, 2014, by and between the District and the Trustee; (iii) the Preliminary Official Statement, dated _____, 2014, relating to the Bonds (the “Preliminary Official Statement”) and the Official Statement; (iv) the Series 2014C Bonds; and (v) such other documents and instruments, including certificates of public officials, and have made such investigations of law and of fact as I have deemed necessary or appropriate for the purpose of rendering the opinions set forth herein. The Indenture, the Continuing Disclosure Agreement and the Purchase Contract are collectively referred to herein as the “District Documents.” In addition, I call attention to the fact that the rights and obligations under the District Documents, the Series 2014C Bonds and the other legal documents and the enforceability thereof are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California.

Based on the foregoing, I am of the opinion that:

(1) The District is, and was at all relevant times, a municipal utility district duly organized and validly existing under the laws of the State of California.

(2) The resolution or resolutions of the District approving and authorizing the execution and delivery of the Series 2014C Bonds, the District Documents and the Official Statement (the "Resolutions") were duly adopted and/or approved by the District at meetings of the Board of Directors of the District, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and each of the District Documents has been duly authorized, executed and delivered by the District and (assuming due authorization, execution and delivery by the other parties thereto) constitutes the legal, valid and binding obligation of the District.

(3) Except as disclosed in the Preliminary Official Statement and the Official Statement or otherwise disclosed in writing by the District to the Underwriters on or prior to the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending (with service of process having been accomplished) or, to my actual knowledge after reasonable investigation, threatened against or affecting the District: (i) in any material respect affecting or contesting the existence of the District or the titles of its officers to their respective offices; or (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Series 2014C Bonds; or (iii) contesting or affecting, as to the District, the validity or enforceability of the Series 2014C Bonds or the District Documents; or (iv) contesting the powers of the District or its authority to enter into, adopt or perform its obligations under the Series 2014C Bonds, the District Documents or contesting or affecting the power or authority of the District to impose rates and charges, or the collection thereof, or the pledge of revenues under the Indenture; or (v) which may result in any material adverse change in the ability of the District to pay the Series 2014C Bonds; or (vi) contesting the status of the interest on the Series 2014C Bonds as excludable from federal gross income as described in the Preliminary Official Statement and the Official Statement; or (vii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement; or (viii) wherein an unfavorable ruling or finding would result in any material adverse change in the business operations or financial condition of the District or the Water System.

(4) The issuance of the Series 2014C Bonds, the execution and delivery of the District Documents and the Official Statement by the District, the adoption of the Resolutions, and compliance by the District with the provisions of the foregoing, as appropriate, to the best of my actual knowledge after reasonable investigation, do not and will not in any material respect conflict with or constitute on the part of the District a Material Breach or Default under any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject or any existing law, administrative regulation, judgment, decree, court order or consent decree to which the District or any of its property or assets is subject. In rendering the foregoing opinion, I have relied, in part, upon the opinion of Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, and Curls Bartling P.C. expressed in paragraph (4) of their supplemental opinion delivered on this date.

(5) Except as described in the Preliminary Official statement and the Official Statement, no authorization, approval, consent, or other order of the State of California or any other

governmental authority or agency within the State of California having jurisdiction over the District or its property is required for the valid authorization, execution, delivery and performance by the District of the District Documents or the Official Statement or for the adoption of the Resolutions which has not been obtained, provided that no opinion is expressed with respect to qualification under Blue Sky or other state securities laws.

(6) Without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement and based upon the information made available to me during the preparation of the Preliminary Official Statement and the Official Statement as General Counsel to the District, nothing has come to my attention which causes me to believe that (i) the information contained in the Preliminary Official Statement under the captions “THE DISTRICT,” “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS” and “LITIGATION” and in Appendix A—“THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM)” (excluding therefrom forecasts, projections, estimates, assumptions and the financial and statistical data included in the Preliminary Official Statement, as to which no opinion is expressed), as of the date of the Purchase Contract, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (ii) the information contained in the Official Statement under the captions “THE DISTRICT,” “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS” and “LITIGATION” and in Appendix A—“THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM)” (excluding therefrom forecasts, projections, estimates, assumptions and the financial and statistical data included in the Official Statement, as to which no opinion is expressed), as of the date thereof and as of the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(7) The Subordinated Water Revenues are free and clear of and from any and all liens and encumbrances other than as set forth in the Official Statement.

(8) Under the laws of the State of California, the District has the authority to fix and collect rates, fees and charges in connection with the services and facilities furnished by the Water System and is not presently subject to the regulatory jurisdiction of any state, regional or local government regulatory authority in connection with fixing and collecting such rates, fees and charges. No assurance can be given that any such legislation may not be proposed or introduced after the date of this opinion.

I express no opinion as to any matters other than as expressly set forth above and assume no obligation to revise or supplement this opinion should any law on which any opinions are based or any facts or matters upon which I have relied subsequently change. Without limiting the generality of the foregoing, I specifically express no opinion as to the status of the Series 2014C Bonds or the interest thereon under any federal securities laws or any state securities or “Blue Sky” law or any federal, state or local tax law. Further, I express no opinion on the laws of any jurisdiction other than the State of California and the United States of America.

This opinion is delivered to you as the representatives of the Underwriters and is solely for the benefit of the Underwriters and is not to be used by any other person or for any other purpose.

Very truly yours,

Jylana Collins
General Counsel

EXHIBIT D

FORM OF TRUSTEE COUNSEL'S OPINION

[CLOSING DATE]

Siebert Brandford Shank & Co., LLC,
as Representative of the Underwriters
Oakland, California

East Bay Municipal Utility District
Water System Revenue Bonds, Series 2014C

Ladies and Gentlemen:

I have acted as special counsel to The Bank of New York Mellon Trust Company, N.A., as successor trustee ("BNY"), in connection with the Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, between the East Bay Municipal Utility District (the "District") and BNY, as amended and supplemented, including as amended and supplemented by a Twenty-Fifth Supplemental Indenture, dated as of _____ 1, 2014 (the "Twenty-Fifth Supplemental Indenture and collectively, the "Indenture") in connection with the issuance of \$ _____ aggregate principal amount of East Bay Municipal Utility District Water System Revenue Bonds, Series 2014C (the "Bonds"). This opinion is rendered pursuant to Section 4(e)(5) of the Purchase Contract, dated June __, 2014 (the "Purchase Contract"), between the District and Siebert Brandford Shank & Co., LLC, as Representative of the Underwriters listed therein. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Purchase Contract.

In my capacity as counsel to BNY, I have examined originals or copies identified to my satisfaction of: (i) the Articles of Association and By-Laws of BNY, (ii) the Indenture, (iii) the Continuing Disclosure Agreement, dated _____, 2014 (the "Continuing Disclosure Agreement"), by and between the District and BNY as dissemination agent and (iv) such other records, certificates and documents as I have considered necessary or appropriate for the purpose of the opinion hereinafter rendered. The Indenture and the Continuing Disclosure Agreement are hereinafter collectively referred to as "Trustee Documents".

In rendering this opinion, I have relied upon the facts and information obtained from the records of BNY, officers of BNY, and other sources believed by me to be reliable, and have not undertaken to independently verify the accuracy of the factual matters represented, warranted, or certified in such documents. I have assumed the genuineness of all signatures other than BNY's, the authenticity of documents, certificates and records submitted to me as originals, the conformity to the originals of all documents, certificates and records submitted to me as copies, the legal capacity of all natural persons executing documents other than BNY's, and the completeness and accuracy as of the date of this opinion letter of the information contained in such documents, certificates and records, which assumptions I have not independently verified. The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions.

Based upon and subject to the foregoing and subject to the qualifications set forth below, I am of the opinion that:

1. BNY is a national banking association duly organized and validly existing under and by virtue of the laws of the United States of America, having full power and being qualified to enter into and perform its duties under the Trustee Documents.

2. BNY has taken all corporate action necessary to assume the duties and obligations of trustee under the Indenture and of dissemination agent under the Continuing Disclosure Agreement and to authorize in such respective capacities the execution and delivery of the Twenty-Fifth Supplemental Indenture and the Continuing Disclosure Agreement and the acceptance of the duties of BNY under each of the foregoing does not and will not contravene any law of governmental regulation or order presently binding on BNY or its Articles of Association or By-Laws or, to my knowledge, contravene any provision or constitute a default under any indenture, contract or other instrument to which BNY is a party or by which BNY is or may be bound.

3. BNY has duly executed and delivered the Twenty-Fifth Supplemental Indenture and the Continuing Disclosure Agreement and the Trustee Documents, assuming due authorization, execution and delivery by the District, constitute the legal, valid and binding obligations of BNY, enforceable in accordance with their terms, except to the extent the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, and other similar laws affecting the rights and remedies of creditors generally, and by the effect of general principles of equity, including without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, whether considered in a proceeding at law or in equity.

4. All approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by BNY of any of its duties and obligations under the Trustee Documents (insofar as it has the obligation to obtain any such approval, consent or order) have been obtained and are in full force and effect.

I express no opinion as to any matter other than as expressly set forth above, and, in conjunction therewith, I specifically express no opinion as to the status of the Bonds or the interest thereon under any federal securities laws, including but not limited to the Securities Act of 1933, as amended, and the Trust Indenture Act of 1939, as amended, or any state securities or "Blue Sky" law, or any federal, state or local tax law.

This opinion is as of the date hereof, and I have undertaken no, and hereby disclaim any, obligation to advise you of any change in any matter set forth herein even though the changes may affect a legal analysis or conclusion in this opinion letter. Further, this opinion neither implies, nor should it be viewed to imply, an approval or recommendation of any investment in any Bond.

I express no opinion as to the effect of any law other than the law of California and the federal laws of the United States of America on the matters referred to herein, in each case as they exist on the date hereof. I express no opinion with respect to the laws, regulations, or ordinances of any county, municipal or other local governmental agency.

Siebert Brandford Shank & Co., LLC,
Page ____

This opinion is furnished by me solely for your benefit. This opinion letter may be relied upon by you only in connection with the transaction described in the initial paragraph of this opinion letter and may not be used or relied upon by you for any other purpose or by any other person for any purpose whatsoever without, in each instance, my prior written consent.

Respectfully submitted,

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated *[Closing Date]*, is executed and delivered by the East Bay Municipal Utility District (the “District”) and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”) in connection with the issuance of *[\$Par Amount]* aggregate principal amount of East Bay Municipal Utility District Water System Revenue Bonds, Series 2014C (the “Bonds”). The Bonds are being issued pursuant to a Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and the Trustee, as amended and supplemented, including as amended and supplemented by the Twenty-Fifth Supplemental Indenture, dated as of [June 1], 2014, providing for the issuance of the Bonds (collectively, the “Indenture”). In connection therewith the District and the Trustee 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 Trustee 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 Trustee from time to time.

“Dissemination Agent” shall mean the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the District and which has filed with the Trustee a written acceptance of such designation.

“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 Official Statement for the Bonds dated [*Sale Date*], as may be updated prior to the delivery of the Bonds.

“Participating Underwriter” shall mean any underwriter 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 180 days after the end of the District’s Fiscal Year (presently June 30), commencing with the report for the 2013-14 Fiscal Year, 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, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(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 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 Gross 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 Connections 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 average rate increases);
- (f) A table showing Outstanding Water System Debt as of the preceding Fiscal Year;
- (g) A table showing water revenues, operating and maintenance expenses, debt service on water revenue bonds and debt service coverage for the water revenue bonds for the most recent Fiscal Year; and
- (h) Any material changes in the water supply.

Any or all of the items listed above may 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. Reporting of Significant Events.

(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, or;
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.

For these purposes, 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.

(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, if other than the Trustee, and if the Dissemination Agent is the Trustee, then by the officer at the corporate trust office of the Trustee with regular responsibility for the administration of matters related to the Indenture. 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 business days after the occurrence of the event.

Section 6. Termination of Reporting Obligation. The District’s obligations under this Disclosure Agreement with respect to the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

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 initial Dissemination Agent shall be the Trustee. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this

Disclosure Agreement. 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 Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if the Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations on liability afforded to the Trustee thereunder. The Dissemination Agent (if other than the Trustee in its capacity as 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: Debt & Rate Administrator
Phone: 510-287-0248
Fax: 510-287-0293

To the Dissemination Agent:

The Bank of New York Mellon
Trust Company, N.A.
100 Pine Street, Suite 3100
San Francisco, California 94111
Phone: 415-263-2420
Fax: 415-399-1647

Section 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Trustee, the Dissemination Agent, the Participating Underwriters 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 Trustee by their duly authorized representatives.

Dated: *[Closing Date]*

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____
Eric L. Sandler
Director of Finance

Dated: *[Closing Date]*

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of District: EAST BAY MUNICIPAL UTILITY DISTRICT

Name of Bond Issue: *[/Par Amount]* East Bay Municipal Utility District
Water System Revenue Bonds, Series 2014C

Date of Issuance: *[Closing Date]*

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 *[Closing Date]*, (and effective as of the Date of Issuance) by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) and in accordance with Section 40.14 of the Twenty-Fifth Supplemental Indenture, dated as of [June 1], 2014, by and between the District and the Trustee, supplementing the Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, as supplemented and amended, 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__

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee on behalf of the
District

By: _____
Authorized Officer

cc: East Bay Municipal Utility District

PRELIMINARY OFFICIAL STATEMENT DATED JUNE ____, 2014

NEW ISSUE – BOOK ENTRY ONLY

See “RATINGS” herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Tax Counsel to the Underwriters, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2014C Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Special Tax Counsel, interest on the Series 2014C Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Special Tax Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Special Tax Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2014C Bonds. See “TAX MATTERS.”

[DISTRICT LOGO]

\$ _____ *

**EAST BAY MUNICIPAL UTILITY DISTRICT
(Alameda and Contra Costa Counties, California)
WATER SYSTEM REVENUE BONDS, SERIES 2014C**

Dated: Date of Delivery

Due: June 1, as shown on inside cover

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 2014C (the “Series 2014C Bonds”) pursuant to a Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and First Interstate Bank of California, which has been succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as amended and supplemented, including as amended and supplemented by a Twenty-Fifth Supplemental Indenture, dated as of June 1, 2014, providing for the issuance of the Series 2014C Bonds (collectively, the “Indenture”). The Series 2014C 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 2014C Bonds. Beneficial ownership interests in the Series 2014C Bonds may be purchased in book-entry form only in denominations of \$5,000 principal amount or any integral multiple thereof. Interest on the Series 2014C Bonds is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2014. Principal is payable on June 1 of the years set forth on the inside front cover. The principal or redemption price of, and interest on, the Series 2014C 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 2014C Bonds. See APPENDIX E – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

The Series 2014C Bonds are subject to redemption prior to maturity as more fully described herein. See “THE SERIES 2014C BONDS – Redemption.”

The Series 2014C Bond proceeds will be used to (i) provide additional moneys to finance improvements to the Water System of the District and (ii) pay costs of issuance in connection with the Series 2014C Bonds, as described herein.

The Series 2014C Bonds are special obligations of the District, payable solely from and secured by a pledge of Subordinated Water Revenues as more fully described herein. Subordinated 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 2014C Bonds have been issued on parity with the District’s Water System Revenue Bonds and Parity Debt heretofore or hereafter issued, as more fully described herein, including certain payment obligations of the District under interest rate swap agreements entered into by the District in connection therewith. Neither the full faith and credit nor the taxing power of the District is pledged to the payment of the Series 2014C Bonds or the interest thereon.

MATURITY SCHEDULE
(SEE INSIDE COVER)

The Series 2014C Bonds will be offered when, as and if issued, subject to the approval of validity by Fulbright & Jaworski LLP, Los Angeles, California, a member of Norton Rose Fulbright, and Curls Bartling P.C., Oakland, California, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the District by its General Counsel and for the Underwriters by Orrick, Herrington & Sutcliffe LLP, San Francisco, California. It is anticipated that the Series 2014C 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 June __, 2014.

Siebert Brandford Shank & Co., L.L.C.

Barclays

RBC Capital Markets

Dated: June __, 2014

* Preliminary; subject to change.

\$ _____ *

EAST BAY MUNICIPAL UTILITY DISTRICT
(Alameda and Contra Costa Counties, California)
WATER SYSTEM REVENUE BONDS, SERIES 2014C

MATURITY SCHEDULE*

\$ _____ Serial Series 2014C Bonds

<i>Maturity Date</i> <i>(June 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest</i> <i>Rate</i>	<i>Price or</i> <i>Yield</i>	<i>CUSIP</i> [†]
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\$ _____ % Term Series 2014C Bonds due June 1, _____, Price _____%; CUSIP[†]: 271014 _____

[†] CUSIP is a registered trademark of The American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the District nor the Underwriters assume any responsibility for the accuracy of the CUSIP data.

* Preliminary; subject to change.

EAST BAY MUNICIPAL UTILITY DISTRICT

Alameda and Contra Costa Counties, California

375 Eleventh Street

Oakland, California 94607

(866) 403-2683

Board of Directors

Andy Katz, *President*

Katy H. Foulkes, *Vice President*

John A. Coleman

Doug A. Linney

Lesia R. McIntosh

Frank G. Mellon

William B. Patterson

Management

Alexander R. Coate, *General Manager*

Jylana D. Collins, *General Counsel*

Eric L. Sandler, *Director of Finance*

Bennett K. Horenstein, *Director of Wastewater*

Xavier J. Irias, *Director of Engineering and Construction*

Richard G. Sykes, *Director of Water and Natural Resources*

Michael J. Wallis, *Director of Operations and Maintenance*

Lynelle M. Lewis, *Secretary of the District*

Co-Bond Counsel

Fulbright & Jaworski LLP

Los Angeles, California,

a member of Norton Rose Fulbright

Curls Bartling P.C.

Oakland, California

Financial Advisor

Montague DeRose and Associates, LLC

Walnut Creek, California

Trustee

The Bank of New York Mellon Trust Company, N.A.

San Francisco, California

No dealer, broker, salesperson or other person has been authorized by the District or the Underwriters 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 or the Underwriters. 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 2014C 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 2014C Bonds. 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 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.

The information set forth in this Official Statement has been obtained from official sources and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. 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.

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. 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 2014C Bonds.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2014C BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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 web site 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 web sites 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, SEC rule 15c2-12.

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OFFICIAL STATEMENT

\$ _____ *

**East Bay Municipal Utility District
(Alameda and Contra Costa Counties, California)
Water System Revenue Bonds, Series 2014C**

INTRODUCTION

This Introduction is not a summary of this Official Statement, and is qualified by more complete and detailed information contained in the entire Official Statement. A full review should be made of the entire Official Statement, including the cover page and attached appendices. The offering of Series 2014C 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 \$ _____ * Water System Revenue Bonds, Series 2014C (the “Series 2014C Bonds”). The Series 2014C Bonds are being issued pursuant to the Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and First Interstate Bank of California, which has been succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as amended and supplemented, including as amended and supplemented by the Twenty-Fifth Supplemental Indenture, dated as of June 1, 2014, by and between the District and the Trustee, relating to the Series 2014C Bonds (as so amended and supplemented, the “Indenture”).

The Series 2014C Bonds are being issued for the purpose of (i) providing additional moneys to finance improvements to the Water System, and (ii) paying costs incidental to the issuance of the Series 2014C Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (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 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.

* Preliminary; subject to change.

The Series 2014C Bonds are not payable from or secured by the revenues of the wastewater system of the District.

Security for the Series 2014C Bonds

The Series 2014C Bonds are special obligations of the District, payable solely from and secured by a pledge of the Subordinated Water Revenues of the District, as defined in the Indenture. Subordinated 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 (a) all Water Operation and Maintenance Costs and (b) all amounts required to be paid under the District's Senior Water Bond Resolution for principal, interest, reserve fund and any other debt service requirements on the Senior Water Bonds. **There are no Senior Water Bonds currently outstanding and the District has covenanted pursuant to the Eighteenth Supplemental Indenture, dated as of September 15, 2010 (the "Eighteenth Supplemental Indenture") that it will not issue any Senior Water Bonds in the future.** Prior to the date of execution and delivery of the Eighteenth Supplemental Indenture, all Water System revenue bonds of the District issued under the Indenture were designated "Water System Subordinated Revenue Bonds." Pursuant to the Eighteenth Supplemental Indenture, any Water System revenue bonds of the District issued (or remarketed or otherwise reoffered) under the Indenture following the execution and delivery of the Eighteenth Supplemental Indenture are designated "Water System Revenue Bonds" in order to reflect that the lien of the Senior Water Bonds has been closed. All Outstanding Water System revenue bonds issued under the Indenture (howsoever designated), together with any additional Water System revenue bonds hereafter issued under the Indenture are secured on parity by Subordinated Water Revenues and are collectively referred to herein as the "Water System Revenue Bonds." See "SECURITY FOR THE SERIES 2014C BONDS – Pledge of Subordinated Water Revenues."

The Series 2014C 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 scheduled payments that are payable by the District with respect to certain interest rate swap agreements as described under "SECURITY FOR THE SERIES 2014C BONDS – Outstanding Water System Revenue Obligations – *Interest Rate Swap Agreements*" and 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 2014C BONDS – Outstanding Water System Revenue Obligations," and "– Issuance of Additional Water System Revenue Bonds and Parity Debt; Junior and Subordinate Obligations." As of [May] 1, 2014, the District had Outstanding [\$2,210,830,000] aggregate principal amount of Water System Revenue Bonds. **{update to reflect 2014A/2014B when completed}**. See also APPENDIX A – "THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Outstanding Debt" and "– Variable Rate and Swap Obligations."

The Sixteenth Supplemental Indenture dated as of February 1, 2010 (the "Sixteenth Supplemental Indenture") includes a number of amendments to the Indenture in the manner and effective as of the date described under "AMENDMENTS TO THE INDENTURE."

NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS PLEDGED TO THE PAYMENT OF THE SERIES 2014C 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 2014C 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 Subordinated 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.”

Continuing Disclosure

Pursuant to a Continuing Disclosure Agreement, dated the date of delivery of the Series 2014C Bonds, by and between the District and the Trustee, as dissemination agent, the District will covenant and agree for the benefit of the holders and beneficial owners of the Series 2014C Bonds to provide certain financial information and operating data relating to the District and the Water System by not later than 180 days following the end of the District’s Fiscal Year (which currently begins on July 1 and ends on June 30 of each year) (the “Annual Report”), commencing with the Annual Report for Fiscal Year 2013-14, and to provide notices of the occurrence of certain specified events. 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; however, due to administrative oversight, the District’s Annual Report for 2011 was filed three days after the specified filing deadline. In addition, in connection with the preparation of its Annual Report filing for Fiscal Year 2012, the District determined that a separate table summarizing the sources of revenues and contributions for each of the Water System and the Wastewater System was unintentionally omitted from the District’s filings prior to its Annual Report for Fiscal Year 2012. The information contained in such table of sources of revenues and contributions can be derived from the District’s audited financial statements and such information was also routinely made available in the District’s official statements during such period. In filing its Annual Report for Fiscal Year 2012, the District included such a table with five years of data and thereby effectively provided all information necessary to make its prior filings for such years complete. 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). It has further come to the District’s attention that certain filings (including certain Annual Reports and a notice of certain ratings upgrades), when made, were not appropriately linked to all applicable CUSIP numbers. The District has since linked the applicable filings to the additional CUSIPs. Although the District uses its best efforts to confirm that each report filed through EMMA is linked to all the correct 9-digit CUSIP numbers, there can be no guarantee of complete accuracy in this process given the large number of District CUSIP numbers.

The District’s Annual Report for Fiscal Year 2012 was timely filed on December 21, 2012. The District’s Annual Report for Fiscal Year 2013 was timely filed on December 12, 2013. The District believes it has established processes to ensure it will timely file complete annual reports in the future.

Professionals Involved in the Issue

The Bank of New York Mellon Trust Company, N.A. serves as Trustee under the Indenture. Certain legal matters incident to the authorization, issuance and sale of the Series 2014C Bonds are subject to the approval of Fulbright & Jaworski LLP, Los Angeles, California, a member of Norton Rose Fulbright, and Curls Bartling P.C., Oakland, California, Co-Bond Counsel. Certain legal matters will be passed upon for the District by its General Counsel, and for the Underwriters by Orrick, Herrington & Sutcliffe LLP, San Francisco, California. Montague DeRose and Associates, LLC, Walnut Creek, California, is serving as Financial Advisor to the District in connection with the issuance of the Series 2014C 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 2014C 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 Eric L. Sandler, Director of Finance, East Bay Municipal Utility District, 375 Eleventh Street, Oakland, California 94607, (510) 287-0310.

PLAN OF FINANCE

Purpose of the Series 2014C Bonds

The Series 2014C Bonds are being issued for the primary purpose of providing additional moneys to finance a portion of the costs (or to reimburse the District for such costs) of various improvements to the Water System. Such improvements are being undertaken as a part of the District's current five-year capital improvement program. For additional information regarding the District's current 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) – Capital Improvement Program."

Other Financings Being Undertaken by the District

{delete or revise section to reflect completion of the other financings as they occur}

Series 2014A Bonds. On or about _____, 2014, the District expects to issue approximately \$ _____* aggregate principal amount of its fixed rate Water System Revenue Refunding Bonds, Series 2014A (the “Series 2014A Bonds”) for the purpose of refunding a portion of its \$228,250,000 outstanding fixed rate Water System Subordinated Revenue Refunding Bonds, Series 2005A (the “Series 2005A Bonds”) and to pay the costs of issuance of the Series 2014A Bonds. The refunding of such portion of the Series 2005A Bonds is being undertaken in order to realize debt service savings.

Series 2014B Bonds. On or about _____, 2014, the District expects to issue \$ _____ aggregate principal amount of its fixed rate Water System Revenue Refunding Bonds, Series 2014B (the “Series 2014B Bonds”) for the purpose of refunding a portion of its outstanding variable rate Water System Revenue Bonds (as hereinafter defined), funding the costs of termination of portions of certain interest rate swap agreements related thereto and paying the costs of issuance of the Series 2014B Bonds.

Series 2011A Remarketing. The District’s Water System Revenue Refunding Bonds, Series 2011A (hereinafter, the “Series 2011A Bonds”) were initially issued as SIFMA Index Bonds (as hereinafter defined) for an initial SIFMA rate period ending on July 1, 2014, on which date the Series 2011A Bonds are subject to mandatory tender for purchase by the District. A portion of the Series 2011A Bonds are expected to be refunded with proceeds of the District’s Series 2014B Bonds. The Series 2011A Bonds not refunded and remaining outstanding upon the issuance of the Series 2014B Bonds are expected to be remarketed prior to July 1, 2014 in a new SIFMA rate period ending on or about _____, 20__ pursuant to an unscheduled mandatory tender for purchase of such outstanding Series 2011A Bonds by the District in accordance with their terms and the terms of the Indenture.

See also “SECURITY FOR THE SERIES 2014C BONDS – Outstanding Water System Revenue Obligations” and APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Outstanding Debt.”]

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Series 2014C Bonds are as follows:

Sources	
Principal Amount	\$ _____
[Original Issue Premium/Discount]	_____
Total	<u><u>\$ _____</u></u>
 Uses	
Series 2014C Water System Fund	\$ _____
Underwriters’ Discount	_____
Costs of Issuance ⁽¹⁾	_____
Total	<u><u>\$ _____</u></u>

⁽¹⁾ Includes legal, financing and consulting fees, rating agency fees, printing costs and other miscellaneous expenses.

* Preliminary, subject to change.

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 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.

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, 2013 AND 2012.”

THE SERIES 2014C BONDS

General Description

The Series 2014C Bonds will be issued in the aggregate principal amounts, will bear interest at the rates and will mature in the years and amounts all as set forth on the inside cover page of this Official Statement. The Series 2014C Bonds will be issued in denominations of \$5,000 principal amount or any integral multiple thereof. The Series 2014C Bonds will be dated, and shall bear interest from, their date of delivery. Interest on the Series 2014C Bonds is payable on each June 1 and December 1, commencing on [December 1, 2014], and will be computed on the basis of a 360-day year of twelve 30-day months. The Series 2014C 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 2014C Bonds. So long as DTC, or its nominee, Cede & Co., is the registered owner of the Series 2014C Bonds, all payments of principal of or redemption price of, and interest on, the Series 2014C 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 2014C Bonds. See APPENDIX E – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Redemption

Optional Redemption. The Series 2014C Bonds maturing on or before June 1, 20__ are not subject to optional redemption prior to maturity. The Series 2014C Bonds maturing on and after June 1, 20__ 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 on any date (by such maturities as may be specified by the District and by lot within a maturity), on or after _____, at a redemption price equal to the principal amount of Series 2014C Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.]

[Mandatory Redemption.] The Series 2014C Bonds maturing on June 1, 20__ are subject to redemption prior to their stated maturity, in part, by lot, from Mandatory Sinking Account Payments as specified below at the principal amount of each Series 2014C Bond so redeemed plus accrued interest thereon to but not including the date fixed for redemption, without premium.

Term Series 2014A Bonds due June 1, _____

<i>Mandatory Sinking Account Payment Dates (June 1)</i>	<i>Mandatory Sinking Account Payments</i>	<i>Mandatory Sinking Account Payment Dates (June 1)</i>	<i>Mandatory Sinking Account Payments</i>
	\$		\$

†

† Final Maturity.

Upon an optional redemption of a portion of any term Series 2014C 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 2014C Bond after such redemption as specified by the District in such schedule to reflect such redeemed portion.]

Notice of Redemption. Notice of redemption of the Series 2014C Bonds shall be given by the Trustee, not less than 20 nor more than 60 days prior to the redemption date, to DTC or, if the book-entry system as described in Appendix E has been discontinued, by first-class mail, to the respective Owners of any Series 2014C Bonds designated for redemption in the manner and under the terms and conditions provided in 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 2014C 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 2014C 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 the Series 2014C Bonds, the maturities of the Series 2014C Bonds to be redeemed shall be specified by the District. In the case of partial redemption of less than all of the Series 2014C Bonds of any maturity, the Trustee will select the Series 2014C Bonds of such maturity to be redeemed from all Series 2014C Bonds of the respective 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 monies for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Series 2014C Bonds (or portions thereof) so called for redemption is held by the Trustee, then on the redemption date designated in such notice, the Series 2014C 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 2014C

Bonds so called for redemption will cease to accrue, the Series 2014C Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture and the owners of the Series 2014C Bonds (or portions thereof) will have no rights in respect thereof except to receive payment of the Redemption Price plus accrued interest.

SECURITY FOR THE SERIES 2014C BONDS

General

Authority for Issuance. The Series 2014C 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 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.

Amendments to the Indenture. The Sixteenth Supplemental Indenture includes a number of amendments to the Indenture in the manner and effective as of the date described under “AMENDMENTS TO THE INDENTURE.” See also APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Pledge of Subordinated 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 2014C Bonds and any Parity Debt, all Subordinated Water Revenues (as hereinafter defined) and 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.

“Subordinated 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 monies in any fund or account established under the Senior Water Bond Resolution relating to the District’s Senior Water Bonds or under the Indenture (collectively, the “Water Revenues”) for such fiscal period, plus (b) the amounts, if any, withdrawn by the District from the Rate Stabilization Fund established under the Senior Water Bond Resolution 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, and (e) all amounts required to be paid under the Senior Water Bond Resolution for principal, interest, reserve fund and any other debt service requirements on the Senior Water Bonds as the same become due and payable. **There are no Senior Water Bonds currently outstanding and the District has covenanted pursuant to the Eighteenth Supplemental Indenture that it will not issue any Senior Water Bonds in the future.** See “– Outstanding Water System Revenue Obligations – *No Senior Water Bonds*” below.

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 [May] 1, 2014 was \$50,000,000.

“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 Subordinated 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 2014C Bonds are not payable from or secured by the revenues of the wastewater system of the District.

The Series 2014C Bonds are special obligations of the District, payable solely from and secured by a pledge of Subordinated Water Revenues. Neither the full faith and credit nor the taxing power of the District is pledged to the payment of the Series 2014C Bonds or the interest thereon.

Allocation of Subordinated Water Revenues Under the Indenture

In accordance with the Indenture, all Subordinated 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 monies 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 monies 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 is no bond reserve fund being established in connection with the Series 2014C 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 2014C Bonds.

The requirements of each such fund (including the making up of any deficiencies in any such fund resulting from a lack of Subordinated Water Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any other fund subsequent in priority. The Indenture provides that any Subordinated 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 Subordinated 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 Subordinated 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 Subordinated Water Revenues with respect to the Water System Revenue Bonds, see APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Subordinated Water Revenues.”

Investment of Monies in Funds and Accounts Under the Indenture

All monies 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 – 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 monies in such funds and accounts, such monies 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 monies 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.

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 Subordinated 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 – Definitions” for the definition of Debt Service under the Indenture. See also “AMENDMENTS TO THE INDENTURE.”

Outstanding Water System Revenue Obligations

{dates and numbers in this section to be updated to reflect completion of other financings as occur}

No Senior Water Bonds. Pursuant to Resolution No. 30050 adopted by the Board of Directors of the District on January 26, 1982 (as amended and supplemented, the “Senior Water Bond Resolution”), the District authorized the issuance, from time to time, of bonds of the District designated as “East Bay Municipal Utility District Water System Revenue Bonds” (the “Senior Water Bonds”) and secured by a pledge of, and first lien on, the Net Revenues (as defined in the Senior Water Bond Resolution) of the District’s Water System, generally being all of the Water Revenues (adjusted for deposits to and withdrawals from the Rate Stabilization Fund) after payment of Water Operation and Maintenance Costs thereof, all on the terms and conditions set forth in the Senior Water Bond Resolution. At the time of the initial execution and delivery of the Indenture in 1990, the Indenture did not preclude the District from issuing additional Senior Water Bonds pursuant to the Senior Water Bond Resolution. The District last issued Senior Water Bonds in 1986 and all outstanding Senior Water Bonds were retired in 1997. **There are currently no Senior Water Bonds outstanding. Pursuant to the Eighteenth Supplemental Indenture, the District has covenanted and agreed that it will not issue any Senior Water Bonds in the future pursuant to the Senior Water Bond Resolution.**

Outstanding Water System Revenue Bonds and Parity Debt. As of [May] 1, 2014, the District had Outstanding [\$2,210,830,000] **{update to reflect 2014A/2014B transactions when completed}** aggregate principal amount of Water System Revenue Bonds (collectively, the “Outstanding Water System Revenue Bonds”), issued under and pursuant to the Indenture. The District’s Outstanding Water System Revenue Bonds include fixed rate bonds, variable rate demand obligations which are currently in a weekly mode during which the per annum interest rate thereon is re-set weekly (the “Weekly Rate Bonds”) and bonds bearing interest at a rate which is determined based upon the weekly Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index plus a spread (the “SIFMA Index Bonds”). See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Outstanding Debt.” See also “INTRODUCTION – Additional Financings Being Undertaken by the District.”

Approximately \$230,245,000 principal amount of the District’s variable rate Outstanding Water System Revenue Bonds are SIFMA Index Bonds which are subject to mandatory tender on specified mandatory tender dates or during certain earlier periods at the election of the District. In connection with \$82,075,000 principal amount of such SIFMA Index Bonds (being the District’s Water System Revenue Refunding Bonds, Series 2009A), the District is solely obligated to provide funds (which may include remarketing or refunding proceeds) for the payment upon the mandatory tender thereof and failure of the District to provide such funds will constitute an Event of Default under the Indenture. In connection with \$148,170,000 principal amount of such SIFMA Index Bonds (being the District’s Outstanding Series 2011A Bonds), the failure of the District to pay the purchase price thereof upon the mandatory tender on

certain scheduled mandatory purchase dates will not constitute an Event of Default under the Indenture; however, in the event sufficient remarketing proceeds are not available for the purchase of such Series 2011A Bonds upon such mandatory tender, such Series 2011A Bonds will go into a term-out period and will bear interest at an interest rate which is substantially higher than the current variable interest rate on the Series 2011A Bonds, and during such term-out period, the Series 2011A Bonds will be subject to special mandatory redemption over an approximately five-year period, which will result in an acceleration in the repayment of the principal of the Series 2011A Bonds from the principal payments that would otherwise be due on such Series 2011A Bonds. See Table 14 in APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Variable Rate and Swap Obligations” for additional information regarding the SIFMA Index Bonds and the principal amounts, maturity dates and the next scheduled mandatory tender dates for each series thereof.

Approximately \$215,650,000 principal amount of the District’s variable rate Outstanding Water System Revenue Bonds are Weekly Rate Bonds which are subject to tender prior to maturity, including optional tender by the owners thereof upon seven days’ notice. The District has entered into liquidity agreements with various banks to provide liquidity facilities for such variable rate Outstanding Water System Revenue Bonds that are Weekly Rate Bonds. The obligation of the District to repay any draws on such liquidity facilities is payable on a parity with the Outstanding Water System Revenue Bonds to the extent such repayment is not thereafter provided from remarketing proceeds of the related Outstanding Water System Revenue Bonds. Unreimbursed draws under liquidity facilities supporting such variable rate Outstanding Water System Revenue Bonds bear interest at a maximum rate that may be substantially in excess of the current interest rate on the related variable rate Outstanding Water System Revenue Bonds. Moreover, in certain circumstances, the failure to reimburse draws on the liquidity facilities may result in the acceleration of the scheduled payment of principal on such variable rate Outstanding Water System Revenue Bonds. See Table 15 in APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Variable Rate and Swap Obligations” for additional information regarding the liquidity providers, the expiration date of the related liquidity facilities and the principal amount of Outstanding Water System Revenue Bonds covered under each such liquidity facility.

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 and the Department of Water Resources and certain interest rate swap agreements the scheduled payments under which are payable from Subordinated Water Revenues on a parity with the Water System Revenue Bonds, as described below. See “–*Interest Rate Swap Agreements*” and “–*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 2014C Bonds), and any Parity Debt heretofore or hereafter issued or incurred in accordance with the Indenture, are on a parity as to the pledge of and lien on Subordinated Water Revenues.

Interest Rate Swap Agreements. As of [May] 1, 2014, the District had outstanding interest rate swap agreements relating to variable rate Outstanding Water System Revenue Bonds (hereinafter collectively, the “Water Interest Rate Swap Agreements”) with various counterparties (collectively, the “Swap Providers”) in the aggregate notional amount of [\$445,795,000]. **{update to reflect 2014B transaction when completed}** The Water Interest Rate Swap Agreements were entered into to hedge the interest rate exposure on the related variable rate Water System Revenue Bonds by synthetically converting the variable interest rate payments that the District is obligated to make with respect to the related Water System Revenue Bonds into substantially fixed payments. In general, the terms of the Water Interest Rate Swap Agreements provide that, on a same-day net-payment basis determined by reference to a notional amount, the District will pay a fixed interest rate on the respective notional

amount. In return, the applicable Swap Counterparty will pay a variable rate of interest (determined as a specified percentage of an interest rate index) on a like notional amount.

There is no guarantee that the floating rate payable to the District pursuant to each of the Water Interest Rate Swap Agreements will match the variable interest rate on the associated Water System Revenue Bonds to which the respective Water Interest Rate Swap Agreement relates at all times or at any time. Since the respective effective dates of the Water Interest Rate Swap Agreements, the floating rates payable to the District pursuant to the Water Interest Rate Swap Agreements have generally not matched the variable interest rates on the associated Water System Revenue Bonds. To the extent that the Swap Providers are obligated to make a payment to the District under their respective Water Interest Rate Swap Agreement that is less than the interest due on the associated Water System Revenue Bonds to which such Water Interest Rate Swap Agreement relates, the District is obligated to pay such insufficiency from Subordinated Water Revenues.

The obligation of the District to make regularly scheduled payments to the Swap Providers under the respective Water Interest Rate Swap Agreements is on a parity with the District's obligation to make payments on the Water System Revenue Bonds, including the Series 2014C Bonds. Under certain circumstances, the Water Interest Rate Swap Agreements may be terminated and the District may be required to make a substantial termination payment to the respective Swap Providers. Pursuant to the Water Interest Rate Swap Agreements, any such termination payment owed by the District would be payable on a basis that is subordinate to the Series 2014C Bonds but prior to the District's Extendable Municipal Commercial Paper Notes (Water Series).

Pursuant to the terms of certain of the Water Interest Rate Swap Agreements, the District is required to post collateral in favor of a counterparty to the extent that the District's total exposure for termination payments to that counterparty exceeds the threshold amount specified in the applicable Water Interest Rate Swap Agreement.

See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Variable Rate and Swap Obligations” for additional information regarding the Water Interest Rate Swap Agreements, including the District's collateral posting obligations in connection therewith.

The District may, from time-to-time, enter into additional interest rate swap agreements with security and payment provisions as determined by the District and subject to any conditions contained in the Indenture.

Parity State Loans. The District participates in the California State Water Resources Control Board (the “SWRCB”) and the Safe Drinking Water State Revolving Fund low interest rate loan programs, which were established to provide below-market rate financing for qualified water resource projects in the State. Under these programs, as of [May] 1, 2014, the District had outstanding loan contracts with the State (the “State Loans”) in the aggregate outstanding principal amount of approximately \$16,000,000. All such State Loans were entered into subsequent to January 1993 and provide that such State Loans shall be either senior to or on a parity with all future debt of the District. For purposes of calculating debt service coverage ratios, the District has treated all such State Loans as Parity Debt. Any future State Loans would likely constitute Parity Debt under the Indenture.

Subordinate Commercial Paper. The District has maintained a commercial paper note program since 1988. In March 2009, the District implemented an extendable municipal commercial paper note program for the purpose of retiring its then existing commercial paper note program. As of [May] 1, 2014, the District had outstanding \$372,900,000 aggregate principal amount of tax-exempt

Extendable Municipal Commercial Paper Notes (Water Series). See APPENDIX A – “THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM) – WATER SYSTEM FINANCES – Outstanding Debt” for a description of the District’s extendable municipal commercial paper note program.

Issuance of Additional Water System Revenue Bonds and Parity Debt; Junior and Subordinate Obligations

The Indenture provides conditions under which additional series of Water System Revenue Bonds or other Parity Debt payable from Subordinated 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 Subordinated 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 Subordinated 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 Subordinated 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.”

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.”

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 Subordinated Water Revenues after the prior payment of all amounts then required to be paid under the Indenture from Subordinated 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.

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 2014C 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 2014C 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 2014C Bonds, and the obligations incurred by the District under the Series 2014C 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 2014C 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.

AMENDMENTS TO THE INDENTURE

The Sixteenth Supplemental Indenture includes a number of amendments to the Indenture which will become effective upon the earlier to occur of: (i) the first date upon which all of the Outstanding Series 2001 Bonds, Series 2002 Bonds, Series 2003 Bonds, Series 2005A Bonds, Series 2007A Bonds, Series 2007B Bonds, Series 2008A Bonds, Series 2008B Bonds and Series 2009A Bonds have been paid or discharged in accordance with their terms and shall no longer be Outstanding for purposes of the Indenture (all of which Series 2001 Bonds, Series 2002 Bonds and Series 2003 Bonds have been retired) and all obligations of the District under any interest rate swap agreements and any standby bond purchase agreements or other liquidity facilities relating thereto shall have been discharged and satisfied, or (ii) the first date upon which the District has filed with the Trustee the written consents to the amendments to the Indenture set forth in the Sixteenth Supplemental Indenture of (a) the Owners of a majority in aggregate principal amount of Bond Obligation then Outstanding and (b) the providers of any interest rate swap agreements and any standby bond purchase agreements, other liquidity facilities or other agreements relating to such Bond Obligation then Outstanding to the extent the consent thereof shall be required by the terms of such interest rate swap agreements and any standby bond purchase agreements, other liquidity facilities or other agreements.

As modified, the term "Annual Debt Service" shall mean, for any Fiscal Year, the aggregate amount of principal and interest on all Water Bonds, 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.

As modified, the term "Assumed Debt Service" shall mean for any Fiscal Year, the aggregate amount of principal and interest which would be payable on all Water Bonds, 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 Water Bonds, 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.

As modified, the term "Debt Service" shall mean the amount of principal and interest becoming due and payable on all Water Bonds, Bonds and Parity Debt provided, however, that 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 Water Bonds, 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 Water Bonds, 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 Water Bonds, 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 Water Bonds, 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 Water Bonds, 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 Water Bonds, Bonds or Parity Debt to which it relates, interest deemed to be payable on any such Water Bonds, 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 Water Bonds, Bonds or Parity Debt and such interest rate swap agreement, including but not limited to the effects that (i) such Water Bonds, Bonds or Parity Debt would, but for such interest rate swap agreement, be treated as Variable Rate Indebtedness instead shall be treated as Water Bonds, Bonds or Parity Debt bearing interest at a fixed interest rate, and (ii) such Water Bonds, Bonds or Parity Debt would, but for such interest rate swap agreement, be treated as Water Bonds, 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 Water Bonds, 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 Water Bonds, 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 Water Bonds, Bonds or Parity Debt providing for the payment of a net variable interest rate under such interest rate swap agreement with respect to such Water Bonds, Bonds or Parity Debt by the District, the interest rate on such Water Bonds, 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 Water

Bonds, 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 Water Bonds, 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 Water Bonds, Bonds or Parity Debt by the District, the interest on such Water Bonds, 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 Water Bonds, 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 Subordinated Water Revenues on parity with the lien of the Water Bonds, Bonds or Parity Debt, then for purposes of determining the amounts of principal due in any Fiscal Year on such Water Bonds, Bonds or Parity Debt, (i) the options or obligations of the owners of such Water Bonds, 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 Water Bonds, Bonds or Parity Debt, shall be treated as Excluded Principal Payments; and

(g) if interest on any Water Bonds, 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 Water Bonds, 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.

As modified, the term “Maximum Annual Debt Service” shall mean the greatest amount of principal and interest becoming due and payable on all Water Bonds, 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.

The term “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.

As modified, the term “Water Revenues” shall mean 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 monies in any fund or account established under the Senior Water Bond Resolution or 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.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Tax Limitations – Proposition 13

Article XIII A of the State Constitution, known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIII A 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 XIII A 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 XIII A 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 XIII A 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 XIII A, 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 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 XIII A 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 XIII A 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 XIII A.

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 XIII B to the California Constitution. Under Article XIII B, State and local governmental entities have an annual “appropriations limit” which limits the ability to spend certain monies 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 XIII B does not affect the appropriation of monies 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 XIII B 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 XIII A, (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 XIII C and XIII D 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 XIID. Article XIID established procedural requirements for 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 XIID conditions the imposition or increase of any “fee” or “charge” 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 XIID 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 XIID 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.

In Opinion No. 97-302, dated July 14, 1997, the California Attorney General concluded that Article XIID is inapplicable to the District’s tiered water rate structure. The opinion makes a distinction between a water rate structure based upon the amount of water used, which is not subject to Article XIID, and fees or assessments that are levied against a parcel of land on a per-parcel or per-acre basis, which are subject to Article XIID. The Attorney General concluded that fees for water that are based upon metered amounts used are not imposed as an incident of property ownership and do not have a direct relationship to property ownership and, consequently, such fees would not be governed by Article XIID. On December 1, 2000, the Court of Appeal for the Second Appellate District of the State of California published an opinion regarding Proposition 218’s definition of property-related fees that is consistent with Opinion No. 97-302. In *Howard Jarvis Taxpayers Association v. City of Los Angeles*, the Court of Appeal held that fees for water that are based upon metered amounts used are charges for a commodity and not related to property ownership and, consequently, Article XIID does not apply to such fees. However, in a decision rendered in February 2004, the California Supreme Court in *Richmond et al. v. Shasta Community Services District*, 32 Cal. 4th 409, upheld a Court of Appeals decision that water connection fees were not property-related fees or charges subject to Article XIID, while at the same time stating in dicta that fees for ongoing water service through an existing connection were property-related fees and charges. In October 2004, the California Supreme Court granted review of the decision of the Fourth District Court of Appeal in *Bighorn-Desert View Water Agency v. Beringson*, 120 Cal. App. 4th 891 (2004), in which the appellate court had relied on *Howard Jarvis Taxpayers Association v. City of Los Angeles* and rejected the California Supreme Court’s dicta in *Richmond et al. v. Shasta Community Services District*. On March 23, 2005, the California Fifth District Court of Appeal published *Howard Jarvis Taxpayers Association v. City of Fresno*, 127 Cal.App.4th 914 (5th Dist. 2005), holding that an “in lieu” fee which is payable to the City of Fresno’s general fund from its water utility and which is included in the city’s water rate structure was invalid. In reaching its decision, the court concluded that the city’s water rates were “property related” fees, governed by the limitations of Article XIID. The City of Fresno requested a review of this decision by the California Supreme Court, which denied review. On July 24, 2006, the California Supreme Court ruled in *Bighorn-Desert View Water Agency v. Verjil*. In dicta, the California Supreme Court repeated its previous dicta in *Richmond et al. v. Shasta Community Services District* that fees and charges for ongoing water service through an existing connection were property related fees and charges under Article XIID. Prior to 2007, the District did not comply with the notice, hearing and protest procedures in Article XIII with respect to water rate increases based on the decision in

Howard Jarvis Taxpayers Association v. City of Los Angeles and Opinion No. 97-302. However, since the Fiscal Year 2008 rate increases, the District has followed the notice, hearing and protest procedures in Article XIID in connection with its water rate increases (which, as more fully described in APPENDIX A, include a monthly service charge, water flow charge, seismic surcharge, elevation surcharge and supplemental supply surcharge (applicable in declared water shortages only)) and plans to follow such notice, hearing and protest procedures in connection with future rate increases. In addition to the procedural requirements of Article XIID, under Article XIID 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 XIID (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.

The District believes that its rates comply with the foregoing standards.

Article XIID 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 XIIC. Article XIIC 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 XIIC 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 XIIC 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 XIIC 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. No assurance can be given that 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 Subordinated Water Revenues pledged to the payment of debt service on the Series 2014C Bonds.

The interpretation and application of Proposition 218 will likely be subject to further judicial determinations, and it is not possible at this time to predict with certainty the outcome of such determinations.

Proposition 26

Proposition 26 was approved by the electorate at the November 2, 2010 election and amended California Constitution Articles XIII A and XIII C. The proposition imposes a two-thirds voter approval requirement for the imposition of fees and charges by the State. It also imposes a majority voter approval requirement on local governments with respect to fees and charges for general purposes, and a two-thirds voter approval requirement with respect to fees and charges for special purposes. Proposition 26, according to its supporters, is intended to prevent the circumvention of tax limitations imposed by the voters in California Constitution Articles XIII A, XIII C and XIII D pursuant to Proposition 13, approved in 1978, Proposition 218, approved in 1996, and other measures through the use of non-tax fees and charges. 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 State or local government of providing the service or product to the payor. The District believes that the initiative is not intended to and would not apply to fees for utility services charged by special districts such as the District. The District, however, is unable to predict whether Proposition 26 will be interpreted by the courts to apply to the provision of utility services by local governments such as the District.

Other Initiatives

Articles XIII A, XIII B, XIII C and XIII D 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.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement, dated the date of delivery of the Series 2014C Bonds, by and between the District and the Trustee, as dissemination agent, the District will covenant and agree for the benefit of the holders and beneficial owners of the Series 2014C Bonds to provide in an annual report certain financial information and operating data relating to the District (the "Annual Report") by not later than 180 days following the end of the District's fiscal year (which currently is June 30 of each year), commencing with the Annual Report for Fiscal Year 2013-14, 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 Trustee 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; however, due to administrative oversight, the District's complete Annual Report for 2011 was filed three days after the specified filing deadline. In addition, in

connection with the preparation of its Annual Report filing for Fiscal Year 2012, the District determined that a separate table summarizing the sources of revenues and contributions for each of the Water System and the Wastewater System was unintentionally omitted from the District's filings prior to its Annual Report for Fiscal Year 2012. The information contained in such table of sources of revenues and contributions can be derived from the District's audited financial statements and such information was also routinely made available in the District's official statements during such period. In filing its Annual Report for Fiscal Year 2012, the District included such a table with five years of data and thereby effectively provided all information necessary to make its prior filings for such years complete. 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). It has further come to the District's attention that certain filings (including certain Annual Reports and a notice of certain ratings upgrades), when made, were not appropriately linked to all applicable CUSIP numbers. The District has since linked the applicable filings to the additional CUSIPs. Although the District uses its best efforts to confirm that each report filed through EMMA is linked to all the correct 9-digit CUSIP numbers, there can be no guarantee of complete accuracy in this process given the large number of District CUSIP numbers.

The District's Annual Report for Fiscal Year 2012 was timely filed on December 21, 2012. The District's Annual Report for Fiscal Year 2013 was timely filed on December 12, 2013. The District believes it has established processes to ensure it will timely file complete annual reports in the future.

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 2014C Bonds. 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.

There exist lawsuits and claims against the District, which are incidental to the ordinary course of operations of the Water System. In the view of the District's management and General Counsel, there is no litigation, present or pending, which will individually or in the aggregate materially impair the District's ability to service its indebtedness or to expend the proceeds for the purposes for which the Series 2014C Bonds are authorized or which will have a material adverse effect on the business operations of the District. See APPENDIX A – "THE EAST BAY MUNICIPAL UTILITY DISTRICT (THE WATER SYSTEM)" for a discussion of certain pending litigation.

RATINGS

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), Fitch Ratings, Inc. ("Fitch") and Moody's Investors Service, Inc. ("Moody's") have assigned the Series 2014C Bonds the ratings of "_____" "_____" and "_____" respectively. No application has been made to any other rating agency for the purpose of obtaining any additional rating on the Series 2014C 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 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 2014C Bonds.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Tax Counsel to the Underwriters (“Special Tax Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2014C Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. In the further opinion of Special Tax Counsel, interest on the Series 2014C Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Special Tax Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Special Tax Counsel is set forth in APPENDIX D.

To the extent the issue price of any maturity of the Series 2014C Bonds is less than the amount to be paid at maturity of such Series 2014C Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2014C Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Series 2014C Bonds which is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2014C Bonds is the first price at which a substantial amount of such maturity of the Series 2014C Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2014C Bonds accrues daily over the term to maturity of such Series 2014C Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2014C Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2014C Bonds. Beneficial owners of the Series 2014C Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2014C Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Series 2014C Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2014C Bonds is sold to the public.

Series 2014C Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (the “Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Series 2014C Bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2014C Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2014C Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2014C Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2014C Bonds. The opinion of Special Tax Counsel assumes the accuracy of these representations and compliance with these covenants. Special Tax Counsel has not undertaken to determine (or to inform any person) whether any

actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Special Tax Counsel's attention after the date of issuance of the Series 2014C Bonds may adversely affect the value of, or the tax status of interest on, the Series 2014C Bonds. Accordingly, the opinion of Special Tax Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Special Tax Counsel is of the opinion that interest on the Series 2014C Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2014C Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Special Tax Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2014C Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. For example, Representative Dave Camp, Chair of the House Ways and Means Committee, released draft legislation that would subject interest on the Series 2014C Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and the Obama Administration proposed legislation that would limit the exclusion from gross income of interest on the Series 2014C Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2014C Bonds. Prospective purchasers of the Series 2014C Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Special Tax Counsel expresses no opinion.

The opinion of Special Tax Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Special Tax Counsel's judgment as to the proper treatment of the Series 2014C Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Special Tax Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Special Tax Counsel's engagement with respect to the Series 2014C Bonds ends with the issuance of the Series 2014C Bonds, and, unless separately engaged, Special Tax Counsel is not obligated to defend the District or the beneficial owners regarding the tax-exempt status of the Series 2014C Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and their appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagree, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2014C Bonds for audit, or the course or result of such audit, or an audit of Series 2014C Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2014C Bonds, and may cause the District or the beneficial owners to incur significant expense.

UNDERWRITING

The Series 2014C Bonds will be purchased by Siebert Brandford Shank & Co., LLC, as representative of itself, Barclays Capital Inc. and RBC Capital Markets, LLC (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 \$_____ (equal to the \$_____ aggregate principal amount of the Series 2014C Bonds, less an Underwriters’ discount of \$_____, [plus/less original issue premium/discount of \$_____]). The bond purchase contract provides that the Underwriters will purchase all of the Series 2014C 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 2014C Bonds to certain dealers (including dealers depositing Series 2014C 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 page hereof. The initial public offering prices may be changed from time to time by the Underwriters.

[Delete if not applicable: Certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the District as Underwriters) for the distribution of the Series 2014C Bonds at the original public offering prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation with such broker-dealers.]

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the offering of the Series 2014C Bonds are subject to the approval of legality by Fulbright & Jaworski LLP, Los Angeles, California, a member of Norton Rose Fulbright, and Curls Bartling P.C., Oakland, California, Co-Bond Counsel. Certain legal matters will be passed upon for the District by its General Counsel and for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, San Francisco, California. The form of approving opinion of Co-Bond Counsel and the form of opinion to be delivered by Orrick, Herrington & Sutcliffe LLP, Special Tax Counsel to the Underwriters, in connection with the issuance of the Series 2014C Bonds are included as APPENDIX D to this Official Statement.

FINANCIAL ADVISOR

The District has retained Montague DeRose and Associates, LLC, Walnut Creek, California, as financial advisor (the “Financial Advisor”) in connection with the issuance and delivery of the Series 2014C Bonds. The Financial 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. The Financial Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

INDEPENDENT ACCOUNTANTS

Included as APPENDIX B to this Official Statement are the audited financial statements of the District for the Fiscal Years ended June 30, 2013 and 2012. The District’s financial statements for the Fiscal Years ended June 30, 2013 and 2012, included in APPENDIX B, have been audited by Maze & Associates, certified public accountants. Maze & Associates 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 Maze & Associates with respect to any event subsequent to the date of its report.

It is District policy to competitively select and retain independent accountants on a periodic basis. Maze & Associates began serving as the District's independent accountants in Fiscal Year 2005. In 2012, following a request for proposals and competitive selection process, Maze and Associates was retained to serve as independent accountants for the three additional fiscal years ending June 30, 2012 through 2014.

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. Certain 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 addition, in the ordinary course of sales, trading, brokerage and financing activities, certain of the Underwriters may at any time hold long or short positions, and may trade or otherwise effect transactions, for their own accounts or the accounts of customers, in debt or equity securities and financial instruments or bank loans, as applicable, of the District and other governmental entities and utilities. In connection with these activities and the provision of other services, certain of the Underwriters may be or become creditors of such entities. In addition, many of the Underwriters, or their affiliates, currently serve as remarketing agents or providers of credit enhancement or liquidity facilities for variable rate obligations issued by, or as interest rate swap providers to, governmental entities and utilities, including the District.

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 2014C Bonds. The delivery and distribution of this Official Statement have been duly authorized by the District.

EAST BAY MUNICIPAL UTILITY DISTRICT

By: _____
General Manager

APPENDIX A

**THE EAST BAY MUNICIPAL UTILITY DISTRICT
(THE WATER SYSTEM)**

APPENDIX B

**EAST BAY MUNICIPAL UTILITY DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the 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.

There are no senior Water Bonds outstanding, and the District has covenanted in the Indenture not to issue any additional senior Water Bonds. Therefore, all references hereto to "Water Bonds" may be disregarded.

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.

"Annual Debt Service" (I) prior to the Effective Date, means, for any Fiscal Year the aggregate amount of principal and interest on all Water Bonds, Bonds and Parity Debt becoming due and payable during such Fiscal Year calculated using the principles and assumptions set forth under the definition of Maximum Annual Debt Service; and

(II) on and after the Effective Date, means, for any Fiscal Year, the aggregate amount of principal and interest on all Water Bonds, 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" (I) prior to the Effective Date, means, for any Fiscal Year the aggregate amount of principal and interest which would be payable on all Water Bonds, 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 Water Bonds, Bonds or Parity Debt to which such Excluded Principal Payment relates) on a substantially level debt service basis, 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; and

(II) on and after the Effective Date, means, for any Fiscal Year, the aggregate amount of principal and interest which would be payable on all Water Bonds, 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 Water Bonds, 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 or Water Bond which is Current Interest Indebtedness, the principal amount thereof, and (2) with respect to any Outstanding Bond or Water 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 Water Bonds, 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 Water Bonds, Bonds and Parity Debt on which interest is paid at least annually.

“Debt Service” (I) prior to the Effective Date, means, the amount of principal and interest becoming due and payable on all Water Bonds, Bonds and Parity Debt provided, however, that for the purposes 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 Water Bonds, 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 twelve percent (12%) per annum;

(c) principal and interest payments on Water Bonds, 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 specifically therefor and to the extent that such interest payments are to be paid from the proceeds of Water Bonds, 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 Water Bonds, 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 is payable on a parity with, the Water Bonds, Bonds or Parity Debt to which it relates, no amounts payable under such interest rate swap agreement shall be included in the calculation of Debt Service unless the sum of (i) interest payable on such Water Bonds, Bonds or Parity Debt, plus (ii) amounts payable by the District under such interest rate swap agreement, less (iii) amounts receivable by the District under such interest rate swap agreement are greater than the interest payable on the Water Bonds, Bonds or Parity Debt to which it relates, then, in such instance, the amount of such payments to be made that exceed the interest to be paid on the Water Bonds, Bonds or Parity Debt shall be included in such calculation. For such purposes, the variable amount under any such interest rate swap agreement shall be assumed to be equal to twelve percent (12%) per annum; and

(f) if any Water Bonds, Bonds or Parity Debt include an option or an obligation to tender all or a portion of such Water Bonds, Bonds or Parity Debt to the District, the Trustee or another fiduciary or agent and require that such Water Bonds, Bonds or Parity Debt or portion thereof be purchased if properly presented, then for purposes of determining the amounts of principal and interest due, the options or obligations to tender shall be treated as a principal maturity occurring on the first date on which holders or owners thereof may or are required to tender, except that any such option or obligation to tender shall be ignored and not treated as a principal maturity, if (1) such Water Bonds, Bonds or Parity Debt are in one of the two highest Rating Categories by Moody's and by Standard & Poor's or such Water Bonds, Bonds or Parity Debt are rated in the highest short-term, note or commercial paper Rating Categories by Moody's and by Standard & Poor's and (2) funds for the purchase price are to be provided by a letter of credit or standby bond purchase agreement and the obligation of the District with respect to the provider of such letter of credit or standby bond purchase agreement, other than its obligations on such Water Bonds, Bonds or Parity Debt, shall be subordinated to the obligation of the District on the Bonds and Parity Debt or, if not subordinate, shall be incurred (assuming such immediate tender) under the conditions and meeting the tests for the issuance of Parity Debt set forth in the Indenture; and

(II) on and after the Effective Date, means, the amount of principal and interest becoming due and payable on all Water Bonds, 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 Water Bonds, 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 Water Bonds, 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 Water Bonds, 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 Water Bonds, 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 Water Bonds, 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 Water Bonds, Bonds or Parity Debt to which it relates, interest deemed to be payable on any such Water Bonds, 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 Water Bonds, Bonds or Parity Debt and such interest rate swap agreement, including but not limited to the effects that (i) such Water Bonds, Bonds or Parity Debt would, but for such interest rate swap agreement, be treated as Variable Rate Indebtedness instead shall be treated as Water Bonds, Bonds or Parity Debt bearing interest at a fixed interest rate, and (ii) such Water Bonds, Bonds or Parity Debt would, but for such interest rate swap agreement, be treated as Water Bonds, 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 Water Bonds, 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 Water Bonds, 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 Water Bonds, Bonds or Parity Debt providing for the payment of a net variable interest rate under such interest rate swap agreement with respect to such Water Bonds, Bonds or Parity Debt by the District, the interest rate on such Water Bonds, 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 Water Bonds, 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 Water Bonds, 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 Water Bonds, Bonds or Parity Debt by the District, the interest on such Water Bonds, 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 Water Bonds, 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 Subordinated Water Revenues on parity with the lien of the Water Bonds, Bonds or Parity Debt, then for purposes of determining the amounts of principal due in any Fiscal Year on such Water Bonds, Bonds or Parity Debt, (i) the options or obligations of the owners of such Water Bonds, 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 Water Bonds, Bonds or Parity Debt, shall be treated as Excluded Principal Payments; and

(g) if interest on any Water Bonds, 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 Water Bonds, 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.

“Effective Date” means the earlier to occur of: (i) the first date upon which all of the Outstanding Series 2001 Bonds, Series 2002 Bonds, Series 2003 Bonds, Series 2005A Bonds, Series 2007A Bonds, Series 2007B Bonds, Series 2008A Bonds, Series 2008B Bonds and Series 2009A Bonds have been paid or discharged in accordance with their terms and shall no longer be Outstanding for purposes of the Indenture and all obligations of the District under any interest rate swap agreements and any standby bond purchase agreements or other liquidity facilities relating thereto shall have been discharged and satisfied, or (ii) the first date upon which the District has filed with the Trustee the written consents to the amendments to the Indenture set forth in the Sixteenth Supplemental Indenture of (a) the Owners of a majority in aggregate principal amount of Bond Obligation then Outstanding and (b) the providers of any interest rate swap agreements and any standby bond purchase agreements, other liquidity facilities or other agreements relating to such Bond Obligation then Outstanding to the extent the consent thereof shall be required by the terms of such interest rate swap agreements and any standby bond purchase agreements, other liquidity facilities or other agreements.

“Excluded Principal Payments” means each payment of principal (or the principal component of lease or installment purchase payments) of Water Bonds, 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 monies which are not Water Revenues or Subordinated 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 Subordinated 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.

“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" (I) prior to the Effective Date, means, the greatest amount of principal and interest becoming due and payable on all Water Bonds, Bonds and Parity Debt in the Fiscal Year in which the calculation is made or any subsequent Fiscal Year; provided, however, that for the purposes of computing Maximum Annual 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 Water Bonds, 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 twelve percent (12%) per annum;

(c) principal and interest payments on Water Bonds, 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 specifically therefor and to the extent that such interest payments are to be paid from the proceeds of Water Bonds, Bonds or Parity Debt held by the Trustee or another fiduciary as capitalized interest;

(d) in determining the principal amount due in each Fiscal Year, 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 Water Bonds, 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 is payable on a parity with, the Water Bonds, Bonds or Parity Debt to which it relates, no amounts payable under such interest rate swap agreement shall be included in the calculation of Maximum Annual Debt Service unless the sum of (i) interest payable on such Water Bonds, Bonds or Parity Debt, plus (ii) amounts payable by the District under such interest rate swap agreement, less (iii) amounts receivable by the District under such interest swap agreement are greater than the interest payable on the Water Bonds, Bonds or Parity Debt to which it relates, then, in such instance, the amount of such payments to be made that exceed the interest to be paid on the Water Bonds, Bonds or Parity Debt shall be included in such calculation. For such purposes, the variable amount under any such interest rate swap agreement shall be assumed to be equal to twelve percent (12%) per annum; and

(f) if any Water Bonds, Bonds or Parity Debt include an option or an obligation to tender all or a portion of such Water Bonds, Bonds or Parity Debt to the District, the Trustee or another fiduciary or agent and require that such Water Bonds, Bonds or Parity Debt or portion thereof be purchased if properly presented, then for purposes of determining the amounts of principal and interest due in any Fiscal Year, the options or obligations to tender shall be treated as a principal maturity occurring on the first date on which holders or owners thereof may or are required to tender, except that any such option or obligation to tender shall be ignored and not treated as a principal maturity, if (1) such Water Bonds, Bonds or Parity Debt are rated not lower than their respective ratings on the Bonds by Moody's (if Moody's is then rating the Bonds) and by Standard & Poor's (if Standard and Poor's is then rating the Bonds) or such Water Bonds, Bonds or Parity Debt are rated in the highest short-term note or commercial paper Rating Categories by Moody's (if Moody's is then rating the Bonds) and by Standard & Poor's (if Standard and Poor's is then rating the Bonds) and (2) funds for the purchase price are to be provided by a letter of credit or standby bond purchase agreement and the obligation of the District with respect to the provider of such letter of credit or standby bond purchase agreement, other than its obligations on such Water Bonds, Bonds or Parity Debt, shall be subordinated to the obligation of the District on the Bonds and Parity Debt or, if not subordinate, shall be incurred (assuming such immediate tender) under the conditions and meeting the tests for the issuance of Parity Debt set forth in the Indenture; and

(II) on and after the Effective Date, means, the greatest amount of principal and interest becoming due and payable on all Water Bonds, 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 Subordinated 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.

“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 Subordinated 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.

“Subordinated 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 created in the Water Bond Resolution for treatment as Water Revenues for such fiscal period, less the sum of (c) all Water Operation and Maintenance Costs for such fiscal period, (d) the amounts, if any, withdrawn by the District from Water Revenues for such fiscal period for deposit in such Rate Stabilization Fund, and (e) all amounts required to be paid under the Water Bond Resolution for principal, interest, reserve fund and any other debt service requirements on the Water Bonds as the same become due and payable.

“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 Bond Resolution” means Resolution No. 30050 of the District, adopted on January 26, 1982, as amended and supplemented from time to time. All obligations of the District under the Water Bond Resolution have ceased and been discharged; provided, however, that the Rate Stabilization Fund created thereunder shall continue.

“Water Bonds” means all bonds and other obligations of the District issued pursuant to the Water Bond Resolution.

“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” (I) prior to the Effective Date, 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 monies in any fund or account established under the Water Bond Resolution or the Indenture; and

(II) from and after the Effective Date, 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 monies in any fund or account established under the Water Bond Resolution or 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 Subordinated Water Revenues and other amounts held by the Trustee (except for amounts held in the Rebate Fund). The Subordinated 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 Subordinated Water Revenues and such other amounts referred to in this paragraph.

Allocation of Subordinated Water Revenues

The District is to transfer the monies 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 Subordinated 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 monies 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 Subordinated 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 Subordinated 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 Subordinated Water Revenues in its

possession the amount of such deficiency on the principal, interest or mandatory redemption date referenced in such notice.

Investments

All monies 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 Subordinated 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 issuance of additional Water Bonds was not initially limited by the Indenture. *However, the District has covenanted pursuant to the Eighteenth Supplemental Indenture that it will not issue any senior Water Bonds in the future.*

The District may issue Bonds and Parity Debt payable from Subordinated 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 Subordinated Water Revenues plus all amounts required to be paid under the Water Bond Resolution for principal, interest, reserve fund and any other debt service requirements on the Water Bonds 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 Subordinated 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 Subordinated 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 Water Bonds, 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 Water Bonds, Bonds and Parity Debt Outstanding following the issuance of such refunding Bonds is less than or equal to Maximum Annual Debt Service on all Water Bonds, 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 Subordinated Water Revenues having priority over or having parity with the lien of the Bonds except only as described above. The District will not amend or change the Water Bond Resolution in any manner which would permit the issuance of additional Water Bonds in a greater principal amount than would have been permitted thereunder prior to such amendment or change or reduce the debt service percentage or coverage requirements contained therein. The District will not issue Water Bonds pursuant to the Water Bond Resolution in such amount as would cause the District to fail to be in compliance with the rate covenant described in the second succeeding paragraph hereof.

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 sum of the Subordinated Water Revenues for such year plus all amounts required to be paid under the Water Bond Resolution for such year for principal, interest, reserve fund and any other debt service requirements on the Water Bonds shall be at least equal to 1.1 times the amount of Debt Service on all Water Bonds, 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) if any default shall exist under the Water Bond Resolution and such default shall continue beyond the therein stated grace period, if any, with respect to such default;

(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 Subordinated Water Revenues, and such custody or control shall not be terminated within 60 days from the date of assumption of such custody or control.

In addition, pursuant to the Fifteenth Supplemental Indenture, with respect to the Series 2009A Bonds while bearing interest in a SIFMA–Based Term Interest Rate Period pursuant to such Fifteenth Supplemental Indenture, in the event sufficient funds are not available for the purchase of all Series 2009A Bonds tendered or deemed tendered and required to be purchased on any purchase date therefor pursuant to the Indenture, notwithstanding any other provision of the Indenture, in such event, such failed purchase shall constitute an Event of Default.

If an Event of Default shall occur and be continuing, the District is to immediately transfer to the Trustee all Subordinated Water Revenues held by it and received thereafter and the Trustee shall apply all Subordinated 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 Accrued 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 Subordinated 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 Subordinated 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.

APPENDIX D

**PROPOSED FORMS OF CO-BOND COUNSEL OPINION
AND SPECIAL TAX COUNSEL OPINION**

PROPOSED FORM OF CO-BOND COUNSEL OPINION

Upon the delivery of the Series 2014C Bonds, Fulbright & Jaworski LLP, Los Angeles, California, a member of Norton Rose Fulbright, and Curles Bartling P.C., Oakland, California, Co-Bond Counsel, propose to render their final approving opinion with respect to the Series 2014C 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)
WATER SYSTEM REVENUE BONDS, SERIES 2014C**

Ladies and Gentlemen:

We have acted as co-bond counsel to the East Bay Municipal Utility District (the “District”) in connection with the issuance of its Water System Revenue Bonds, Series 2014C in the aggregate principal amount of \$ _____ (the “Series 2014C Bonds”). The Series 2014C 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 and 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 Subordinated Revenue Bond Indenture, dated as of April 1, 1990, by and between the District and First Interstate Bank of California, which has been succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as amended and supplemented, including as amended and supplemented by a Twenty-Fifth Supplemental Indenture, dated as of June 1, 2014, providing for the issuance of the Series 2014C Bonds (collectively, the “Indenture”).

In our capacity as co-bond counsel, we have reviewed the Act, the Indenture, 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. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

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. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture. In addition, we call attention to the fact that the rights and obligations under the Series 2014C 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 fees and charges by the District relating to the Water System may be subject to the provisions of Articles XIIC and XIID of the California Constitution.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Series 2014C 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 2014C Bonds, of the Subordinated 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 2014C Bonds are special limited obligations of the District and are payable exclusively from and are secured by a pledge of Subordinated 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 2014C 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 Subordinated Water Revenues on a parity basis with the Series 2014C Bonds.

We express no opinion as to any federal, state or local tax consequences of the ownership or disposition of the Series 2014C Bonds or the receipt of interest thereon.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2014C Bonds.

Respectfully submitted,

Respectfully submitted,

PROPOSED FORM OF OPINION OF SPECIAL TAX COUNSEL

Upon the delivery of the Series 2014C Bonds, Orrick, Herrington & Sutcliffe LLP, Special Tax Counsel to the Underwriters, proposes to render its tax opinion with respect to the Series 2014C Bonds in substantially the following form:

[Closing Date]

East Bay Municipal Utility District
Oakland, California

East Bay Municipal Utility District
Water System Revenue Bonds, Series 2014C
(Special Tax Opinion)

Ladies and Gentlemen:

We have acted as special tax counsel in connection with the issuance by the East Bay Municipal Utility District (the "District") of \$_____ aggregate principal amount of its Water System Revenue Refunding Bonds, Series 2014C (the "Bonds"). The Bonds are being issued pursuant to a Water System Subordinated Revenue Bond Indenture, dated as of April 1, 1990, as supplemented by supplemental indentures, including a Twenty-Fifth Supplemental Indenture, dated as of June 1, 2014 (collectively, the "Indenture"), between the District and First Interstate Bank of California, which has been succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate of the District, dated the date hereof and relating to the Bonds (the "Tax Certificate"), opinions of counsel to the Trustee and the District, certificates of the District, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. In particular, we have relied on the opinion of Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, and Curly Bartling P.C., co-bond counsel to the District (the "Bond Counsel Opinion"), regarding, among other matters, the validity of the Bonds. In rendering the opinions expressed herein, we expressly have relied on the Bond Counsel Opinion that, among other matters, the Bonds are valid, binding and enforceable in accordance with their terms. We call attention to the fact that the interest on the Bonds may not be excluded from gross income for federal income tax purposes or exempt from State of California personal income taxes if the Bonds are not valid, binding and enforceable in accordance with their terms.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or copies) and the due and legal execution thereof by, and validity against, all parties. We have assumed, without undertaking to verify, 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 contained 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 Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal utility districts in the State of California. Our advice did not include financial or non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of such interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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 2014C Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Series 2014C Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2014C 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 2014C 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 2014C Bonds. The Series 2014C 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 the Series 2014C 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 Standard & Poor’s 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 2014C Bonds under the DTC book-entry system must be made by or through Direct Participants, which will receive a credit for the Series 2014C Bonds on DTC’s records. The

ownership interest of each actual purchaser of each Series 2014C 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 2014C 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 2014C Bonds, except in the event that use of the book-entry system for the Series 2014C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014C 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 2014C 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 2014C Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2014C 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 2014C Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2014C Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2014C Bond documents. For example, Beneficial Owners of the Series 2014C Bonds may wish to ascertain that the nominee holding the Series 2014C 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 2014C 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 2014C 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 2014C 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 2014C 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 2014C 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 2014C 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 2014C 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 2014C Bonds through DTC (or a successor securities depository). In that event, Series 2014C 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 2014C Bonds will be payable upon presentation thereof, at the principal corporate trust office of the Trustee, in San Francisco, California; interest on the Series 2014C 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 2014C 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 2014C 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.

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX A

**THE EAST BAY MUNICIPAL UTILITY DISTRICT
(THE WATER SYSTEM)**



The East Bay Municipal Utility District occupies 332 square miles of the San Francisco – Oakland metropolitan region. The Water System serves approximately 1.3 million people, or approximately 53% of the population of Alameda and Contra Costa Counties.

EAST BAY MUNICIPAL UTILITY DISTRICT WATER SYSTEM

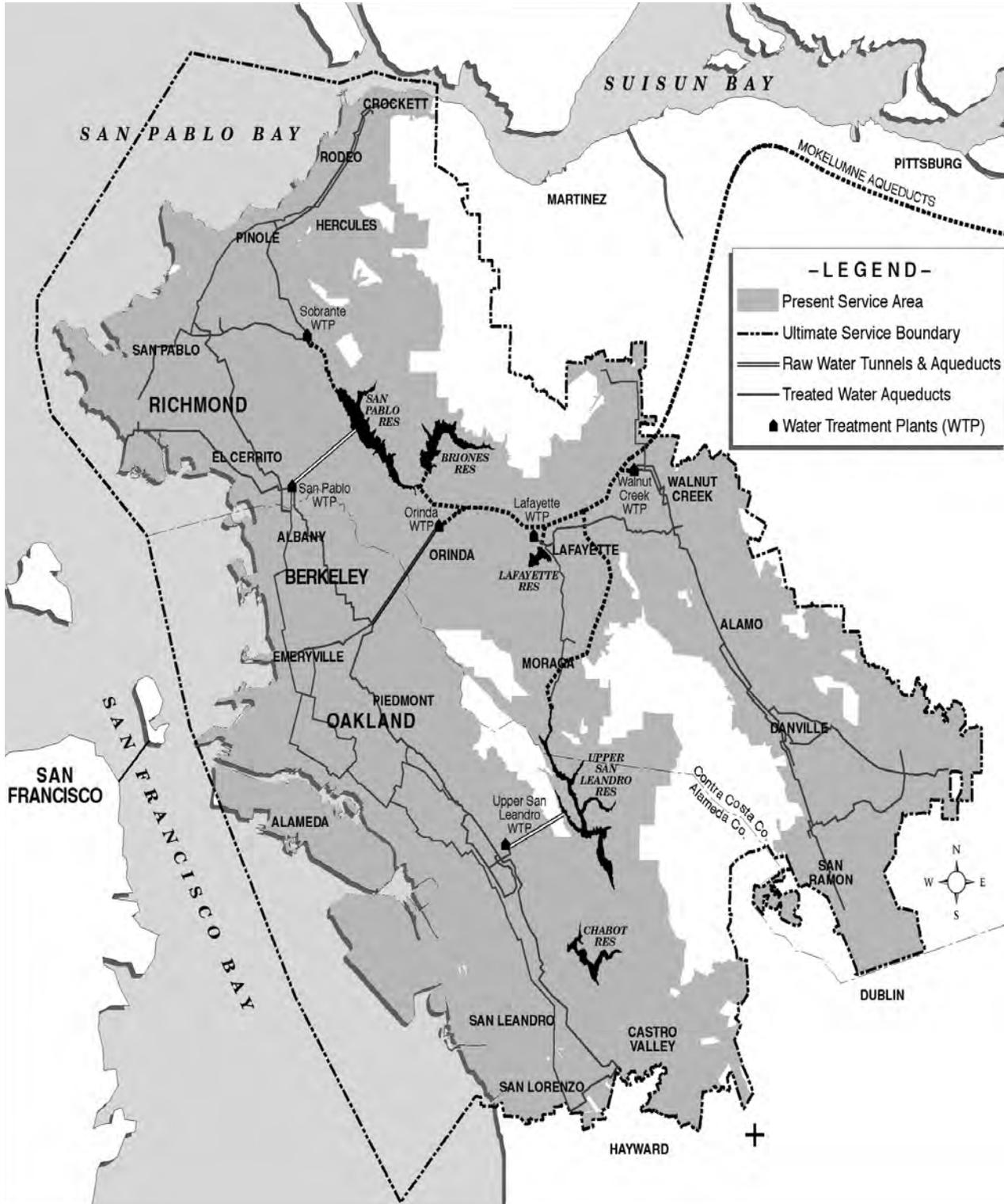


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THE DISTRICT

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.

District Board

The District, a public agency, is governed by an elected seven-member Board of Directors (the “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 (President and Vice President). With an average service tenure of almost 17 years, each of the Board members has served one or more years as an officer of the Board of Directors and has 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:

Andy Katz has been a Board member since 2006 and represents Ward 4, which includes Albany, Berkeley, El Cerrito, Emeryville, Kensington and North Oakland. Mr. Katz is currently President of the Board. He is employed as an attorney and public health advocate for Breathe California, and is a former Chair 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 of Arts 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, 2014.

Katy H. Foulkes has been a Board member since 1994 and represents Ward 3, which includes the City of Piedmont and a portion of Oakland, in Alameda County, the Contra Costa County cities of Orinda and El Sobrante, the Town of Moraga, and portions of Pinole and Richmond. Ms. Foulkes is currently Vice President of the Board, and she represents the District on the governing boards of the Upper Mokelumne River Watershed Authority and the Freeport Regional Water Authority. Ms. Foulkes recently retired as a board member of Region 5 of the Association of California Water Agencies (“ACWA”) and was formerly an eight-year member of ACWA’s statewide Board of Directors. She is also a past Vice-President of the Alameda Chapter of the California Special Districts Association and Co-Chair of the Bay Area Water Forum. Ms. Foulkes has a Bachelor of Arts degree in English from the University of California, Berkeley. Her current term expires on December 31, 2014.

John A. Coleman has been a Board member since 1990 and represents Ward 2, which includes Alamo, Lafayette, Walnut Creek, the Town of Danville, the communities of Blackhawk and Diablo, and portions of Pleasant Hill and San Ramon. Mr. Coleman represents the District on the governing boards of the Upper Mokelumne River Watershed Authority (for which he currently serves as Chair), the Freeport Regional Water Authority and the DSRSD/EBMUD Recycled Water Authority (DERWA). Mr. Coleman currently serves as President of the ACWA Board of Directors, as a board member of Contra Costa Leadership Council and as a member of the San Francisco Bay Restoration Authority Advisory Committee. He is also a past president of the California Association of Sanitation Agencies, the immediate past Chair of ACWA's Federal Affairs Committee and a past Chair of ACWA's California Finance Water Task Force. Mr. Coleman is employed as the Executive Director of the Bay Planning Coalition, which represents maritime and shoreline interests and issues in northern California. He has a Bachelor of Science degree in Natural Resources from the University of California, Berkeley and a certificate in management from the University of Pacific School of Business and Public Administration. His current term expires on December 31, 2014.

Doug A. Linney has served on the Board since 2000 and 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. He is active in a number of community and environmental organizations, including the California League of Conservation Voters and the California Interfaith Power and Light. Mr. Linney is employed as President of The Next Generation, a public relations firm providing services that emphasize achieving environmental protection. Mr. Linney has a Bachelor of Science degree in Environmental Science and Public Policy from the University of California, Davis. His current term expires on December 31, 2016.

Lesia R. McIntosh has served on the Board since 1999 and represents Ward 1, which includes the Contra Costa County cities of Crockett, Hercules, Rodeo and San Pablo; portions of Richmond and Pinole, and the communities of North Richmond and Selby. Ms. McIntosh represents the District on the Special Districts Association of Contra Costa County and on the 2014 ACWA Federal Affairs Committee. She is also serving as an elected member of the ACWA Region 5 board. Ms. McIntosh is a member of the Contra Costa County Bar Association, the Charles Houston Bar Association, NAACP – Richmond Chapter, Black Women Lawyers of Northern California, and Black Women Organized for Political Action. Ms. McIntosh is an attorney currently specializing in business, estate planning and probate. She has a Bachelor of Science degree in Political Science from the University of California, Berkeley and a law degree from John F. Kennedy University. Ms. McIntosh's current term expires on December 31, 2016.

Frank G. Mellon has served on the Board since 1994 and represents Ward 7, which includes the areas of Castro Valley, communities of Cherryland and Fairview; portions of San Leandro and Hayward in Alameda County, and a portion of San Ramon in Contra Costa County. Mr. Mellon represents the District on the governing board of the DSRSD/EBMUD Recycled Water Authority (DERWA). He also currently serves on the District's Retirement Board. Mr. Mellon is employed as a consultant specializing in human resources and labor relations and teaches labor law in the California State University East Bay Human Resources Certificate Program. Mr. Mellon has a Bachelor of Arts degree in Management from the University of Hawaii and a Master's Degree in Business Administration from St. Mary's College in Moraga. His current term expires on December 31, 2014.

William B. Patterson has served on the Board since 1997 and represents Ward 6, which includes Alameda County's East Oakland Hills and south of Lake Merritt to the San Leandro city boundary. Mr. Patterson is currently Vice-President of the District's Retirement Board and serves

on the boards for the Upper Mokelumne River Watershed Authority and the Freeport Regional Water Authority. Mr. Patterson also currently serves as a member of the Oakland Workforce Investment Board. He retired several years ago, after working for many years as the City of Oakland Manager of Parks and Recreation. He has Bachelor's and Master's degrees from San Francisco State University and a Social Services Certificate from the University of California, Berkeley. Mr. Patterson's current term expires on December 31, 2016.

District Management

Alexander R. Coate joined the District in 1993 and was appointed General Manager in 2011. Mr. Coate has 30 years of experience with public agencies, engineering consulting firms, research and law. He has worked for the District for more than 21 years. Prior to his appointment as General Manager, he was Director of Water and Natural Resources with responsibility for water supply planning, water rights, and watershed management including recreation and fisheries. Mr. Coate is a member of the American Water Works Association and the Association of California Water Agencies. He currently serves on the boards of the California Urban Water Agencies, the California WaterReuse Association, the Western Urban Water Coalition and the Water Research Foundation. Mr. Coate has a Bachelor's degree in Neurobiology and a Master's degree in Civil Engineering, both from the University of California, Berkeley.

Jylana D. Collins joined the District in 1994 and was appointed General Counsel in 2006. Prior to her appointment as General Counsel, she was Assistant General Counsel. Before joining the District, she was Deputy City Attorney for the City of Berkeley. She has over 30 years of experience in public law. Ms. Collins has a Bachelor's degree in Psychology from Antioch University West and a law degree from the University of San Francisco School of Law.

Eric L. Sandler was appointed Director of Finance in 2012. He has over 25 years of experience in municipal and infrastructure financing. Prior to joining the District, he was Director of Finance/Treasurer at the San Diego County Water Authority. He also served as Director of Financial Planning and Acting Director of Finance for the San Francisco Public Utilities Commission. Previously, he was employed by Lehman Brothers in the municipal investment banking group in San Francisco. He has a Bachelor's degree in Biology from Stanford University and a Master's degree in Business Administration from the University of California, Berkeley.

Bennett K. Horenstein joined the District in 1991 and was appointed Director of Wastewater effective May 20, 2013. During his 22 years with the District, Mr. Horenstein has worked in various capacities in the District's Wastewater Department, including most recently as Manager of Environmental Services, with responsibility for a range of technical and regulatory activities, including the long-term approach to regional wet weather flow management and associated private lateral sewer program, and the development of the District's resource recovery program. He has over 25 years of experience in the engineering field. Mr. Horenstein has a Bachelor of Science degree in Environmental Engineering from the University of Florida.

Xavier J. Irias joined the District in 1986 and was appointed Director of Engineering and Construction in 2006. Prior to that appointment, he held progressively more responsible positions managing engineering design and engineering services, and he has over 28 years of experience in the engineering field. Mr. Irias has a Bachelor of Science degree in Civil Engineering from the University of California, Berkeley.

Richard G. Sykes joined the District in 1989 and was appointed Director of Water and Natural Resources in 2011. Mr. Sykes has held progressively more responsible positions over that time;

he has broad knowledge of the District's operations and is very experienced in water quality and regulatory issues. He has a Bachelor's degree in Conservation of Natural Resources and English and a Master's degree in Environmental Engineering from the University of California, Berkeley.

Michael J. Wallis joined the District in 1985 and was appointed Director of Operations and Maintenance in 1996. Prior to his current appointment Mr. Wallis held progressively more responsible positions in the District's Wastewater Department, and served as Director of Wastewater for several years. Mr. Wallis has over 35 years of water and wastewater related experience. He serves on the Board of Directors for the Association of Metropolitan Water Agencies and currently holds the position of Secretary. He has a Bachelor of Science degree and a Master's degree in Civil Engineering from North Carolina State University.

Lynelle M. Lewis joined the District in 1993 and was appointed Secretary of the District in 1995. She is a Certified Municipal Clerk and a member of the City Clerks Association of California and the International Institute of Municipal Clerks. Ms. Lewis received her Bachelor of Science degree in Business Administration from San Jose State University.

Employees and Employee Relations

As of March 1, 2014, the District has 1,499 regular (full-time equivalent) employees in the Water System and 245 regular (full-time equivalent) employees in the Wastewater System.

The District has four unions representing approximately 1,592 workers out of a total full-time equivalent workforce of 1,744 employees: Local 2019 of the American Federation of State, County and Municipal Employees ("AFSCME") represents white collar workers including professionals; Local 444 of AFSCME represents blue collar workers; Local 21, International Federation of Professional and Technical Engineers represents supervisory employees; and Local 39, International Union of Operating Engineers represents water treatment/distribution workers.

Locals 2019, 444, 21 and 39 are operating under Memoranda of Understanding ("MOUs"), approved by the District Board in 2013. Each of the current MOUs expire on April 16, 2017. 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."

Service Area

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 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 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 53% of the combined population of Alameda County and Contra Costa County. Approximately two-thirds of the population within the District 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 69 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 81 square miles within the ultimate service area boundary outside the District's present service area boundary is 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 service area population, currently 1.3 million, is projected to grow by 2035 to a population of 1.75 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 650,000 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 San Leandro. Domestic, commercial and industrial wastewater is treated for the six 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 entities operates a sewer collection system that discharges into the District's intercepting sewers. At the request of the City of Richmond, the District is presently participating in a study to explore the possibility of the District accepting waste from sewers in that city. In addition to treating waste received through the sewer collection system, the District 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.

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.

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THE WATER SYSTEM

General

The District supplies water for major parts of Alameda and Contra Costa Counties. Approximately 1.3 million people are served by the District's Water System in an approximately 332 square-mile area extending from Crockett on the north, southward to and including San Lorenzo, encompassing the major cities of Oakland and Berkeley, and eastward from San Francisco Bay to Walnut Creek.

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, San Ramon, and part of Walnut Creek, and the unincorporated communities of Alamo, Ashland, Blackhawk, Castro Valley, Cherryland, Crockett, Diablo, El Sobrante, Fairview, Kensington, North Richmond, Ollum, Rodeo, San Lorenzo and Selby.

Table 1 shows the population trends for the six largest cities in the District, Alameda and Contra Costa Counties and the State for the last five years.

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Oakland	389,913	390,757	392,333	394,832	399,326
Berkeley	110,982	112,621	113,925	114,688	115,716
Richmond	102,887	103,661	104,382	105,004	105,562
San Leandro	83,951	84,977	85,364	85,941	86,666
Alameda	73,166	73,835	74,052	74,544	75,126
Walnut Creek	63,786	64,140	64,710	65,306	65,684
Total Six Cities	824,685	829,991	834,766	840,315	848,080
Alameda County	1,497,799	1,509,240	1,517,756	1,530,176	1,548,681
Contra Costa County	1,038,390	1,047,948	1,056,306	1,066,602	1,074,702
California	36,966,713	37,223,900	37,427,948	37,668,804	37,966,471

⁽¹⁾ As of January 1 of each year.

Source: 2009-2010: State of California, Department of Finance, E-8 Historical Population and Housing Estimates, 2000-2012 Report, by Year, Sacramento, California, November 2012 (Revised Estimates).

2011-2013: State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change – January 1, 2011 and 2012, Sacramento, California, May 2012 and – January 1, 2012 and 2013, Sacramento, California, May 2013.

{table above to be updated for 2014 when released by State on or about May 1}

Water Supply

During wet and normal rainfall years, the District’s water supply is obtained from three sources: the 627-square mile Mokelumne River watershed in the Sierra Nevada mountains, runoff from streams within the District, and recycled water produced at various locations in the service area. During drought times, the District has access to substantial additional supplies from the Sacramento River via the Freeport Regional Water Project and may also seek to secure additional supplemental supply under contractual arrangements such as through available water transfer opportunities. The District can also utilize water stored within a local aquifer through its Bayside Groundwater Project. Each of these supply sources is more fully described below.

Mokelumne River Watershed. The District holds permits and licenses issued by the State Water Resources Control Board (the “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. The average annual runoff of the Mokelumne River is about 745,000 acre-feet. (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 represents the needs of two average families in and around the home for one year.) As described below under “– Water Rights and Related Proceedings,” 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. Annual water production in the District to serve its customers has not 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 lost through leaks in the transmission system, water used in the treatment process, evaporation, water used for fighting fires and other miscellaneous causes.

Annual water production in the District since Fiscal Year 2004 is shown in Table 2 below.

Table 2
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>
2004	251,935	109,743	82,088	224
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

⁽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.

As reflected in the table above, water production in the last five fiscal years has been approximately 10-15% lower than Fiscal Year 2008 levels due to factors that include increased water conservation, reduced consumption during drought and post-drought periods and the effects of State and local economic conditions.

See also “– Water Supply Operations” below.

During the ten-year period from 2004 to 2013, the annual Mokelumne River runoff has ranged from a low of just over 400,000 acre-feet in Water Year 2008 to a high of over 1.45 million acre-feet in Water Year 2006. (A Water Year begins on October 1 and ends of the following September 30). 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 has developed a comprehensive approach to ensuring reliable water supply. That approach, its Water Supply Management Plan, utilizes demand management and multiple supply options to meet long-term water needs. The plan is discussed under “– Water Supply Management Plan” below.

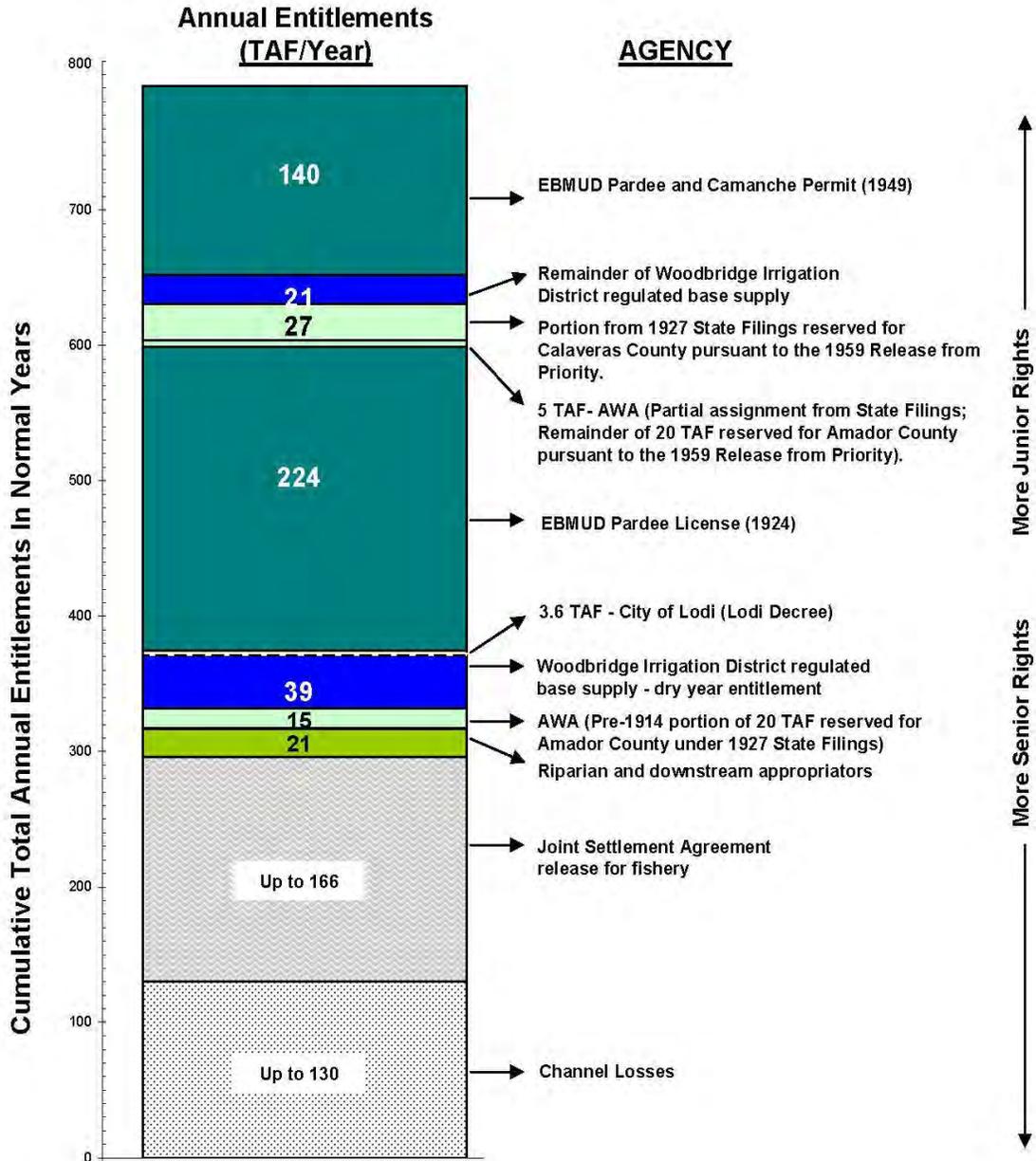
The Mokelumne River watershed also serves municipal, industrial and agricultural water needs in three Sierra Nevada foothill counties (Amador, Calaveras and San Joaquin), in addition to the municipal and industrial needs of the District’s service area. The agencies and individual diverters on the Mokelumne 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.

Entities with water rights in the Mokelumne River watershed senior to those of the District include Pacific Gas and Electric Company (“PG&E”) (which rights are essentially non-consumptive other than for project uses), Amador Water Agency and Jackson Valley Irrigation District (referred to collectively in the graphic on the next page as “AWA”) (for a total potential consumptive diversion of 20,000 acre-feet per year in Amador County); Calaveras County Water District and Calaveras Public Utility District (for a total potential consumptive diversion of 27,000 acre-feet per year in Calaveras County); and Woodbridge Irrigation District and the City of Lodi (for a total potential consumptive diversion of 63,600 acre-feet in normal and wet years and 42,600 acre-feet in dry years in San Joaquin County). In addition, adjacent property owners retain certain historical riparian and appropriative rights to water from the river. See “– Water Supply Management Plan” for 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. In addition, the District’s water rights from the State for the Camanche Reservoir, including the District’s obligations under a 1998 Joint Settlement Agreement among the District, the U.S. Fish and Wildlife Service and the California Department of Fish and Game incorporated therein (the “1998 Joint Settlement Agreement”), requires that minimum releases be made from Camanche Reservoir for the protection of downstream fisheries. See also “– Water Rights and Related Proceedings” below.

The following graphic 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 an additional 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, there is no firm yield from local watersheds.

United States Bureau of Reclamation Central Valley Project Contract; Freeport Regional Water Project. In December 1970, the District entered into its original Central Valley Project Contract (“CVP Contract”) with the United States Bureau of Reclamation (the “Bureau”), entitling the District to take up to a specified quantity of American River water from the Folsom-South Canal Unit of the Bureau’s Central Valley Project (“CVP”) annually. The 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 (“Long-Term Renewal CVP Contract”). The Long-Term Renewal CVP Contract has a term of 40 years, with a right of renewal for an additional 40 years available to the District. Historically, the District did not have permanent infrastructure in place to receive CVP contract water. The Freeport Regional Water Project (hereinafter, the “FRWP”), which was placed in commercial operation on November 15, 2011, provides the permanent infrastructure to allow the District to receive water deliveries pursuant to the Long-Term Renewal CVP Contract. Under the Long-Term Renewal CVP Contract, the District is entitled to receive deliveries of up to 133,000 acre-feet per year (119 million gallons per day (hereinafter, “MGD”)) of CVP water in a single dry year, and no more than 165,000 acre-feet over the course of any three consecutive dry-years. The FRWP can provide up to 100 MGD (112,000 acre-feet per year) of supplemental water supplies to the District in dry years which helps meet projected drought year needs.

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 (“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 CVP 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 as described above, the FRWP can provide up to 85 MGD to SCWA in all years.

In 2007, the District entered into a Dedicated Capacity Purchase Agreement, dated as of May 1, 2007, by and between FRWA and the District (the “Dedicated Capacity Purchase Agreement”). Pursuant to the Dedicated Capacity Purchase Agreement, FRWA sells to the District and the District agrees to acquire 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 has been paid by the District in accordance with the FRWA JPA Agreement as a portion of the District’s capital cost of the FRWP pursuant to 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 this water through new pipelines and the existing Folsom South Canal (“FSC”) to the District’s Mokelumne Aqueduct near Camanche Reservoir. A turnout in the pipe within central Sacramento County delivers water to SCWA. Water is delivered to the District pursuant to its Long-Term Renewal CVP Contract. CVP water received by the District will be treated at existing District treatment facilities prior to delivery to customers. Short-term storage, if needed, will be provided at the District’s San Pablo terminal reservoir or Upper San Leandro reservoir. See “– Water Facilities” below.

The FRWP includes a number of significant components. Chiefly, the components consist of an intake and pumping plant, approximately 16 miles of pipeline 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, a 5-foot, 6-inch diameter pipeline segment which feeds a new SCWA Treatment Plant and a 6-foot diameter pipeline segment which discharges to the FSC. Fiber optic and radio systems link project facilities and key outside agencies.

Water flows within the FSC for 14 miles and, in turn, is recaptured by the District and directed via pipeline along a route which leads to the District's Mokelumne Aqueducts. That 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) and approximately 19 miles of 6-foot diameter pipeline.

The combined FRWP/FSCC system underwent a successful integrated operational test and, following such test was placed into commercial operation on November 15, 2011, and can be utilized by the District during dry years when the District's contractual right to CVP water is made available.

Operation of the FRWP results in additional costs for the District as compared to water from the Mokelumne River supply. These costs include: (i) the purchase cost for the water which would be payable to the Bureau for CVP water or to Placer County Water Agency for transferred water as described under "– Water Supply Management Plan" below; (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 cannot be treated at the District's largest direct filtration plants and must receive the more expensive full conventional treatment. The District currently estimates the total incremental costs of water received pursuant to the Long-Term Renewal CVP Contract to be approximately \$350-\$450 per acre-foot.

The District has adopted a supplemental supply charge of 14% of total potable water flow charges which is to be added to customers' water bills during droughts when the Board declares a need to take deliveries of its CVP water under the Long-Term Renewal CVP Contract. The supplemental supply charge is designed to cover the costs of operating the Freeport Regional Water Project and the costs of CVP water during dry year periods when the District takes deliveries of CVP water. See "WATER SYSTEM FINANCES – Supplemental Supply Charge."

Since the commercial operation of the FRWP occurred in November 2011, the District has not experienced conditions whereby the use of the FRWP to take deliveries of its CVP water under the Long-Term Renewal CVP Contract was required in order to address a drought-related water supply deficiency. The District [will operate][operated] the FRWP in April 2014 in order to perform a fish monitoring test at the FRWP intake. Following that test, the District may take deliveries of CVP water under the Long-Term Renewal CVP Contract if dry conditions persist. The District will continue to assess the need to operate the FRWP in the current Water Year during the early spring, with a decision anticipated to be made by the District Board prior to the end of April, 2014. See "– Current Water Conditions" below.

{update prior paragraphs once 2014 drought response plan determined}

Bayside Groundwater Project. In December 2009, the District completed another supplemental supply project, the Bayside Groundwater Project Phase 1. The Bayside Groundwater Project consists of facilities designed to provide a means of storing treated drinking water in a deep underground aquifer during wet years for future recovery, re-treatment and distribution to customers during times of drought. Implementation of the project is planned in two phases. The Bayside Groundwater Project Phase 1, completed in December 2009, provides a modest, locally available supplemental water supply that helps reduce the need for rationing in the event of a prolonged drought. Phase 1 is used to store 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. Storage operations will take place when water can be made available (during wet years). The District stored (injected) water for an eight week period beginning on June 2, 2011 and

ending at the end of July 2011. The estimated volume of water stored is in the range of 30-40 million gallons (92-123 acre-feet). A volume equal to the total stored can be supplied to customers during dry years (at a delivery rate that does not exceed one MGD), helping to reduce the need for rationing. Primary Phase 1 facilities as constructed 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. The District intends to continue to operate Phase 1 facilities in either a storage mode or possibly an extraction mode (based on water supply available for storage and/or drought conditions coupled with the need for water). The District does not currently expect to undertake extraction from the project in Water Year 2014. Information gathered from Phase 1 operations will be used in part to determine the feasibility of Phase 2 and inform its future determinations on how to proceed with Phase 2 (which could provide an additional 9 MGD of supply). Significant planning activities for Phase 2 are not expected to begin for several 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. Since 1993, the District has implemented various other recycled water projects that are designed to produce in the aggregate 9.3 MGD of additional supply. The program currently includes six operating recycled water projects. In 1996, the District began providing recycled water to the Richmond Chevron Oil Refinery for use in recirculating cooling towers. In 2006, the District began providing recycled water to a number of sites in San Ramon for irrigation purposes through the San Ramon Valley Recycled Water Program described below. In 2008, the initial phase of the District's East Bayshore Recycled Water Project began providing recycled water to a number of sites in Oakland primarily for irrigation purposes.

On April 9, 1996, the District's Board adopted the Nonpotable Water Policy which requires customers of the District to use nonpotable water (recycled water and other nonpotable water sources) for nondomestic 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. The District has undertaken or will undertake in the future several water recycling project expansions in accordance with the long-term water recycling goal of 20 MGD by the year 2040. See "– Water Supply Management Plan" below. The District has entered into a Joint Exercise of Powers Agreement with the Dublin San Ramon Services District ("DSRSD") creating the DSRSD/EBMUD Recycled Water Authority ("DERWA") for the purpose of implementing a recycled water program to make available reliable supplies of recycled water to be provided to the District and DSRSD for their distribution within portions of their existing and future service areas. The first phase of the DERWA recycled water program, the San Ramon Valley Recycled Water Program, which provides recycled water supplies to a number of sites in San Ramon, was completed and became operational in 2006. The costs of such initial phase of facilities were financed from commercial paper notes issued by DERWA, State loan and grant moneys and capital contributions made by the District and DSRSD. The DERWA commercial paper notes were fully retired in January 2011 through the refinancing by each of DSRSD and the District of their respective obligations under the DERWA commercial paper program. The second phase of the DERWA recycled water program has also been completed. The District's share of the costs of the second phase of facilities was financed from federal grant funding and District capital contributions for the District's local share portion. The District has also completed additional distribution systems which were also financed by federal grants and District capital contributions for the local share match. The District and DSRSD have entered into an agreement for the sale of recycled water by DERWA to the District and DSRSD pursuant to which each of the District and DSRSD are responsible for paying their respective share of the costs incurred by DERWA in implementing the DERWA recycled water program (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 recycled water program). Payments 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 regardless of whether any recycled water is made available to the District from such facilities.

Another key water recycling project that is part of the District's Water Recycling Program is the Richmond Advanced Recycled Expansion ("RARE") Water Project. Construction of the RARE Water Project began in Fiscal Year 2009 and the first phase of the project was completed in Fiscal Year 2011. It initially provides 3.5 MGD of high quality recycled water to the Chevron refinery for use in industrial boilers (recycled water has been provided by the District to the Chevron refinery for use in recirculating cooling towers since 1996 as noted above). The project consists of a new high-purity recycled water treatment plant at the refinery, an influent pump station, flow equalization and a standby generator. In total, Chevron reimbursed the District approximately \$55 million for capital costs of the RARE Water Project. The Chevron Oil Refinery is currently the largest single user of recycled water in the District's service area.

Water Rights and Related Proceedings

Mokelumne River Rights. 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, entitling the District to divert up to an additional 125 MGD (approximately 140,000 acre-feet per year) to the service area. The permit by its terms required that application of the water to the proposed use be made by December 1, 2000. The District has completed construction of water diversion and storage facilities authorized by the permit for the diversion of up to the additional 125 MGD and in 2000, petitioned the SWRCB to extend the time to complete the application of water under the permit beyond the initial permit term of December 1, 2000 to allow additional time to put the entitlement to full beneficial use. The SWRCB posted a public notice of the petition in January 2007, commencing a formal proceeding which included an opportunity for other entities to protest the District's petition. Seven protests were filed challenging the time extension petition, two of which have subsequently been resolved.

In December 2012, the District filed six clean-up petitions with the SWRCB to update its service area maps and to further clarify the District's Mokelumne River project operations. The SWRCB plans to act on these additional petitions at the same time as it processes the time extension petition on the permit. On December 31, 2013, the SWRCB posted a public notice of the additional petitions, which commenced a 30-day comment period. Six protests were filed challenging these additional petitions, one of which is being resolved. The remaining five protests were filed by the same entities that protested the District's time extension permit petition. The District is in active settlement discussions with the protestors. In the event the protests are not all resolved through ongoing settlement discussions, the SWRCB will conduct a hearing to resolve any remaining issues. The SWRCB hearing is not expected to begin before the summer of 2014. Although the District is unable to predict the final outcome of these proceedings at this time, the District does not expect that such proceedings will materially adversely affect its water supply or operations.

In accordance with the California Environmental Quality Act ("CEQA"), the District issued a Notice of Preparation of an Environmental Impact Report ("EIR") for the permit extension in November 2008. The comment period for the Notice of Preparation closed on December 11, 2008, and the District received seven comment letters. The District considered the comments in preparing the draft EIR which was released for public review and comment in September 2013. The comment period began on October 3, 2013 and was scheduled to be concluded on November 8, 2013 but was subsequently

extended to January 10, 2014. The District is in the process of preparing responses to the comments received.

In addition to the water rights described above, the District also has a series of rights for the production of hydroelectric power at Pardee and Camanche Dams. Three of the six clean-up petitions filed by the District with the SWRCB and mentioned above are associated with the non-consumptive hydropower rights at Pardee Reservoir. The District also holds rights associated with its local reservoirs.

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 has 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. Notably, the 1998 Joint Settlement Agreement 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. Pursuant to the 1998 Joint Settlement Agreement, the District's required minimum releases from Camanche Dam are adjusted to reflect the time of year and type of Water Year (e.g., Normal/Above Normal, Below Normal, Dry and Critically Dry). In critically dry and dry years, a minimum average of from 22,500 to 65,000 acre-feet per year must be released downstream by the District to satisfy its obligations for the protection of fisheries resources. See "Water Supply – *Mokelumne River Watershed*" above.

Central Valley Project Improvement Act. In 1992, Congress enacted the Central Valley Project Improvement Act ("CVPIA") which provides environmental protections for fish and wildlife in the operation of the CVP. In 2000, the Bureau issued a Record of Decision on the CVPIA Programmatic Environmental Impact Statement ("PEIS"). The PEIS identified the impacts to CVP contract water supplies as a result of implementing the new fish and wildlife protection provisions of the CVPIA. All CVP contractors will be subject to shortages in CVP supply and potentially reduced allocations during dry years. In 2014, due to the current statewide drought impacts and the resulting reduction in available water supplies, the Bureau has preliminarily reduced deliveries made available to the District pursuant to its Long-Term Renewal CVP Contract by 50%. This potential reduction, and the possibility of similar reductions in future dry periods, are anticipated by the District and have been taken into account by the District in its current year and long-range water supply management and planning processes. The CVPIA requires that all CVP contracts contain provisions consistent with the CVPIA, including provisions for conservation and tiered prices. The District's executed Long-Term Renewal CVP Contract is consistent with the CVPIA provisions. See "– Water Supply – *United States Bureau of Reclamation Central Valley Project Contract; Freepoint Regional Water Project*" above.

Water Supply Management Plan

In 2012, the District updated its long range planning with the Water Supply Management Plan, extending the planning horizon from 2020 to 2040 ("WSMP 2040"). WSMP 2040 serves as the plan to ensure an adequate supply of water through the year 2040 for District customers. The primary objectives of WSMP 2040 are to maintain and improve the District's water supply reliability to its customers and help meet the growing need for water in the future. WSMP 2040 also guides adaption of the District's water planning approach to circumstances that have changed since its prior Water Supply Management Plan, WSMP 2020, was adopted, such as competing and changing demands for water, the availability of water from the completed FRWP and Bayside Groundwater Project Phase 1, and long-term climate change. Further, the goal of the WSMP 2040 continues to be to examine what the District has done historically and what it can do in the future to ensure optimal use of the District's water resources.

WSMP 2040 assesses the supplemental supplies that are expected to be needed to serve a projected increase in water demand in the District's service area of approximately 0.8% per year between

2010 and 2040 (an additional 60 MGD from 2010 to 2040). WSMP 2040 also addresses the potential for additional constraints on the water supply available to the District arising from increased demand of the senior water rights holders along the Mokelumne River.

The WSMP 2040 provides for the District to meet its future drought year needs for water through 2040 by:

- achieving a water conservation target of 62 MGD by the year 2040;
- increasing water recycling to 20 MGD;
- continued rationing during times of drought by up to 15%; and
- securing an additional 115,000 acre-feet (35 MGD annual average) of supplemental water supplies for use during extended droughts.

WSMP 2040 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 and issued its first Climate Change Monitoring and Response Plan. Both documents were updated in 2010. An interdisciplinary staff committee is reviewing the evolving science of climate change, assessing potential water supply impacts and vulnerabilities, and developing strategies for adaptation and mitigation. This information will continuously inform the implementation process for projects and programs under the WSMP 2040. See also “– Climate Change” below.

As a result of the completion of WSMP 2040 as described above, the District is undertaking efforts to identify and secure sources of supplemental water supply. As a part of these efforts, Placer County Water Agency (“PCWA”) and the District have been working on the development of a potential long-term 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 it is a party. The price for such purchased water would be \$75.00 per acre-foot under the terms of the potential long-term transfer agreement. The water purchased would be diverted to the District at the FRWP intake on the Sacramento River. PCWA and the District executed a memorandum of understanding on August 15, 2013 to develop the terms of the potential long-term water transfer agreement. Pursuant to the memorandum of understanding, PCWA has granted to the District a right of first refusal to purchase dry year water released by PCWA in satisfaction of its obligations under the Sacramento-area Water Forum Agreement until such time as a long-term water transfer agreement can be implemented. On February 25, 2014, the District Board authorized the execution by the District of a one-year water purchase agreement with PCWA which provides the District with an option to purchase up to 20,000 acre-feet of water from PCWA at a cost of \$75.00 per acre-foot in 2014. The District executed a contract with the Bureau (as required under federal law) on March 31, 2014 to allow for the transportation of the purchased water through Folsom Reservoir and the Folsom South Canal to the FRWA facilities. The costs to the District under such Bureau contact, if executed, are not expected to exceed \$30.00 per acre-foot of water purchased from PCWA.

In addition, as part of WSMP 2040, the District identified a possible contractual relationship and/or partnership opportunity with Contra Costa Water District (“CCWD”), an adjacent water agency, to secure from 20,000 to 30,000 acre-feet of storage in CCWD’s Los Vaqueros Reservoir (the expansion of which was completed in 2012 to increase its total storage from 100,000 acre-feet to 160,000 acre-feet). The District continues to engage in discussions with CCWD regarding storage sharing opportunities and means by which the agencies can work cooperatively to improve water supply reliability for both parties. For example, in 2013, the District entered into a one-time agreement to wheel water that CCWD had

purchased from the Woodbridge Irrigation District. As noted herein, Woodbridge Irrigation District holds Mokelumne River water rights (see “– Water Supply – *Mokelumne River Watershed*” above), and the water CCWD purchased was wheeled from the District’s Pardee Reservoir through its Mokelumne Aqueducts and delivered to CCWD’s service area. As partial payment for the wheeling, the District received an option to purchase 2,000 acre feet of water from CCWD’s Los Vaqueros Reservoir.

The District will also review the operation of the Bayside Groundwater Project Phase 1 in approximately ten years, to determine the possibility for a Phase 2 expansion (which could provide an additional 9 MGD of supply).

Further, as more fully described under “– *Groundwater Banking Options*” below, on September 24, 2013, the District and San Joaquin County entered into a memorandum of agreement to develop a groundwater banking demonstration project, the results of which will be used to evaluate the feasibility of a potential future project. Further, the District will continue to work with foothill water agencies to evaluate the possibility of expanding the storage in Lower Bear Reservoir (located on an upper tributary to the Mokelumne River). Finally, the District will work to assess the potential to develop a regional desalination project in partnership with other Bay Area water agencies.

Regional groundwater banking and desalination planning efforts are further discussed below:

Groundwater Banking Options. The District has been exploring groundwater resource development in San Joaquin County. The District began negotiating with San Joaquin County water interests for a groundwater banking and conjunctive-use program in 1992. 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. However, lack of consensus among local water users and the absence of a legal framework to assure that a portion of the stored water could be exported to serve District customers during droughts has, in the past, prevented a project from being developed. More recently, in May of 2012, San Joaquin County approached the District to take part in a groundwater banking demonstration project. In the fall of 2013, a memorandum of agreement was developed and executed by San Joaquin County and the District which outlines the roles and responsibilities of the two agencies in connection with the demonstration project and provides a tentative development schedule. In 2014, the parties will jointly begin the preliminary engineering, planning and environmental review of the demonstration project. As contemplated by the memorandum of agreement, San Joaquin County will take the lead role in the development of the demonstration and the District will provide technical and financial support. The results of the demonstration project, if ultimately developed, would be used to evaluate the feasibility of a permanent banking project in San Joaquin County.

Bay Area Regional Desalination Project. Since 2003, the District has been working with other Bay Area water agencies, specifically the San Francisco Public Utilities Commission (“SFPUC”), CCWD and Santa Clara Valley Water District, and since 2010, the Zone 7 Water Agency, to explore the development of regional desalination facilities that could (1) provide additional source(s) of water during emergencies, (2) provide an alternative water supply that would allow major facilities to be taken out of service for an extended period of time for inspection, maintenance or repairs, and (3) provide a supplemental supply during drought periods.

In the spring of 2010, the District and its partners finalized a report on the completed pilot testing of a desalination facility concept. The test was conducted in 2009 within the CCWD service area along Mallard Slough. In 2012, a study was initiated to review the mechanisms by which water would be conveyed from a regional plant to the various water supply agencies. That study work was completed in March 2014, and will be used to assist in the evaluation of the technical feasibility of developing and operating the above-mentioned regional desalination facilities in the form of a full scale project. No immediate plan is in place to begin development efforts toward a full-scale project, however, as the

regional desalination project partner agencies are currently focusing on identifying alternative opportunities to improve regional water supply reliability (such as through the construction of service system interties, expanding water treatment capability and/or enhancing existing water transmission systems).

Water Conservation

The District has developed a Water Conservation Master Plan, most recently updated in 2011 (the “WCMP”), which directs the District’s comprehensive water conservation strategies and initiatives to promote water conservation and reduce demand for water. The WCMP serves as a blueprint for implementation strategies, goals and objectives for achieving additional water savings consistent with the targets identified in the District’s 2010 Urban Water Management Plan (“UWMP”). The District provides technical and financial assistance to encourage customers to help assure an adequate water supply by using water efficiently. The District advises customers on selecting water-efficient products, implementing best management practices, and designing/maintaining *WaterSmart* landscaping and efficient irrigation methods. Water conservation services include water use surveys, incentives for high-efficiency plumbing fixtures, appliances, process equipment and irrigation systems, and free distribution of conservation self-survey kits and water efficient devices (*i.e.*, showerhead, faucet aerators) that reduce water use. The District is also very active in new water conservation technology research and the development of education and demonstration projects.

The WCMP incorporates elements of the State Water Conservation Act of 2009 (Senate Bill X7-7) toward a statewide goal of a 20% reduction in urban per capita water use by the year 2020. All urban water agencies in the State were required to report their baseline per capita water use and reduction targets in their 2010 UWMP. The District has determined its base daily per capita use utilizing a State-approved methodology which applies a 5% reduction from the District’s 2003 to 2007 baseline usage. The resulting District target for the year 2020 is 150 gallons per capita per day with an interim target for the year 2015 of 158 gallons per capita per day. The District is on track to meet these targets. The District currently assesses that with the implementation of the planning programs outlined in its 2010 UWMP, a more aggressive and lower year 2020 demand level can be achieved (estimated at 144 gallons per capita per day). The District’s 2015 UWMP will identify the District’s final target for the year 2020 and its progress toward meeting that goal.

Water Facilities

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 and 38 miles northeast of Stockton. Pardee Reservoir has a storage capacity of 197,950 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 and serves to control floods and to regulate the river flow in order to satisfy downstream water rights.

Terminal Reservoirs. Five terminal reservoirs located within the District’s service area provide combined usable storage of approximately 151,670 acre-feet: San Pablo (with a capacity of 38,600 acre-feet), Briones (with a capacity of 60,510 acre-feet), Lafayette (with a capacity of 4,250 acre-feet), Upper San Leandro (with a capacity of 37,960 acre-feet) and Chabot (with a capacity of 10,350 acre-feet).

Aqueducts. Raw untreated water is transported 91.5 miles from Pardee Reservoir, through the Pardee Tunnel, the Mokelumne Aqueducts and the Lafayette Aqueducts, to the District’s service area, where it is stored in terminal reservoirs or delivered directly to treatment plants prior to distribution. The Pardee Tunnel is an 8-foot high horseshoe structure 2.2 miles long. The three Mokelumne Aqueducts

have a combined capacity 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-foot, 7-inches in diameter, and the third is 7-foot, 3-inches in diameter. All are steel pipelines extending 81 miles from the Pardee Tunnel to the east end of the two Lafayette Aqueducts in Walnut Creek. Approximately nine miles of pipeline is above-ground and the balance is below-ground.

Lafayette Aqueduct No. 1 is a 9-foot in diameter circular concrete pipe and three tunnels that extend 7.1 miles from Walnut Creek to the Orinda Filter Plant. Lafayette Aqueduct No. 2 is a 9-foot in diameter concrete pipe with seven tunnels extending 7.3 miles from the Walnut Creek Water Treatment Plant to the Briones Diversion Works near Orinda. The supply is then pumped (or diverted) through the 7-foot, 6-inch diameter steel Briones Aqueduct into Briones Reservoir, discharged into San Pablo Reservoir, or diverted through the 7-foot, 6-inch diameter steel Orinda Raw Water Line to Orinda Filter 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 51 miles of levees maintained by five reclamation districts governing Lower Roberts and Woodward Islands, Orwood and Palm, Upper Jones, and Lower Jones Tracts. 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.

The District worked with the five reclamation districts to obtain \$33.5 million in funding for levee strengthening and to purchase emergency supplies and the District provided the \$6 million local cost share. This funding was used to bring forty-one 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 and the region's agriculture, cultural, and historical resources, as well as the ecosystems in the Delta.

At a cost of \$14 million, the District constructed interconnections to the three Mokelumne Aqueducts on each side of the Delta. These interconnections will allow the District to restore 77% of the raw water system capacity with only one pipe in operation across the Delta. The District 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 will 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.

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.

Raw Water Pumping Plants. The majority of the Water System is gravity-fed, with seasonal pumping. 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 delivery capacity of 105 MGD; however, the configuration of the existing outlet works limits delivery to a maximum rate of 58 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 were placed in service following completion of Briones Reservoir. These facilities supply Briones Reservoir with Mokelumne River water. The four pumps in the Briones No. 2 Pumping Plant can deliver up to a total of 60 MGD.

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 415 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 200 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 over 4,100 miles of pipe, 132 pumping plants and 171 neighborhood reservoirs (including approximately 143 above-ground concrete or steel reservoirs), having an operating capacity of 636 million gallons. The District’s service area is divided into 124 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 Power 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 Hydroelectric Project No. 2916. The current FERC license for these hydropower plants expires on March 31, 2031. These plants generate 185 million kilowatt hours of electricity in normal rainfall years. 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 the Sacramento Municipal Utility District. See “WATER SYSTEM FINANCES – Sources of Funds.”

Regional Intertie. In 2007, the District, the City of Hayward (“Hayward”) and SFPUC completed an intertie to allow for 30 MGD of water to be conveyed between the District and SFPUC water systems via Hayward’s distribution system. This project, which was funded by the participating agencies and the State of California through a Proposition 50 grant, provides the District and neighboring agencies increased flexibility to provide water throughout the region during an emergency. 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 consisted primarily of improvements within Hayward’s water system, although there were associated minor improvements in the District and SFPUC systems.

Water Supply Operations

General. As described above, 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 its principal water source, the Mokelumne River watershed basin in the Sierra Nevada range, across the San Francisco Bay – San Joaquin Delta, to the East San Francisco Bay Area. Set forth below is a location map depicting the District’s water supply system facilities.

Streamflow from the Mokelumne River is collected and stored in the District's Pardee and Camanche Reservoirs, located in the Sierra foothills. Raw water from Pardee Reservoir is transported to the East Bay terminal reservoirs and treatment plants through the Pardee Tunnel, the three Mokelumne Aqueducts, and the Lafayette Aqueducts. The raw water is treated at one of the District's treatment plants before being delivered to customers.

The District operates the water system to achieve multiple objectives. These objectives are to provide municipal water supply benefits, stream flow regulation, fishery/public trust interests, flood control, temperature management and obligations to downstream diverters. 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.

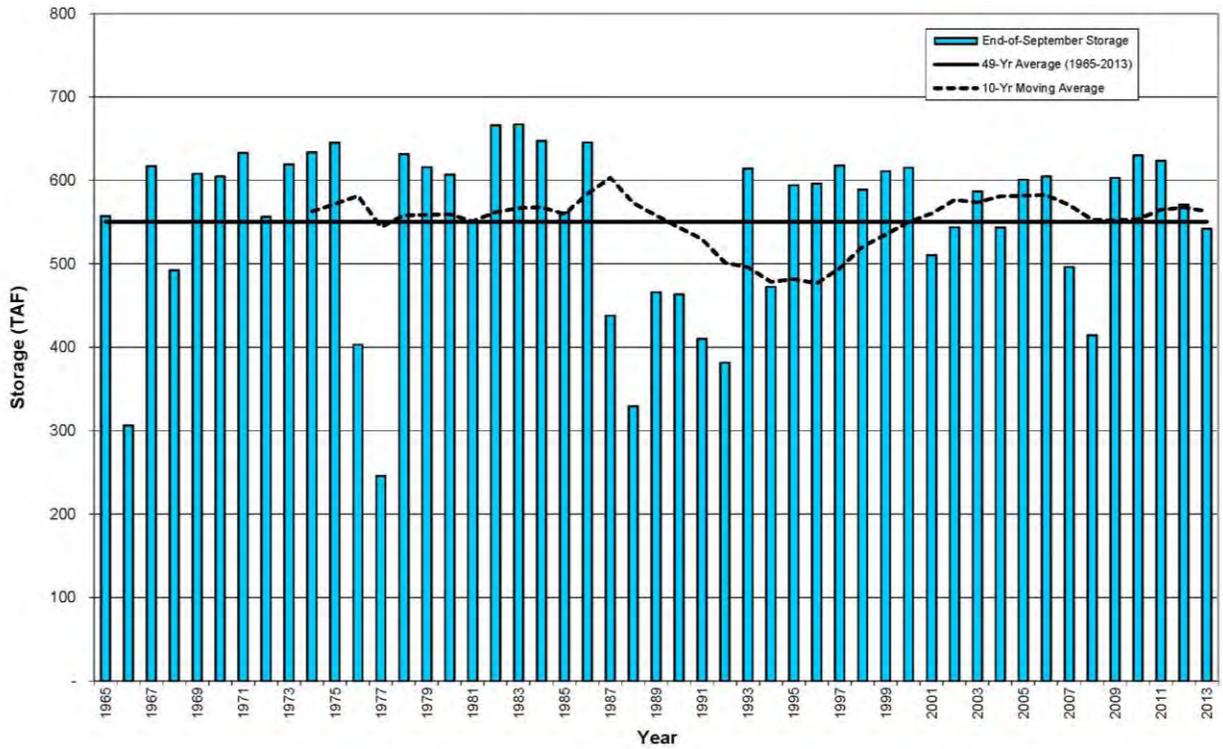
The District plans its operations according to three projections: the California Department of Water Resources ("CDWR") April 1st Water Supply Forecast, the District's End-of-September (the end of the Water Year) projected total system storage, and the District's projected November 5th combined storage 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 also utilized in determining 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 by committing 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 continues to track rainfall, runoff, storage and demand to reassess reservoir operations as needed. By April, the District has a good indication of projected storage conditions for End-of-September total system storage, and November 5th Pardee and Camanche reservoir storage.

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, in which it schedules operations 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. 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 on September 30th. The September 30th storage forecast is used to determine if drought management measures will need to be implemented 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 typically 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 Long-Term Renewal CVP Contract.

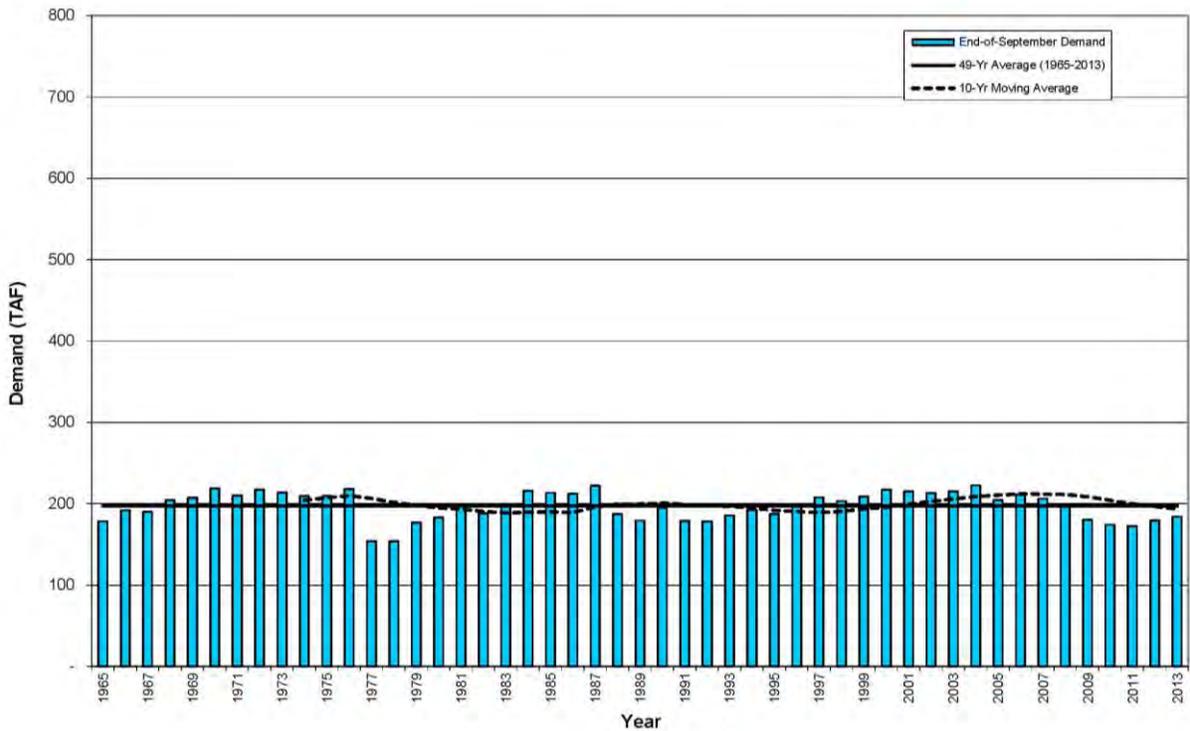
The following graph shows historical End-of-September storage from 1965 to 2013. As shown on the below graph, the driest period for the District was 1976 to 1977. The longest dry period during such time frame was the extended drought from 1987 to 1992.

**Total System Storage
End-of-September**



Set forth below is a graph depicting the total Water System demand for each Water Year from 1965 to 2013.

**Annual Total System Demand
End-of-September**



The District was able to provide water to its customers during the 1976-1977 drought, and during the extended five year drought from 1987 to 1992, without supplemental supply by relying on available storage. The completion of the FRWP in 2011 provides the District with a supplemental supply during dry periods of up to 165,000 acre-feet of water under its Long-Term Renewal CVP Contract over a three-year period as described herein. See “– Water Supply – *United States Bureau of Reclamation Central Valley Project Contract; Freeport Regional Water Project.*” In dry periods, the District will generally meet demands through a combination of voluntary water conservation efforts, utilization of available storage (not below certain threshold levels), available supplemental supply resources, including FRWP, and, when appropriate, implementation of mandatory use restrictions.

Current Water Conditions. California hydrology is highly variable from year to year. The District began Water Year 2014, which commenced on October 1, 2013, with 542,130 acre-feet in total system storage (Pardee, Camanche and East Bay terminal reservoirs). Following a dry Water Year 2013 season, the combined Pardee and Camanche Reservoir storage on November 5, 2013 was 430,540 acre-feet, which was approximately 53,000 acre-feet below the maximum allowable level.

Mokelumne River runoff for Water Year 2013, which ended on September 30, 2013, was 435,000 acre-feet or 58% of the long-term average of 745,000 acre-feet. Water Year 2013 was the twentieth driest on record for precipitation, and total Water System storage, as of October 1, 2013, the start of Water Year 2014, was 71% of capacity or 95% of average.

Dry conditions have continued in 2014. On February 11, 2014, due to the 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%.

The District monitors precipitation and reservoir levels daily. As of March 23, 2014, the District had 475,880 acre-feet of water stored in all of its reservoirs combined. As of such date, the District’s reservoirs were approximately 62% of capacity, or approximately 77% of average. Precipitation since July in the Mokelumne basin was 19.64 inches, or approximately 50% of average. CDWR’s report of snowpack conditions as of April 1, 2014 (April 1 is recognized as the typical peak of the season in any given year) indicates the snowpack’s statewide water content to be 32% of average, and snowpack water content in the central Sierra Nevada mountains (the location of the Mokelumne River watershed) to be 38% of normal for that date. **{Entire paragraph to be updated prior to printing to reflect then most current data available.}**

{Additional paragraph to be added here to summarize the District’s drought response plans for the current year as weather conditions develop and additional determinations are made in April.}

The table below sets forth the capacity and water storage levels at the District’s water reservoirs as of February 28, 2014. **{Table to be updated prior to printing to reflect then most current data available.}**

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Table 3
DISTRICT WATER RESERVOIRS
Current Capacity and Storage Levels

<u>Data as of February 28, 2014</u>	<u>Capacity (acre-feet)</u>	<u>Current Storage (acre-feet)</u>	<u>% of Capacity</u>	<u>% of Average</u>
Mokelumne				
Pardee	197,950	159,970	81%	90%
Camanche	<u>417,120</u>	<u>202,300</u>	48	74
Total Mokelumne	615,070	362,270	59	81
Terminal Reservoirs				
Briones	60,510	50,290	83	88
Upper San Leandro	37,960	29,940	79	96
San Pablo	38,600	23,830	62	70
Chabot	10,350	7,550	73	83
Lafayette	<u>4,250</u>	<u>3,680</u>	87	96
Total Terminal Reservoirs	<u>151,670</u>	<u>115,290</u>	76	85
Total System Storage	766,740	477,560	62	82

Source: District Water Operations Department.

Water Quality and Treatment

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 (“SDWA”) establishes drinking water quality standards, monitoring, public notification and enforcement requirements for public water systems. To achieve these objectives, the United States Environmental Protection Agency (the “EPA”), as the lead regulatory authority, promulgates national drinking water regulations and develops the mechanism for individual states to assume primary enforcement responsibilities. The California Department of Public Health (“CDPH”), formerly known as the Department of Health Services, has lead authority over California water agencies.

Currently, the State and the federal government regulate over 100 potential contaminants. 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 EPA and the CDPH. Test results on the District’s water consistently show that regulated constituents of drinking water either are not detected at all, or they are present in amounts far below limits permitted by State and federal drinking water standards.

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 and the Association of Metropolitan Water Agencies. The District serves on technical advisory committees that interact with the EPA during regulatory development or alteration, and recently worked with the EPA on updates to the Total Coliform Rule. In addition to working with the EPA, 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 set standards for all aspects of water quality. The District was a founding member of the Water Research Foundation (“WRF”) and actively participates in research projects; with the WRF, the District participates on numerous project advisory committees and carries out funded research.

Statewide Water Issues

Currently, the most significant area of attention in statewide water management is the California drought. On January 17, 2014, Governor Jerry Brown declared a statewide drought emergency. Among the responses included in the drought proclamations, State agencies will implement water use reduction plans for all State facilities and a statewide water conservation publicity campaign with a goal of reducing water use statewide by 20%. Further, on March 1, 2014, the Governor signed into law a \$687 million drought relief package. The drought relief bill package accelerates a number of proposals in the Governor’s budget aimed at improving the State’s water supply and storage through infrastructure investments, improving the monitoring and management of groundwater, and addressing water quality issues, particularly in disadvantaged communities. The bill package also appropriates local assistance funds for water and energy efficiency upgrades in the residential, commercial and institutional sectors and for local projects that increase water supply reliability and address the current drought.

Over the last 20 years, there has been ongoing attention at the State and federal level on restoring the San Francisco Bay/Sacramento-San Joaquin Delta (the “Bay Delta”). Processes to achieve this end and some of the recommendations of agencies charged with this “Delta Fix” have been very controversial. The two primary proceedings are the Delta Plan and the Bay Delta Conservation Plan (the “BDCP”).

CDWR is leading the development of the BDCP to meet the requirements of the federal and State Endangered Species Acts in the operation of the export projects in the Delta. The BDCP is best known as a proposal for new water conveyance that would be built to divert Sacramento River water into a tunnel system that would bypass the Delta (through twin tunnels following a fairly direct alignment between several intake facilities on the Sacramento River and south to the Clifton Court Forebay, a reservoir on the Delta in Contra Costa County, approximately 17 miles southwest of Stockton). Numerous export water users are seeking permits through this process, which will also incorporate ecosystem restoration measures among the permit conditions. Governor Jerry Brown proposed a redesigned, downsized facility (from 15,000 cfs to 9,000 cfs) in July 2012. On December 13, 2013, the BDCP and the associated draft environmental impact report/statement were released for public review, with a comment deadline of June 13, 2014. A final BDCP and environmental impact report/statement is anticipated to be available by the end of 2014, at the earliest.

The Sacramento-San Joaquin Delta Reform Act of 2009 established the Delta Stewardship Council, tasked with developing a comprehensive, long-term management plan for the Delta, known as the “Delta Plan.” The Delta Plan is intended to implement the State’s co-equal goals of providing a more reliable water supply for California and protecting, restoring, and enhancing the Delta ecosystem. The Delta Stewardship Council finalized the Delta Plan in May 2013, and the associated regulations became effective September 1, 2013. Seven different lawsuits are pending against the Delta Plan (including the EIR/EIS and associated regulations), filed by interest groups across the stakeholder spectrum, but the potential impact of the litigation on future Delta Plan implementation is unknown.

The District’s water rights are not directly affected by these proceedings but the District has actively followed and commented on these plans for several reasons:

- the District’s fishery restoration efforts on the Mokelumne could be impacted by restoration and or conveyance components of the BDCP;

- the BDCP tunnels will intersect the District’s aqueduct alignment and any construction impacts will need to be mitigated;
- the District’s aqueducts cross the Delta and are protected by miles of levees which the District believes should continue to be maintained as part of any “Delta Fix;”
- the BDCP process will likely result in new flow requirements for the State and federal pumping facilities and the District believes that upstream water users should remain unharmed by any mitigations required to maintain Delta outflows; and
- the District is interested in ensuring that its ratepayers are not required to subsidize BDCP conveyance and mitigation costs that only benefit the State and federal water contractors who receive water pumped from the South Delta.

Another proceeding of significance to the Delta is the update to be conducted by the SWRCB on its Water Quality Control Plan. On January 24, 2012, the SWRCB published a Supplemental Notice of Preparation announcing its intention to review the 2006 WQCP for the Bay Delta. The WQCP sets flow standards and other water quality objectives that must be met to protect beneficial uses. The Notice of Preparation also provided that the SWRCB will prepare a substitute environmental document to evaluate potential modifications to current, and the establishment of new, objectives for the WQCP. The SWRCB also plans to approve a program of implementation that would modify water rights to help meet WQCP objectives. The new or revised objectives and program of implementation will have regulatory effect when implemented. The program of implementation, which will occur over a series of years, may address flow requirements for the Mokelumne River, Sacramento River, and San Joaquin River and tributaries thereto. The SWRCB’s schedule for adopting updated WQCP is uncertain, due in part to the State’s current allocation of resources toward its drought response activities, but the adoption of updated WQCP will be followed in any event by a lengthy (multi-year) proceeding to implement the plan objectives, including any water right amendments.

Climate Change

Global climate change is expected to create greater uncertainty in water supplies and demands in the future. The District has developed mitigation and adaptation strategies to deal with the changing climate and its effect on water resources. In 2008, the District incorporated climate change into its Strategic Plan, and has developed and implemented a climate change monitoring and response plan to inform future water supply, water quality, and infrastructure planning.

The District’s response to climate change focuses on:

- keeping current with science and assessing potential effects of climate change in the Mokelumne and East Bay watersheds;
- determining water supply and infrastructure vulnerabilities;
- monitoring and reducing greenhouse gas emissions caused by the District’s operations;
- integrating climate change in strategic planning and budgeting decisions;
- advocating for new legislation and regulations that help water and wastewater agencies better respond to climate change; and
- developing adaptation and mitigation strategies as part of a water supply management program, including an ongoing emphasis on water use efficiency on both the supply-side and the demand-side.

Seismic Matters

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 District 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 District's service area and the San Andreas Fault is located to the west. The Pardee and Camanche Dams and the District's three aqueducts which carry water from Pardee Reservoir to the District's service area are in other active earthquake fault areas. Although the District has not experienced significant earthquake-related damage to its facilities, the District's Water System and/or its water supply could be adversely affected by a major local earthquake impacting the District's service area, or by earthquake damage to the Pardee or the Camanche Dams or the aqueducts delivering water to the District's service area.

A magnitude 6.8 to 7.0 earthquake on the Hayward Fault is likely within the next few decades according to the United States Geological Survey. A 1994 seismic study prepared for the District examined the likely effects on the District's existing local water system at that time of earthquakes on the Hayward Fault, the Calaveras Fault and the Concord Fault. The study concluded that, in the event of a magnitude 7.0 earthquake on the Hayward Fault, the District would likely experience 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 District also would likely experience significant damage in connection with a lesser magnitude earthquake on the Hayward Fault or an earthquake 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 during the estimated 26-week repair period. Further, in the event of severe earthquake damage to the District's Mokelumne Aqueducts, which carry water from Pardee Reservoir to the District's service area, it was determined repair efforts could take up to one year before water could be transported again to the District's terminal reservoirs. This would necessitate stringent customer conservation, 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 and by 2007, the District substantially completed a \$200 million Seismic Improvement Program (the "SIP"), which focused on improving seismic performance of the distribution systems and facilities and better enabling the District to provide post-earthquake water service. 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, as well as the completion of an alternate transmission pipeline, the Southern Loop; the completion of a fault-line by-pass for the primary transmission line, the Claremont Tunnel; and 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.

Key projects within the SIP include:

Southern Loop Pipeline. The Oakland-Berkeley hills divide the District's service area into two water distribution areas, west-of-hills and east-of-hills. The Southern Loop Pipeline is an 11-mile long emergency transmission pipeline that provides an alternate water supply route after a major earthquake. The Southern Loop connects San Ramon and Castro Valley to create a loop at the southern ends of the water distribution system. This benefits customers by providing increased system redundancy, flexibility and reliability in the District's transmission system across the Hayward Fault.

Claremont Tunnel Seismic Improvement Project. This project upgraded the Claremont Tunnel, a vital transmission facility providing service to 800,000 customers west of the Oakland-Berkeley Hills. This tunnel crosses the Hayward Fault and seismic analysis had suggested that in a magnitude 7.0 earthquake the tunnel would be damaged and most likely be out of service for up to six months for tunnel repairs, resulting in severe water rationing and reduced supplies for firefighting. The facility upgrade, completed in March 2007, consisted of a new 1,501-foot bypass tunnel to replace a vulnerable portion of the tunnel through the Hayward Fault zone as well as repair and reinforcement of other areas. The upgraded tunnel affords District customers substantially enhanced post-earthquake reliability.

Mokelumne Aqueduct No. 3 Seismic Upgrade Project. This project involved seismically retrofitting Mokelumne Aqueduct No. 3, the District's largest aqueduct, at a cost of approximately \$40 million, to improve its ability to withstand a maximum credible seismic event.

Building Structure Seismic Improvement Project. The Building Structure Seismic Improvement Project retrofitted occupied District buildings, including, but not limited to, the upgrade of the Administration Building to meet life safety performance goals and to ensure availability of facilities for post-earthquake operation.

Reservoir Seismic Upgrades Project. The Reservoir Seismic Upgrades Project addressed seismic risks to 70 distribution tanks to assure continued water storage following an earthquake and mitigate the risks to life safety that would result from tank failure. Other accomplishments include the completion of landslide mitigations and the installation of seismic isolation valves at reservoirs and valve pit roof anchorages.

The SIP improvements collectively will allow the District to meet its service restoration goal of providing water service to 70% of its customers within ten days after a major seismic event. The District continues to enhance seismic safety as part of its comprehensive capital improvement project planning process (discussed under “– Capital Improvement Program” below). That process has to date resulted in major seismic upgrades, such as a \$76 million seismic upgrade to the dam at the largest of the local water storage reservoirs, San Pablo Reservoir, which was completed in 2010, and the integration of seismic upgrades into ongoing facility renewal work.

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 Subordinated Water Revenues would be sufficient to pay the principal of and interest on any outstanding Water System Revenue Bonds.

Security and Emergency Preparedness

The District has implemented a security and emergency preparedness program that includes a Security Operations Control Center (the “SOCC”) that is staffed seven days a week, 24 hours a day. The SOCC houses a proprietary centralized security system to monitor access controls, digital video cameras and recorders, and security alarms. This security system includes supervisory control and data acquisition (“SCADA”) alarms related to entry points and critical water distribution system hatches. The dispatchers at the SOCC monitor alarms, assess conditions using a closed circuit television system, and dispatch security and law enforcement response as needed for alarms and reports of suspicious circumstances or crimes at District facilities. In addition, the District maintains access controls for its 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 contracts, and both units patrol the District's critical infrastructure and key resource facilities from the foothills in the Sierra Mountains to the San Francisco Bay. Contract security officers are also used to supplement automated access controls at certain key facilities.

In order to address emergency response by the District, the District has an established Emergency Operations Plan. Pursuant to the District's Emergency Operations Plan, District employees are sworn disaster services workers, and staff is trained to use the State Office of Emergency Services Standardized Emergency Management System (SEMS) 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. The District also has adopted business continuity plans to ensure the District's ability to respond to, work through and recover from any emergency or other event that disrupts its normal business functions.

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 self-insures for liability claims up to \$10 million for bodily injury and property damage that may arise from the District's water and wastewater operations, including but not limited to use of its property, facilities or vehicles. The District also maintains fidelity protection against fraudulent acts of employees.

The District maintains a reserve of approximately \$10 million that is earmarked to pay both liability and workers' compensation claims that may arise from the District's water and wastewater systems' operations. See also "WATER SYSTEM FINANCES – Financial Management Policies.

Selected insurance coverages include the following:

- \$90 million of commercial general and automobile liability insurance, subject to a \$10 million 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;
- \$200 million in coverage for "all risk" property insurance, subject to a \$500,000 deductible, with exclusions including, but not limited to, earthquake, dams, reservoirs, under- and above-ground pipes and aqueducts, with the exception of \$2.5 million in flood coverage for above-ground aqueducts;
- \$25 million per occurrence/annual aggregate in coverage for flood perils, subject to a \$1.5 million deductible; the policy also provides a flood sublimit of \$10 million per occurrence/annual aggregate for losses wholly or partially within the areas of 100-year flooding as defined by FEMA with a deductible of 5% of the total insurable property values at the time of the loss at each location involved in the loss, and subject to a \$1.5 million minimum deductible per occurrence/annual aggregate with the same exclusions as under the "all risk" policy described above;
- \$10 million in coverage for boiler and machinery insurance, subject to a \$25,000 deductible (except for Pardee Dam, Camanche Dam and the Main Wastewater Treatment Plant, for which a \$50,000 deductible applies); and
- \$10 million in coverage for crime insurance, subject to a \$25,000 deductible.

Capital Improvement Program

The District's biennial budget planning process includes an update of facilities needs for the ensuing five fiscal years. A series of master plans document needs by specific asset classes (such as pipes, reservoirs and other assets). The master plans include assessments of key facilities, considering engineering condition assessments as well as operational performance and maintenance histories. Facilities in need of rehabilitation or replacement are identified and prioritized. Project scopes are also defined (for example, replacement of aging mechanical or electrical gear, seismic upgrades, or other defined scopes).

The results of the master plans are considered during the biennial update to the Capital Improvement Program (the "CIP"). The last CIP update was completed in 2013 and included a five-year capital expenditure forecast for Fiscal Years 2014 through 2018. Based upon this latest CIP forecast, the District's cash expenditures for capital improvements to the Water System for Fiscal Years 2014 through 2018 are estimated to aggregate approximately \$1,036.3 million.

Table 4 below summarizes the District's Fiscal Years 2014 through 2018 projected CIP cash expenditures by major category.

Table 4
Fiscal Years 2014-2018
Capital Improvement Program
FY 2014 and FY 2015 Biennial Budget
Forecast – Cash Expenditures
(Thousands)

	<i>Fiscal Year ended June 30</i>					
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>
Maintaining Infrastructure	\$ 81,767	\$ 87,297	\$101,125	\$ 98,190	\$ 83,395	\$ 451,774
Extensions/Improvements	17,977	19,427	32,366	48,283	48,419	166,473
Facilities, Services & Equipment	12,142	9,102	6,158	7,229	6,359	40,990
Regulatory Compliance	6,711	17,043	10,640	10,150	16,553	61,097
Water Supply	21,008	17,266	21,029	20,895	21,670	101,868
Resource Management	2,942	4,659	1,994	1,347	708	11,650
Water Quality	8,518	6,117	2,180	3,624	6,951	27,390
Admin. & General Expense ⁽¹⁾	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>175,000</u>
Total	\$186,065	\$195,911	\$210,492	\$224,718	\$219,055	\$1,036,242

⁽¹⁾ Includes overhead, construction management and other administrative costs which are allocated to individual projects upon their completion.

Source: The District.

The cost estimates are adjusted periodically and represent preliminary estimates at the time of development of the capital plan for planning purposes only.

Included in such five-year capital plan are the major programs and projects described below:

Maintaining Infrastructure. These programs focus primarily on the replacement or rehabilitation of District facilities to ensure continued reliable performance. The majority of the work in this category involves pipeline projects, including pipeline improvements, replacements and extensions, and replacement of pipeline appurtenances, such as valves, lead service connections, hydrants and meters at the end of their useful lives. The District's inventory of over 4,100 miles of distribution pipe is managed

to maintain reliable service and a leak rate that is consistent with industry standards. Pipes are scheduled for renewal primarily through the evaluation of maintenance histories. In Fiscal Years 2014 and 2015, work is anticipated to include construction of 10 miles of pipeline replacements per year. In Fiscal Years 2016 through 2018, work is anticipated to include 11 miles of pipeline replacements per year. Additional pipeline installation is performed as needed to serve new customers. This program also includes the ongoing evaluation of various pipe materials and their performance over time. For example, an asbestos cement pipe study and replacement program is being undertaken that will implement a testing program and investigate alternative asbestos cement pipe rehabilitation methods.

Appurtenances such as service laterals, hydrants and meters are also managed such that devices are installed to accommodate new service connections, and existing appurtenances are replaced at the end of their useful life. One focus area for several years has been cost-effective replacement of defective polybutylene service laterals. As of March 1, 2014, approximately 70% of the estimated 64,300 polybutylene laterals have been replaced. The current strategy will be to continue replacing laterals when failures occur and to pre-emptively replace laterals on a planned basis where cost-effective opportunities arise.

Major facilities such as reservoirs, pumping plants, and rate control stations are addressed in the CIP, based on the master planning process described earlier. In general, the projects address structural integrity, worker safety, operational reliability, regulatory requirements and water quality issues. For example, in Fiscal Years 2014 through 2018, on average three to four of the District's 80 steel reservoirs are expected to be recoated each year in order to prevent corrosion and thereby extend the life of the facilities. In addition, design and construction of rehabilitation projects at 25 pumping plant facilities is expected, as well as planning and design for the replacement of the San Pablo Clearwell in Kensington, Central Reservoir in Oakland, and North Reservoir in Richmond.

System Extensions and Improvements. System Extensions and Improvements provide service to new customers and/or improve service to existing customers. The majority of work in this category focuses on making improvements to various components of pressure zones such as pipelines, reservoirs, pumping plants and water treatment plants to improve system reliability for existing customers, and to provide service to new customers within the ultimate service boundary.

The pressure zone improvements program addresses systematic improvements to the District's 124 pressure zones, including upgrading or replacing reservoirs, pumping plants and transmission systems to increase storage capacity and improve water quality. In Fiscal Years 2014 through 2018 these improvements are anticipated to include storage improvements in Castro Valley, reservoir replacements in Oakland and Berkeley, pumping plant and reservoir improvements in El Sobrante and various transmission improvements in areas west of the Berkeley hills.

The water treatment and transmission improvements program involves additions of new facilities and upgrades of existing facilities which are designed to allow the District to more efficiently meet current and future regulatory standards related to both source water and treated water quality, comply with environmental permit conditions and replace and upgrade aging infrastructure. In Fiscal Years 2014 through 2018, this work is expected to include distribution improvements in the Lafayette, Orinda, Moraga and western Walnut Creek areas. In addition, upgrades and improvements are planned for the District's water treatment plants in El Sobrante, Oakland and Walnut Creek.

Facilities, Services & Equipment. Projects and programs included in the Facilities, Services and Equipment category include security improvements at various facilities, implementation of new computer systems, and replacing old vehicles and equipment. In Fiscal Years 2014 through 2018, a variety of improvements at the District's administration building in Oakland are planned, including replacement of the fire alarm and life safety system, replacement of roofing and waterproofing, upgrades to boilers for

improved energy efficiency, replacement of the cooling tower and certain chiller systems, and replacement of the uninterrupted power supply unit and power distribution unit in the data center and the air conditioners in the computer server rooms. In addition, replacement of the District's materials management, human resources and financial information systems are anticipated. Additional projects to be completed in the current five-year capital plan include security improvements to numerous facilities, including fencing, lighting, alarms, video monitors and card readers, as well as ongoing periodic replacement of construction equipment and vehicles.

Regulatory Compliance. Regulatory compliance projects are contemplated in furtherance of the District's objectives for continued compliance with all air, land and water discharge requirements and the implementation of preventative and corrective maintenance programs. The work in this area primarily focuses on dam safety improvements and modifications to reservoir towers. Planned dam safety improvements include upgrades to dams, outlet towers, clearwells and spillways to meet earthquake and flood safety requirements. In addition, seismic evaluations and dam freeboard increases are anticipated to address seismic safety. Upcoming seismic evaluations are scheduled for Moraga Reservoir, Dunsuir Reservoir in Oakland, Leland Reservoir in Lafayette, and Sobrante Clearwell. A variety of reservoir tower upgrades are expected to be completed at the San Leandro, Lafayette, Briones and Chabot reservoirs during Fiscal Years 2014 through 2018. In addition, seismic upgrade of the Chabot Dam in San Leandro is expected to be completed in Fiscal Year 2016 and upgrades are planned at Camanche Dam in Fiscal Years 2016 through 2019.

Water Supply. Water supply projects include those capital projects being undertaken to further the District's objectives to ensure a reliable, high quality water supply for the future and to preserve current entitlements and obtain additional supplemental supplies, as well as conservation and recycling projects designed to reduce the demand for potable water. The focus of water supply projects during Fiscal Years 2014 through 2018 will primarily be on maintaining the raw water aqueducts.

Included within the water supply capital programs is the aqueducts program, which consists of evaluating and improving the raw water aqueduct system to reliably meet operational requirements. Ongoing work to remove lead-based paint and recoat portions of the ten miles of above-ground pipe of the Mokelumne Aqueducts is expected to be completed in during the current five-year capital plan. Planned work includes the replacement of portions of the cement lining in the Mokelumne Aqueducts that protects the steel pipeline from corrosion. In addition, remedial work on 220 isolation bearings and the rebuilding of four temperature anchors on the District's aqueducts will begin.

Consistent with WSMP 2040, during Fiscal Years 2014 through 2018, the District will also pursue supplemental water supply efforts that include Mokelumne regional projects, Sacramento Basin ground water banking, regional desalination, water transfers, and potential partnering with the Contra Costa Water District for a share of the storage in their expanded Los Vaqueros Reservoir. See also "– Water Supply Management Plan."

Resource Management. Resource management projects further the District's objectives to manage the Mokelumne and East Bay watersheds to ensure a high quality water supply; protect natural resources; provide public access and recreational opportunities compatible with water quality and natural resource protection; and prepare master plans to protect natural resources and ensure drinking water quality. Work in this area will focus on making improvements to recreational facilities at Camanche and Pardee Reservoirs, and updating habitat conservation and watershed management plans. Planned projects include upgrades to campgrounds, docks, roadways and parking facilities in the District's recreation areas, as well as improvements in site drainage, utility services and storm water management to enhance water quality, support customer needs and protect the environment.

Water Quality. Water quality projects are designed to enable the District to meet its objectives to operate and maintain facilities to surpass federal and State drinking water regulations, and to make system improvements that meet or surpass regulatory requirements. The majority of work in this category focuses on making improvements to reservoirs and water treatment plants to improve water quality. Planned projects for Fiscal years 2014 through 2018 include rehabilitation and modernization improvements to five of the District’s water treatment plants, including, for example, electrical upgrades, filter backwash and control system improvements, installation and/or automation of chemical feed lines, sludge pipeline replacement and sludge detention tank recoatings, emergency power supply improvements, and storm drain and ventilation system improvements.

Other Potential Projects. The District also has appropriated funds to meet unanticipated capital needs and for projects that are seeking grant funding. These funds will be used to pay for capital expenditures such as replacements or repairs to facilities and equipment and to fund new or accelerate existing projects in between budget cycles. Funds will also be available for grant funded projects that normally require the District to fund the costs and then apply for reimbursements. Some of the potential grant funded projects include Delta interties and design of pipeline river crossings, additional phases of the East Bayshore Recycled Water Project, and extending recycled water service to northern San Ramon/Bishop Ranch as part of the San Ramon Valley Recycled Water Program. See also “– Water Recycling.”

The District’s estimated funding sources for its CIP for Fiscal Years 2014 through 2018 is set forth below:

**Table 5
Fiscal Years 2014-2018
Sources of Funds for Capital
Improvement Program Expenditures**

<i>Funding Sources</i>	<i>(Millions)</i>
Commercial Paper Proceeds	\$ 0
Bond Proceeds ⁽¹⁾	440.5
Advances, Contributions and Grants	94.3
Revenues	<u>501.5</u>
Total	<u>\$1,036.3</u>

⁽¹⁾ Includes the Series 2014C Bonds to be issued.
Source: The District.

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 2013, approximately 77% of the Water System's \$438.4 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, and grants and contributions in aid of construction. The District's share of the county 1% property tax levy contributed approximately 6%, or \$26.4 million of the total sources of funds. In Fiscal Year 2013, the Water System's hydroelectric power plants produced power revenues of approximately \$3.6 million and the District's income on investments was approximately \$3.7 million. Contributions in aid of construction totaled \$55.8 million, including \$20.6 million of seismic surcharge collections, \$22.7 million of system capacity charges collected during such year (which excludes accumulated system capacity charge funds available to offset debt service costs for such Fiscal Year), \$4.5 million of contributions for facility relocations, main extensions and service installations, and \$8.0 million of grants and other reimbursements.

The following Table 6 sets forth the District's Water System sources of funds for the five most recent Fiscal Years ended June 30, 2013. The sources of funds in the table below include certain funds which do not constitute Subordinated Water Revenues for purposes of funds pledged under 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. See "– Tax Revenues." 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. See "SECURITY FOR THE SERIES [2011A][2014A][2014B][2014C] BONDS – Pledge of Subordinated Water Revenues." Comparative summaries of the Water System's historical operating results and debt service coverage ratio for each of the last five Fiscal Years appear in Table 19.

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Table 6
WATER SYSTEM SOURCES OF FUNDS
Five Fiscal Years Ended June 30, 2013
(Millions)

	<i>Fiscal Year Ending June 30</i>				
	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
Operating Revenue and Other Income:					
Water sales	\$287.3	\$271.0	\$283.6	\$306.2	\$336.1
Power sales	4.3	6.2	8.1	4.6	3.6
Interest ⁽¹⁾	24.5	9.6	5.7	5.5	3.7
Taxes	23.4	22.9	22.2	23.4	26.4
Other ⁽²⁾	<u>6.1</u>	<u>7.7</u>	<u>13.4</u>	<u>16.2</u>	<u>12.8</u>
Total Operating Revenue and Other Income	<u>\$345.6</u>	<u>\$317.4</u>	<u>\$333.0</u>	<u>\$355.9</u>	<u>\$382.6</u>
Capital Contributions:					
Seismic Surcharge	\$ 15.5	\$ 16.7	\$ 18.1	\$ 19.2	\$ 20.6
System Capacity Charge ⁽³⁾	10.9	12.5	17.6	16.1	22.7
Earned contributions on construction ⁽⁴⁾	10.8	6.0	6.5	5.8	4.5
Grants and reimbursements	<u>1.2</u>	<u>4.7</u>	<u>3.6</u>	<u>4.1</u>	<u>8.0</u>
Total Contributions	<u>\$ 38.4</u>	<u>\$ 39.9</u>	<u>\$ 45.8</u>	<u>\$ 45.2</u>	<u>\$ 55.8</u>
Total	<u>\$384.0</u>	<u>\$357.3</u>	<u>\$378.8</u>	<u>\$401.1</u>	<u>\$438.4</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.

Water Sales Revenues

Water sales to residential accounts provide approximately 62% of the District's water sales revenues. Approximately 89% 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 53.8% of consumption. The District's five largest customers are Chevron U.S.A. Inc. and its subsidiaries, Conoco Phillips, the University of California, Golden Rain Foundation (Rossmoor retirement community) and the C&H Sugar Company. In Fiscal Year 2013, the five largest customers consumed approximately 9.6% of the District's water; Chevron U.S.A. Inc. and its subsidiaries alone consumed 4.2%.

The following Table 7 sets forth water sales revenues, consumption and number of connections by customer type for the Fiscal Year ended June 30, 2013.

Table 7
WATER SALES REVENUES, CONSUMPTION AND NUMBER
OF CONNECTIONS BY CUSTOMER TYPE
Fiscal Year Ended June 30, 2013

<i>Type of Customer</i>	<i>Sales Revenues ⁽¹⁾</i>	<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	\$208,500,630	62.0%	90.6	53.8%	345,169	89.0%
Commercial	85,701,930	25.5	53.9	32.0	37,788	10.0
Industrial	20,795,921	6.2	16.0	9.5	1,490	0.4
Other ⁽²⁾	<u>21,067,035</u>	<u>6.3</u>	<u>7.9</u>	<u>4.7</u>	<u>2,423</u>	<u>0.6</u>
Total	<u>\$336,065,516</u>	<u>100.0%</u>	<u>168.4</u>	<u>100.0%</u>	<u>386,870</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.

Source: The District.

Rates and Charges

The District's rates and rate structure are established by its Board of Directors after a public hearing process, and are not subject to regulation by any other agency. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 218" for a discussion of the notice, hearing and protest procedures to which the District's proposed rate increases are subject.

From Fiscal Year 2009 through Fiscal Year 2015, residential rates 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. The average residential rate increases enacted by the District for Fiscal Years 2009 through 2015 are as follows:

Table 8
WATER RATE INCREASES

<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.

The District's water rate structure is based on a cost of service methodology by customer class.

The rate structure consists of two elements: a monthly service charge and a commodity charge for water delivered. With the exception of single family residential customers, commodity charges for water delivered are based on a uniform volume rate. Single family residential customers are billed on a three-tier inclining block rate structure.

Table 9 shows the rate schedule effective July 1, 2013 for Fiscal Year 2014, which represents an average increase of 9.75% for residential customers from Fiscal Year 2013 rates. The monthly water bill for a typical residential account consuming 1,000 cubic feet (10 Ccf or 7,480 gallons) per month is \$44.41. See also Table 20 under “– Projected Operating Results” for a description of projected future rate increases.

Table 9
WATER SYSTEM RATES AND CHARGES⁽¹⁾
Effective July 1, 2013

Service Charge

<i>Meter Size</i>	<i>Per Month</i>
5/8-inch and ¾-inch	\$13.42
1-inch	21.58
1 ½-inch	34.79
2-inch	50.83
Over 2-inch	Various

Charge for Water Delivered

<i>Rate Class</i>	<i>Per Hundred Cubic Feet (Ccf)</i>
Basic Rate – Single Family ⁽²⁾	2.66
Basic Rate – Multi Family	3.36
Basic Rate – Other	3.48
Elevation Surcharges ⁽³⁾ – Pressure Zones 2 through 5	0.50
Pressure Zones 6 and higher	1.02

⁽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 \$3.29 per Ccf for consumption between 173 and 393 gallons per day (16 Ccf) and \$4.04 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 \$2.66 per Ccf would be \$18.62 and the water usage charge for the additional 3 Ccf at the second tier rate of \$3.29 per Ccf would be \$9.87, for a total charge for water delivered of \$28.49; the monthly service charge would be \$13.42 and the seismic surcharge would include a \$1.25 monthly meter charge component and a \$1.25 water service availability component, resulting in a total monthly bill of \$44.41.

⁽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.

Seismic Surcharge

The District's seismic surcharge is a rate surcharge designed to recover costs of the SIP. See “THE WATER SYSTEM – Seismic Matters.” The basis for the charges is to: (i) provide fire flow availability for real property after a seismic event; and (ii) provide continued water service to residential,

commercial and industrial customers after a seismic event. The surcharge is collected as part of the water bill and was established for the period of May 1, 1996 through February 28, 2025. The surcharge is sized to ensure that sufficient funds are available to fund construction of recommended seismic improvements with allowance for inflation in construction costs and growth in customer base.

For a typical residential customer in Fiscal Year 2014, the seismic surcharge consists of a \$1.25/month meter charge for a typical 5/8” meter plus a charge of \$1.25/month per single-family residential customer for water service availability. Outside of single-family and multi-family residential customers, the water service availability component is based on the customer’s consumption and is charged at a rate of \$0.14 per 748 gallon billing unit due to the wide variation in water use by non-residential customers. The District’s Board annually reviews these charges and adjusts them as necessary to ensure the seismic surcharge collected will meet all obligations of the program.

Comparison of Annual Water Service Charges

Table 10 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 1,000 cubic feet of water (7,480 gallons) per month. Charges are for the minimum cost zone or area served by the agency as of June 2013.

Table 10
COMPARATIVE ANNUAL RESIDENTIAL WATER CHARGES
For 10 Ccf/Month and 5/8” Meter
As of June 2013

<i>Water Supplier</i>	<i>Average Annual Household Water Service Charge</i>
City of Palo Alto	\$831
City and County of San Francisco	714
City of Hayward	630
Contra Costa Water District	603
Marin Municipal Water District	578
North Marin Water District	577
City of San Jose	562
City of Los Altos	561
Alameda County Water District	557
Dublin San Ramon Services District	556
East Bay Municipal Utility District⁽¹⁾	533
City of Livermore	505
City of Pleasanton	340

⁽¹⁾ Based on District’s Fiscal Year 2014 rates effective July 1, 2013 through June 30, 2014. Includes seismic surcharge. Source: The District.

Billing and Collection Procedures

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. Service may be discontinued if an overdue account is not paid after appropriate customer notification. The District considers its 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. The write-offs for uncollectible accounts by Fiscal Year have been:

Table 11
WATER SALES UNCOLLECTIBLE REVENUES
Last Five Fiscal Years

<i>Fiscal Year Ended June 30</i>	<i>Uncollectible Revenues</i>	<i>Percent of Gross Billings</i>
2009	\$1,876,591	0.65%
2010	1,745,358	0.64
2011	1,588,746	0.56
2012	1,344,226	0.44
2013	1,898,610	0.57

Source: The District.

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 service 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 in future years to offset debt service costs attributable to SCC-related capital facilities. In Fiscal Year 2013, SCCs collected totaled \$22.7 million (the “buy in” portion of \$16.2 million and the “future water supply portion” of \$6.5 million).

For purposes of the Indenture, the District has included in the SCC Revenues as shown in Table 19 for Fiscal Years 2009 through 2013, the “buy in” portion of SCC charges when collected and the debt service repayment component of the “future water supply” portion of SCC charges when applied from the Future Water Supply Fund to offset debt service costs attributable to SCC-related capital facilities. For Fiscal Year 2013, the District recognized SCC Revenues of \$22.7 million.

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. As a result, no SCC amounts are reflected as operating revenues in the District’s financial statements.

Due to the significant capital expenditures by the District on the FRWP and other capital improvements and the associated application of SCCs to the reimbursement of debt service and other costs related thereto, the application of SCC funds to offset debt service increased significantly beginning in Fiscal Year 2010.

Supplemental Supply Charge

As described under “Water Supply – *United States Bureau of Reclamation Central Valley Project Contract; Freeport Regional Water Project*,” the District’s approved water rates include a supplemental supply charge of 14% of total potable water flow charges which is to be added to customers’ water bills during droughts when the Board declares a need to take deliveries of its CVP water under the Long-Term Renewal CVP Contract [(which has not occurred since FRWP was completed in late 2011)] **{update once 2014 drought response plan determined; delete parenthetical if utilized in 2014}**. The supplemental supply charge is designed to cover the costs of operating the FRWP and the costs of CVP water during dry year periods when the District takes deliveries of CVP water.

Prior to completion of the FRWP, during the 2008-09 drought, the District implemented special drought rate increases that included a 10% rate increase on water flow charges, a new surcharge for each account’s water use allocation equal to \$2.00 per Ccf of all water used in excess of the account’s water use allocation, and a new non-potable water use incentive rate. These rates were designed to encourage customers to reduce water use, to compensate for lost revenue due to reduced water use, and to fund drought management programs in the District. The drought surcharge was rescinded by the District as of July 1, 2009 as drought conditions subsided.

Property Tax Revenues

The District’s share of the countywide 1% *ad valorem* property tax levy has provided approximately 5% to 6% of total operating 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 12 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 XIII A 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.

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Table 12
TAXABLE PROPERTY WITHIN THE WATER SYSTEM
Assessed Valuation and Tax Collection Record

	<i>Fiscal Year Ending June 30</i>				
	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
Assessed Valuation for Taxation Purposes ⁽¹⁾					
Alameda County	\$ 93,523,188,294	\$ 91,896,215,219	\$ 92,498,938,097	\$ 94,461,089,218	\$ 98,956,612,301
Contra Costa County	<u>82,362,321,780</u>	<u>79,539,647,643</u>	<u>79,611,319,471</u>	<u>81,232,708,213</u>	<u>83,100,933,502</u>
Total	\$175,885,510,074	\$171,435,862,862	\$172,110,257,568	\$175,693,797,431	\$182,057,545,803
District Secured Roll Tax Receipts ⁽²⁾					
Alameda County	\$ 11,862,545	\$ 11,820,322	\$ 11,404,014	\$ 12,463,643	\$ 14,417,608
Contra Costa County	<u>11,554,756</u>	<u>11,068,795</u>	<u>10,831,553</u>	<u>10,921,960</u>	<u>12,018,366</u>
Total	\$ 23,417,301	\$ 22,889,117 ⁽⁴⁾	\$ 22,235,567	\$ 23,385,603	\$ 26,435,974
Delinquent June 30 ⁽³⁾					
Amount	\$ 671,633	\$ 463,326	\$ 377,242	\$ 353,191	\$ 260,612
Percent	2.87%	2.02%	1.70%	1.51%	0.99%

⁽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 as described above. 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 \$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.

Historically, from time to time, legislation was 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. In the last decade, 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% county-wide *ad valorem* property tax revenues. See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

The tax rolls for property located within the District Water System service area for the Fiscal Year ended June 30, 2013, aggregated a total assessed valuation of approximately \$182.1 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 185 million kilowatt hours of electricity in normal rainfall years. The power is sold to the Sacramento Municipal Utility District under a 10-year power purchase agreement which expires in July 2015. This power purchase agreement includes the sale of hydroelectric power, available capacity during summer months, and environmental attributes (*i.e.*, credits, benefits, offsets, reductions or allowances resulting from the generation of renewable energy). Annual revenues to the District from power sales have ranged from approximately \$3.6 million to \$8.1 million over the last five fiscal years. Revenues from power sales vary depending on power prices and the volume of water available for release from the reservoirs. The District currently budgets \$5.7 million annually in hydropower revenue.

Developer Contributions

Cash contributions for main extension and other facilities to serve new customers depend on the level of development. In addition to collection of its SCC (as described under "System Capacity Charge" above), District policy requires new applicants for service to pay direct charges for mains, hydrants, and services necessary to serve them. In Fiscal Year 2013, developer contributions collected for facility relocation charges, mains and hydrants and service installations totaled \$4.5 million. These developer contributions are treated as capital contributions and are not included in Subordinated Water Revenues for purposes of the Indenture.

Grants

Grants are received for specific projects. In Fiscal Year 2013, the District collected approximately \$8.0 million in grants. The District also received \$54,944 in federal and State Disaster Relief funds in Fiscal Year 2013 primarily to reimburse the District for damages resulting from a levee break in the Sacramento-San Joaquin Delta that occurred in 2006 causing damage to the District's Mokelumne Aqueducts. An aggregate amount of \$2.9 million in grants and reimbursements is budgeted for Fiscal Years 2014 through 2018. Grants and reimbursements are treated as capital contributions and are not included in Subordinated 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. Operation and Maintenance Costs also include materials, supplies and services such as costs of chemicals for water treatment and electrical power, and other general and administrative expenses.

Outstanding Debt

Table 13 shows the District's Water System debt outstanding as of [May] 1, 2014. 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 May 1, 2014, there remains \$602,330,000 of authorized but unissued Water System revenue bonds under Resolution No. 33606-07 adopted on June 12, 2007] **{in new money OS change to reflect reduction Following the issuance of the new money bonds}**, pursuant to which the Board declared its intention to authorize the issuance of up to \$1,100,000,000 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 bonds to be issued pursuant to Resolution No. 33606-07, expired without challenge). The District may from time to time in the future adopt other resolutions authorizing the issuance of additional Water System Revenue Bonds and Parity Debt, subject to the satisfaction of the conditions set forth in the Indenture. See "SECURITY FOR THE SERIES [2011A][2014A][2014B][2014C] BONDS – Issuance of Additional Water System Revenue Bonds and Parity Debt; Junior and Subordinate Obligations."

Low-interest loans were made by the SWRCB and the CDWR to the District to finance certain water reclamation and reuse facilities within the District to conserve fresh water supplies. See "SECURITY FOR THE SERIES [2011A][2014A][2014B][2014C] BONDS – Outstanding Water System Revenue Obligations – *State Loans*."

Tax-exempt Extendable Municipal Commercial Paper Notes (Water Series) ("Water System CP Notes") and Extendable Municipal Commercial Paper Notes (Wastewater Series) ("Wastewater System CP Notes") are issued by the District from time to time pursuant to Resolution No. 33705-09 of the District, which authorizes, as provided in the Municipal Utility District Act, a maximum outstanding principal amount of notes 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. As of May 31, 2013, the District determined the maximum authorized principal amount of commercial paper notes pursuant to the above limit to be an amount not to exceed \$475,000,000. As of [May] 1, 2014, \$372,900,000 principal amount of Water System CP Notes were outstanding and \$15,000,000 principal amount of Wastewater System CP Notes were outstanding. The Water System CP Notes are payable from and secured by a pledge of Water Revenues on a basis subordinate to the Water System Revenue Bonds.

Table 13
OUTSTANDING WATER SYSTEM DEBT
(as of [May] 1, 2014)

<i>Issue</i>	<i>Date of Issue</i>	<i>Last Maturity</i>	<i>Amount Issued</i>	<i>Outstanding May 1, 2014</i>
<u>Water System Revenue Bonds</u>				
Revenue Bonds, Series 2005A ⁽¹⁾	6/02/05	6/01/35	\$ 300,000,000	\$ 228,250,000
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	35,700,000
Revenue Refunding Bonds, Series 2008A ⁽²⁾	3/20/08	6/01/38	322,525,000	200,550,000
Revenue Refunding Bonds, Series 2008B-3 ⁽³⁾	4/24/08	6/01/26	160,000,000	15,100,000
Revenue Refunding Bonds, Series 2009A ⁽⁴⁾	3/12/09	6/01/26	331,155,000	82,075,000
Revenue Refunding Bonds, Series 2010A	2/03/10	6/01/31	192,830,000	190,570,000
Revenue Bonds, Series 2010B (Build America Bonds)	2/23/10	6/01/40	400,000,000	400,000,000
Revenue Refunding Bonds, Series 2011A ⁽⁵⁾	12/29/11	6/01/25	159,210,000	148,170,000
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	339,995,000
Revenue Refunding Bonds, Series 2013A	03/05/13	6/01/21	<u>48,670,000</u>	<u>48,670,000</u>
Total Water System Revenue Bonds			\$2,969,550,000	\$2,210,830,000
<u>Parity Debt:</u>				
Safe Drinking Water State Revolving Fund Loan (Upper San Leandro Reservoir)	1/01/03	1/01/23	2,188,000	1,229,909
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	\$16,065,924
<u>Subordinate Debt:</u>				
Extendable Municipal Commercial Paper Notes (Water Series) ⁽⁵⁾	Various	Various	<u>372,900,000⁽¹⁾</u>	<u>372,900,000</u>
Total Debt			<u>\$3,364,738,000</u>	<u>\$2,599,795,924</u>

(1) A portion of the Series 2005A Bonds are expected to be refunded with proceeds of the District's Series 2014A Bonds. See "PLAN OF FINANCE – Additional Financings Being Undertaken by the District." **{In 2014A OS reference only to Plan of Finance.}**

(2) Liquidity support currently provided by Standby Bond Purchase Agreements with Wells Fargo Bank, National Association (Series 2008A-1 Bonds and Series 2008A-4 Bonds) and U.S. Bank National Association (Series 2008A-2 and Series 2008A-3 Bonds). See "Table 15 – Liquidity Facilities and Expiration Dates" below. The District has entered into interest rate swap agreements that provide a hedge for the Series 2008A Bonds. See "Table 16 – Water Interest Rate Swap Agreements" below. See also "SECURITY FOR THE SERIES [2011A][2014A][2014B][2014C] BONDS – Outstanding Water System Revenue Obligations – *Interest Rate Swap Agreements.*" [A portion of the outstanding Series 2008A Bonds may be refunded with proceeds of the District's Series 2014B Bonds. See "PLAN OF FINANCE – Additional Financings Being Undertaken by the District." **{In 2014B OS reference only to Plan of Finance.}**]

(3) Liquidity support provided by a Standby Bond Purchase Agreement with Wells Fargo Bank, National Association. See "Table 15 – Liquidity Facilities and Expiration Dates" below. The District has entered into interest rate swap agreements that provide a hedge for the Series 2008B-3 Bonds. See "Table 16 – Water Interest Rate Swap Agreements" below. See also "SECURITY FOR THE SERIES [2011A][2014A][2014B][2014C] BONDS – Outstanding Water System Revenue Obligations – *Interest Rate Swap Agreements.*" [A portion of the outstanding Series 2008B-3 Bonds may be refunded with proceeds of the District's Series 2014B Bonds. See "PLAN OF FINANCE – Additional Financings Being Undertaken by the District." **{In 2014B OS reference only to Plan of Finance.}**]

(4) The District has entered into interest rate swap agreements that provide a hedge for the Series 2009A Bonds. See "Table 16 – Water Interest Rate Swap Agreements" below. See also "SECURITY FOR THE SERIES [2011A][2014A][2014B][2014C] BONDS – Outstanding Water System Revenue Obligations – *Interest Rate Swap Agreements.*"

(5) The District has entered into interest rate swap agreements that provide a hedge for the Series 2011A Bonds. See "Table 16 – Water Interest Rate Swap Agreements" below. See also "SECURITY FOR THE SERIES [2011A][2014A][2014B][2014C] BONDS – Outstanding Water System Revenue Obligations – *Interest Rate Swap Agreements.*" [A portion of the outstanding Series 2011A Bonds may be refunded with proceeds of the District's Series 2014B Bonds. See "PLAN OF FINANCE – Additional Financings Being Undertaken by the District." **{In 2014B OS reference only to Plan of Finance.}**]

(6) Commercial paper notes may be issued by the District in an amount up to the statutory limit described above.

Source: The District.

Variable Rate and Swap Obligations

As of [May] 1, 2014, of the District’s \$2,210,830,000 aggregate principal amount of outstanding Water System Revenue Bonds, \$445,895,000 principal amount are variable rate obligations which are subject to tender prior to maturity in accordance with their terms, including the \$82,075,000 principal amount of Water System Revenue Refunding Bonds, Series 2009A (the “Series 2009A Bonds”) and the \$148,170,000 principal amount of the District’s Water System Revenue Refunding Bonds, Series 2011A (the “Series 2011A Bonds”) which bear interest at a rate that fluctuates based on the weekly SIFMA Municipal Swap Index published weekly by Municipal Market Data plus a spread and are subject to mandatory tender on specified mandatory tender dates to occur at the end of each rate period or during certain earlier periods at the election of the District (“SIFMA Index Bonds”). If the purchase price of the Series 2009A Bonds is not paid from proceeds of a remarketing or other funds on or prior to a scheduled mandatory tender at the end of the applicable rate period, failure of the District to provide funds for the purchase of such Series 2009A Bonds would constitute an Event of Default under the Indenture. If the purchase price of the Series 2011A Bonds is not paid from proceeds of a remarketing or other funds on or prior to a scheduled mandatory tender at the end of the applicable rate period, failure of the District to provide such funds would not constitute an Event of Default under the Indenture; however, in the event sufficient remarketing proceeds are not available for the purchase of such Series 2011A Bonds upon such mandatory tender, such Series 2011A Bonds would go into a term-out period and would bear interest at an interest rate which is substantially higher than the current variable interest rate on the Series 2011A Bonds, and during such term-out period, the Series 2011A Bonds would be subject to quarterly special mandatory redemption over an approximately five-year period, which would result in an acceleration in the repayment of the principal of the Series 2011A Bonds from the principal payments that would otherwise be due on such Series 2011A Bonds. See also “SECURITY FOR THE SERIES [2011A][2014A][2014B][2014C] BONDS – Outstanding Water System Revenue Obligations – *Outstanding Water System Revenue Bonds and Parity Debt.*”

As of [May] 1, 2014, the outstanding SIFMA Index Bonds are summarized in the following table.

Table 14
OUTSTANDING WATER SIFMA INDEX BONDS

<i>Series</i>	<i>Date of Issuance</i>	<i>Principal Amount Outstanding</i>	<i>Next Scheduled Mandatory Tender Date</i>	<i>Maturity Date</i>
Series 2009A-1	March 12, 2009	\$41,040,000	December 1, 2015	June 1, 2026
Series 2009A-2	March 12, 2009	41,035,000	December 1, 2015	June 1, 2026
Series 2011A-1	December 29, 2011	74,085,000 ⁽¹⁾	July 1, 2014	June 1, 2025
Series 2011A-2	December 29, 2011	74,085,000 ⁽¹⁾	July 1, 2014	June 1, 2025
Total		\$230,245,000		

⁽¹⁾ A portion of the outstanding Series 2011A Bonds are expected to be refunded with proceeds of the District’s Series 2014A Bonds. See [“INTRODUCTION – Other Financings Being Undertaken by the District”] [“PLAN OF FINANCE” {cross-reference appropriate “Additional Financings Being Undertaken by the District” section in the other books}.]

Source: The District.

The interest rates for the District’s \$215,650,000 principal amount of other outstanding variable rate Water System Revenue Bonds are re-set on a weekly basis (“Weekly Rate Bonds”), and such bonds are subject to tender prior to maturity, including optional tender by the owners thereof upon seven days’ notice. Liquidity support for the purchase of such Weekly Rate Bonds is provided by Standby Bond Purchase Agreements between the District and various liquidity providers. Table 15 sets forth a listing of the liquidity providers, the expiration date of each facility and the principal amount of outstanding bonds covered under each facility as of [May] 1, 2014.

Table 15
LIQUIDITY FACILITIES AND EXPIRATION DATES

<i>Water System Revenue Bond Issue⁽¹⁾</i>	<i>Outstanding Principal Amount</i>	<i>Liquidity Provider</i>	<i>Facility Expiration</i>
Series 2008A-1	\$ 61,725,000 ⁽¹⁾	Wells Fargo Bank, National Association	December 9, 2016
Series 2008A-2	46,275,000 ⁽¹⁾	U.S. Bank National Association	July 1, 2015
Series 2008A-3	46,275,000 ⁽¹⁾	U.S. Bank National Association	July 1, 2015
Series 2008A-4	46,275,000 ⁽¹⁾	Wells Fargo Bank, National Association	December 9, 2016
Series 2008B-3	15,100,000 ⁽¹⁾	Wells Fargo Bank, National Association	December 9, 2016
Total	\$215,650,000		

⁽¹⁾ A portion of the outstanding Series 2008A Bond and Series 2008B-3 Bonds are expected to be refunded with proceeds of the District’s Series 2014A Bonds. See [“INTRODUCTION – Other Financings Being Undertaken by the District”] [“PLAN OF FINANCE” {cross-reference appropriate “Additional Financings Being Undertaken by the District” section in the other books}.]

Source: The District.

In connection with the District’s \$445,895,000 principal amount of outstanding variable rate Water System Revenue Bonds, the District has entered into various interest rate swap agreements (collectively, the “Water Interest Rate Swap Agreements”). By virtue of these Water Interest Rate Swap Agreements, the related variable rate Water System Revenue Bonds are essentially treated by the District as fixed rate debt for the purpose of calculating debt service requirements, although the variable payments that the District receives from swap counterparties do not usually equal the payments that the District makes on associated variable rate debt. There is no guarantee that the floating rate payable to the District pursuant to each of the Water Interest Rate Swap Agreements will match the variable interest rate on the associated Water System Revenue Bonds to which the respective Water Interest Rate Swap Agreement relates at all times or at any time. Under certain circumstances, the Swap Providers may be obligated to make a payment to the District under their respective Water Interest Rate Swap Agreement that is less than the interest due on the associated Water System Revenue Bonds to which such Water Interest Rate Swap Agreement relates. In such event, the District would be obligated to pay such insufficiency from Subordinated Water Revenues.

As of [May] 1, 2014, the District had outstanding the following Water Interest Rate Swap Agreements relating to variable rate Water System Revenue Bonds with the following counterparties (collectively, the “Swap Providers”) in the aggregate notional amount of \$445,795,000.

Table 16
WATER INTEREST RATE SWAP AGREEMENTS

<i>Related Water System Revenue Bond Issue</i>	<i>Outstanding Notional Amount</i>	<i>Swap Provider</i>	<i>District Pays</i>	<i>District Receives</i>	<i>Scheduled Maturity/Termination Date</i>
Series 2011A Bonds	\$ 98,780,000 ⁽¹⁾	The Bank of New York Mellon	3.835%	65.0% of 30-day LIBOR	06/01/2025
Series 2011A Bonds	49,390,000 ⁽¹⁾	JPMorgan Chase Bank, N.A.	3.835	65.0% of 30-day LIBOR	06/01/2025
Series 2008A Bonds	30,850,000 ⁽¹⁾	Merrill Lynch & Co., Inc.	3.115	62.3% of 30-day LIBOR	06/01/2038
Series 2008A Bonds	70,965,000 ⁽¹⁾	Bank of America, N.A.	3.115	62.3% of 30-day LIBOR	06/01/2038
Series 2008A Bonds	27,770,000 ⁽¹⁾	The Bank of New York Mellon	3.115	62.3% of 30-day LIBOR	06/01/2038
Series 2008A Bonds	70,965,000 ⁽¹⁾	JPMorgan Chase Bank, N.A.	3.115	62.3% of 30-day LIBOR	06/01/2038
Series 2008B-3 Bonds/ Series 2009A Bonds	61,050,000 ⁽¹⁾	Deutsche Bank AG	3.407	91.0% of USD-SIFMA Municipal Swap Index	06/01/2026
Series 2008B-3 Bonds/ Series 2009A Bonds	20,350,000 ⁽¹⁾	Merrill Lynch & Co., Inc.	3.407	91.0% of USD-SIFMA Municipal Swap Index	06/01/2026
Series 2008B-3 Bonds/ Series 2009A Bonds	15,675,000 ⁽¹⁾	Citibank, N.A., New York	3.407	91.0% of USD-SIFMA Municipal Swap Index	06/01/2026
	<u>\$445,795,000</u>				

⁽¹⁾ [A portion of each of these Water Interest Rate Swap Agreements may be terminated in connection with the issuance of the District's Series 2014A Bonds. See ["INTRODUCTION – Other Financings Being Undertaken by the District"] ["PLAN OF FINANCE"]{cross-reference appropriate "Additional Financings Being Undertaken by the District" section in the other books}.]

Source: The District.

Under certain circumstances, the Water Interest Rate Swap Agreements may be terminated and the District may be required to make a substantial termination payment to the respective Swap Providers. Pursuant to the Water Interest Rate Swap Agreements, any such termination payment owed by the District would be payable on a basis that is subordinate to the Water System Revenue Bonds but prior to the District's Water System CP Notes.

Early termination of an interest rate swap agreement could occur due to a default by either party or the occurrence of a termination event. In the event of early termination of any of the Water Interest Rate Swap Agreements, there can be no assurance that (i) the District will receive any termination payment payable to the District by the respective Swap Providers, (ii) the District will at all times have sufficient available cash on hand to pay any termination payment payable by it to the respective Swap Providers, or (iii) the District will be able to obtain a replacement Water Interest Rate Swap Agreement with comparable terms. As of March 31, 2014, the District would have been required to pay to counterparties termination payments if its then outstanding Water Interest Rate Swap Agreements were terminated on that date. The District estimated its net exposure to its counterparties for all such termination payments at March 31, 2014 to be approximately \$71.2 million. As of March 31, 2014, the largest aggregate termination payment owed to a single counterparty was estimated by the District to be approximately \$17.8 million. The District does not presently anticipate early termination of any of its Water Interest Rate Swap Agreements due to default by either party or the occurrence of a termination event. The District routinely monitors its swap counterparties' creditworthiness and performance under the Water Interest Rate Swap Agreements and may from time to time replace existing swap counterparties and Water Interest Rate Swap Agreements with new replacement interest rate swap agreements if the

District determines such action is warranted. Additional information regarding the terms of the Water Interest Rate Swap Agreements may also be found in Note 6(F) in APPENDIX B – “EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012.”

Pursuant to the terms of certain of the Water Interest Rate Swap Agreements, the District is required to post collateral in favor of a counterparty to the extent that the District’s total exposure for termination payments to that counterparty exceeds the threshold amount specified in the applicable Water Interest Rate Swap Agreement. The applicable collateral posting threshold amounts specified in such Water Interest Rate Swap Agreements would be lower in the event certain ratings assigned to the Water System Revenue Bonds were to be revised downward or withdrawn. In the case of a ratings withdrawal or significant downward rating revision, such decline in the applicable threshold amounts could significantly increase the District’s collateral posting obligation thereunder. If the District’s ratings are revised upward, the amount of collateral required to be posted by the District under certain of the Water Interest Rate Swap Agreements could be reduced.

Under the terms of the Water Interest Rate Swap Agreements, the counterparties are required to release collateral to the District as market conditions become favorable to the District and may be required to post collateral for the benefit of the District to the extent that such counterparty’s total exposure for termination payments to the District exceeds the threshold amount specified in the applicable Water Interest Rate Swap Agreement. As of [May] 1, 2014, the District had [\$0.00] in collateral posted in favor of the counterparties to the Water Interest Rate Swap Agreements. **{to be updated at time of printing}** The highest amount of collateral the District has been required to post in connection with the Water Interest Rate Swap Agreements on any date was approximately \$24.70 million, as of November 30, 2011. The amount of collateral varies from time to time due primarily to interest rate movements and can change significantly over a short period of time. In the future, the District may be required to post additional collateral, or, if it has previously posted collateral to a counterparty, may be entitled to a reduction or return of the required collateral amount. Collateral deposited by the District is held by the counterparties or an agent therefor. A bankruptcy of any counterparty holding collateral posted by the District could adversely affect the return of the collateral to the District. Moreover, posting collateral limits the District’s liquidity. If collateral requirements increase significantly, the District’s liquidity may be adversely affected.

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Debt Service Requirements

Table 17 shows future payments on outstanding debt. {This is Table 17 for 2011A remarketing subject to revisions for 2011A Bonds refunded}

Table 17
WATER SYSTEM ESTIMATED DEBT SERVICE⁽¹⁾

<i>Fiscal Year Ending June 30</i>	<i>Series 2005A Through Series 2013A⁽²⁾</i>	<i>Series 2011A⁽³⁾</i>	<i>State Parity Loans⁽⁴⁾</i>	<i>Total Water System Revenue Bonds and Parity Debt</i>	<i>Water System CP Notes⁽⁵⁾</i>	<i>Total Debt Service⁽⁶⁾</i>
2014	\$ 118,278,255	\$ 6,282,320	\$ 1,400,108	\$ 125,960,682	\$ 7,458,000	\$ 133,418,682
2015	133,642,793	6,519,310	1,400,108	141,562,210	7,458,000	149,020,210
2016	145,741,443	6,766,329	1,400,108	153,907,879	7,458,000	161,365,879
2017	140,300,193	13,632,610	1,400,108	155,332,910	7,458,000	162,790,910
2018	144,088,443	13,623,892	1,400,108	159,112,443	7,458,000	166,570,443
2019	143,823,043	13,763,670	1,400,108	158,986,820	11,187,000	170,173,820
2020	143,705,793	13,745,806	1,400,108	158,851,707	11,187,000	170,038,707
2021	143,528,243	13,725,671	1,400,108	158,654,021	11,187,000	169,841,021
2022	130,375,643	26,662,880	1,400,108	158,438,630	11,187,000	169,625,630
2023	130,318,193	26,540,034	1,400,108	158,258,334	11,187,000	169,445,334
2024	130,717,721	26,428,425	1,400,108	158,546,254	11,187,000	169,733,254
2025	124,767,201	32,396,520	1,260,248	158,423,969	11,187,000	169,610,969
2026	157,193,823	--	1,260,248	158,454,071	11,187,000	169,641,071
2027	151,999,328	--	1,260,248	153,259,575	11,187,000	164,446,575
2028	151,994,815	--	1,260,248	153,255,063	11,187,000	164,442,063
2029	151,987,925	--	--	151,987,925	11,187,000	163,174,925
2030	153,241,594	--	--	153,241,594	11,187,000	164,428,594
2031	153,238,585	--	--	153,238,585	11,187,000	164,425,585
2032	153,230,454	--	--	153,230,454	11,187,000	164,417,454
2033	153,221,280	--	--	153,221,280	11,187,000	164,408,280
2034	153,219,265	--	--	153,219,265	11,187,000	164,406,265
2035	153,212,563	--	--	153,212,563	11,187,000	164,399,563
2036	153,203,905	--	--	153,203,905	11,187,000	164,390,905
2037	152,288,260	--	--	152,288,260	11,187,000	163,475,260
2038	150,882,682	--	--	150,882,682	11,187,000	162,069,682
2039	148,347,851	--	--	148,347,851	11,187,000	159,534,851
2040	37,542,920	--	--	37,542,920	11,187,000	48,729,920
Total ⁽⁶⁾	<u>\$3,804,092,216</u>	<u>\$200,087,463</u>	<u>\$20,442,177</u>	<u>\$4,024,621,856</u>	<u>\$283,404,000</u>	<u>\$4,308,025,856</u>

⁽¹⁾ Debt service is calculated on a cash basis.

⁽²⁾ Excludes Series 2011A Bonds. Includes fees to liquidity providers assuming current fee levels and fee levels. Assumes debt service on outstanding Series 2008A Bonds and Series 2008B-3 Bonds has been fixed pursuant to interest rate swap agreements. Assumes debt service on hedged principal amount of Series 2009A Bonds has been fixed pursuant to interest rate swap agreements. See “– Variable Rate and Swap Obligations” above. Assumes 10-year average SIFMA Index plus 10 basis points on unhedged Series 2009A Bonds. 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”).

⁽³⁾ Assumes debt service on Series 2011A Bonds has been fixed pursuant to interest rate swap agreements. See “– Variable Rate and Swap Obligations” above.

⁽⁴⁾ See “SECURITY FOR THE SERIES 2011A BONDS – Outstanding Water System Revenue Obligations –State Loans.”

⁽⁵⁾ Assumes \$372,900,000 principal amount outstanding at assumed interest rate of 2.00% in Fiscal Years 2014 through 2018 and 3.00% 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.

Source: The District.

Table 17 shows future payments on outstanding debt. {This is Table 17 for 2014A and 2014B – in final OS footnote 2 will be revised to exclude refunded bonds when column 2 filled in; in 2014C will be revised to reflect prior transactions}

Table 17
WATER SYSTEM ESTIMATED DEBT SERVICE⁽¹⁾

<i>Fiscal Year Ending June 30</i>	<i>Series 2005A Through Series 2013A⁽²⁾</i>	<i>Series 2014[A][B]</i>	<i>State Parity Loans⁽³⁾</i>	<i>Total Water System Revenue Bonds and Parity Debt</i>	<i>Water System CP Notes⁽⁴⁾</i>	<i>Total Debt Service⁽⁵⁾</i>
2014	\$ 124,560,575		\$ 1,400,108	\$ 125,960,682	\$ 7,458,000	\$ 133,418,682
2015	140,162,103		1,400,108	141,562,210	7,458,000	149,020,210
2016	152,507,772		1,400,108	153,907,879	7,458,000	161,365,879
2017	153,932,803		1,400,108	155,332,910	7,458,000	162,790,910
2018	157,712,335		1,400,108	159,112,443	7,458,000	166,570,443
2019	157,586,713		1,400,108	158,986,820	11,187,000	170,173,820
2020	157,451,599		1,400,108	158,851,707	11,187,000	170,038,707
2021	157,253,914		1,400,108	158,654,021	11,187,000	169,841,021
2022	157,038,523		1,400,108	158,438,630	11,187,000	169,625,630
2023	156,858,227		1,400,108	158,258,334	11,187,000	169,445,334
2024	157,146,146		1,400,108	158,546,254	11,187,000	169,733,254
2025	157,163,721		1,260,248	158,423,969	11,187,000	169,610,969
2026	157,193,823		1,260,248	158,454,071	11,187,000	169,641,071
2027	151,999,328		1,260,248	153,259,575	11,187,000	164,446,575
2028	151,994,815		1,260,248	153,255,063	11,187,000	164,442,063
2029	151,987,925		--	151,987,925	11,187,000	163,174,925
2030	153,241,594		--	153,241,594	11,187,000	164,428,594
2031	153,238,585		--	153,238,585	11,187,000	164,425,585
2032	153,230,454		--	153,230,454	11,187,000	164,417,454
2033	153,221,280		--	153,221,280	11,187,000	164,408,280
2034	153,219,265		--	153,219,265	11,187,000	164,406,265
2035	153,212,563		--	153,212,563	11,187,000	164,399,563
2036	153,203,905		--	153,203,905	11,187,000	164,390,905
2037	152,288,260		--	152,288,260	11,187,000	163,475,260
2038	150,882,682		--	150,882,682	11,187,000	162,069,682
2039	148,347,851		--	148,347,851	11,187,000	159,534,851
2040	37,542,920		--	37,542,920	11,187,000	48,729,920
Total ⁽⁵⁾	<u>\$4,004,179,679</u>		<u>\$20,442,177</u>	<u>\$4,024,621,856</u>	<u>\$283,404,000</u>	<u>\$4,308,025,856</u>

(1) Debt service is calculated on a cash basis.

(2) Includes bonds to be refunded. Includes fees to liquidity providers assuming current fee levels. Assumes debt service on outstanding Series 2008A Bonds, Series 2008B-3 Bonds and Series 2011A Bonds has been fixed pursuant to interest rate swap agreements. Assumes debt service on hedged principal amount of Series 2009A Bonds has been fixed pursuant to interest rate swap agreements. See “– Variable Rate and Swap Obligations” above. Assumes 10-year average SIFMA Index plus 10 basis points on unhedged Series 2009A Bonds. 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”).

(3) See “SECURITY FOR THE SERIES [2014A][2014B][2014C] BONDS – Outstanding Water System Revenue Obligations –State Loans.”

(4) Assumes \$372,900,000 principal amount outstanding at assumed interest rate of 2.00% in Fiscal Years 2014 through 2018 and 3.00% 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.

(5) Totals may not add due to rounding.

Source: The District.

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 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 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 with guidelines for counterparties, termination, and risk exposure. The District budgets for a number of formal reserves for the Water System, including: (i) a working capital reserve equal to three months of operation and maintenance expenses; (ii) a self-insurance reserve equal to 1.25 times the expected annual expenditure; (iii) a workers' compensation reserve of approximately \$3.2 million in Fiscal Year 2014; and (iv) a contingency/rate stabilization reserve of 20% of projected annual water volume sales revenues. The aggregate budgeted reserves level for Fiscal Year 2014 for these four formal reserves for the Water System is approximately \$118.4 million, which amount the District currently maintains in accordance with its reserve policies. The current investment policy dictates investment criteria, reporting, and administrative requirements.

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) preservation of principal; (2) maintenance of liquidity; (3) yield; and (4) diversity. 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 720 days. Investments permitted by the District's current investment policy include U.S. Treasury notes, bonds and bills, the State of California Local Agency Investment Fund, obligations issued by federal agencies, bankers' acceptances and commercial paper rated in the highest short-term rating category, as well as collateralized repurchase agreements, certificates of time deposit with maturities not to exceed five years and negotiable certificates of deposit, with maturities not to exceed five years, medium term corporate notes with maturities not to exceed five years, California municipal bonds with maturities (or put provisions) not to exceed five years, and the California Asset Management Program. 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, and the District does not invest in derivatives. The District has, however, entered into interest rate swap transactions to hedge interest rate exposure on outstanding variable rate Water System Revenue Bonds as described herein.

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.

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, 2013, the breakdown between restricted and unrestricted amounts is as follows:

Table 18
CASH AND INVESTMENTS
(As of June 30, 2014)
(Thousands)

Cash and investments included in current assets	303,247
Cash and investments included in unrestricted assets	<u>5,067</u>
Total unrestricted cash and investments	308,314
Cash and investments included in restricted assets	<u>63,232</u>
Total cash and investments	<u><u>371,546</u></u>

Source: The District.

Additional information regarding the District’s investment portfolio may also be found in APPENDIX B – “EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012” Note 2.

Historical Operating Results

The District’s financial statements for Fiscal Year 2013, and the Report of Maze & Associates, independent accountants, are included as Appendix B, which are incorporated by reference into this Official Statement, and should be read in their entirety. The summary of operating results for Fiscal Years 2009 through 2013 contained in Table 19 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.

Table 19 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.

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Table 19
WATER SYSTEM
Historical Operating Results and Debt Service Coverage⁽¹⁾
Fiscal Years 2009 through 2013

	2009	2010	2011	2012	2013
WATER REVENUES⁽²⁾:					
Water Sales ⁽³⁾	\$287,313,350 ⁽⁹⁾	\$271,022,353	\$283,643,516	\$306,228,357	\$336,065,516
Power Revenue	4,319,127	6,232,524	8,081,710	4,609,259	3,595,948
Interest	24,529,822	9,567,239	5,333,109	4,551,068	3,731,406
SCC Revenue ⁽⁴⁾	16,090,659	40,490,369	46,190,321	30,733,972	22,673,134
Seismic Rate Surcharge ⁽⁵⁾	15,479,577	16,657,412	18,102,265	19,172,928	20,536,924
Other Revenue	<u>6,084,034</u>	<u>7,726,627⁽¹⁰⁾</u>	<u>13,363,139⁽¹⁰⁾</u>	<u>16,159,977⁽¹⁰⁾</u>	<u>12,842,012⁽¹⁰⁾</u>
TOTAL WATER REVENUES	<u>\$353,816,569</u>	<u>\$351,696,524</u>	<u>\$374,714,060</u>	<u>\$381,455,561</u>	<u>\$399,444,940</u>
WATER OPERATION & MAINTENANCE COSTS:					
Operating Expenses	\$199,631,357	\$178,964,687	\$181,709,853	\$197,818,566	\$197,249,098
(Less Tax Receipts) ⁽⁶⁾	<u>(23,417,301)</u>	<u>(22,889,117)</u>	<u>(22,235,567)</u>	<u>(23,385,603)</u>	<u>(26,435,974)</u>
TOTAL WATER OPERATION & MAINTENANCE COSTS	<u>\$176,214,056</u>	<u>\$156,075,570</u>	<u>\$159,474,286</u>	<u>\$174,432,963</u>	<u>\$170,813,124</u>
NET WATER REVENUES	\$177,602,513	\$195,620,954	\$215,239,774	\$207,022,598	\$228,631,816
PARITY DEBT SERVICE:					
Water System Revenue Bonds ⁽⁷⁾	\$119,879,959	\$125,218,271	\$142,284,287	\$129,330,308	\$132,270,442
Parity State Loans	<u>1,400,108</u>	<u>1,400,108</u>	<u>1,400,108</u>	<u>1,400,105</u>	<u>1,400,105</u>
TOTAL PARITY DEBT SERVICE	\$121,280,067	\$126,618,379	\$143,684,395	\$130,730,413	\$133,670,547
PARITY DEBT SERVICE COVERAGE	1.46	1.54	1.50	1.58	1.71
SUBORDINATE WATER SYSTEM DEBT SERVICE⁽⁸⁾	\$ 6,109,336	\$ 4,425,458	\$ 3,086,117	\$ 8,495,107	\$ 687,369
TOTAL PARITY AND SUBORDINATE DEBT SERVICE	\$127,389,403	\$131,043,837	\$146,770,512	\$139,225,520	\$134,357,916
PARITY AND SUBORDINATE DEBT SERVICE COVERAGE	1.39	1.49	1.47	1.49	1.70

⁽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 169.8 MGD in Fiscal Year 2009, 160.4 MGD in Fiscal Year 2010, 160.5 MGD in Fiscal Year 2011, 162.1 MGD in Fiscal Year 2012 and 168.4 MGD in Fiscal Year 2013.

⁽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. 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.

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

⁽⁶⁾ 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.

⁽⁷⁾ Includes net swap payments. Debt service on the Series 2010B Bonds is gross of the BABs Interest Subsidy Payments received by the District.

⁽⁸⁾ Includes outstanding Water System commercial paper notes and certain federal and State subordinate loans (which subordinate loans have been retired). With respect to commercial paper notes includes interest only with no principal amortization.

⁽⁹⁾ Reflects adoption of drought surcharge during Fiscal Year 2009. See “– Supplemental Supply Charge.”

⁽¹⁰⁾ 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. See “THE WATER SYSTEM – Water Recycling.”

Source: The District.

District Management's Discussion of Operating Results

As reflected in the preceding table summarizing the District's operating revenues, operating expenses and net revenues for the five Fiscal Years ended June 30, 2009 through June 30, 2013, recent Fiscal Years have been characterized by decreased water sales volumes which resulted from the impact of past conservation combined with a prolonged economic downturn since Fiscal Year 2008. Although water sales volumes increased from 162.1 MGD in Fiscal Year 2012 to 168.4 MGD in Fiscal Year 2013, since Fiscal Year 2008, water sales volumes have declined from 191.0 MGD. Water sales revenues increased in Fiscal Year 2013 by \$29.8 million from Fiscal Year 2012 as a result of a water rate increase of 6.0% and slightly higher billed consumption compared to Fiscal Year 2012. Power revenues decreased by approximately \$1.0 million from Fiscal Year 2012 to Fiscal Year 2013 due to a decrease in available water run-off resulting from an extremely dry winter and spring. SCC Revenues decreased from \$30.7 million to \$22.7 million as a result of lower application of reimbursements for debt service repayment from the Future Water Supply Fund. Fiscal Year 2013 interest income decreased by \$0.8 million due to a generally lower interest rate environment. Overall Operating Expenses decreased in Fiscal Year 2013 due to decreases in water treatment, water distribution and facilities maintenance costs that were offset in part by higher information systems costs as a result of the desktop computer replacement program, increased fringe benefit costs due to higher retirement contributions, and increases in engineering costs for the recycled water program. In response to continued low water sales and the effects of the economic downturn, the District continued its cost containment efforts in Fiscal Year 2013 such as not filling budgeted positions, foregoing salary increases, decreasing contract services, and deferring discretionary expenses.

See also the "Management's Discussion and Analysis" contained in APPENDIX B – "EAST BAY MUNICIPAL UTILITY DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012."

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, and actual conditions may differ from those assumed. To the extent actual future factors differ from those assumed by the District or provided to the District by others, the actual results will vary from those forecasted. This projected information has not been compiled, reviewed or examined by the District's independent accountants.

Table 20 sets forth the projected operating results and calculation of the debt service coverage ratio for the Water System for the current and next four Fiscal Years. The projected results are based on the District's Biennial Budget for Fiscal Years 2014 and 2015. In the preparation of the projected operating results, the District developed forecasts of water consumption for the projection period, taking into account historical consumption levels, the continuing effects of conservation measures, limited growth in the service area, and the expectations for the future economic environment. The District is adjusting to a "new normal" without expectation that growth will significantly bolster net revenues. As such, maintaining the District's policy target of 1.60x for debt service coverage on its Water System Revenue Bonds will require annual rate increases, continued cost containment efforts, and debt service savings. The projection period reflects the 9.75% and 9.50% overall rate increases for Fiscal Years 2014 and 2015, respectively. Average annual rate increases of 8.00%, 7.00% and 5.00% are assumed for Fiscal Years 2016, 2017 and 2018, respectively. Any such future rate increases will be subject to Board approval. 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 cash funded capital

spending is assumed as a result of the cash generated by higher coverage levels and in response to the nature of the District's capital plan which is largely comprised of renewal and replacement projects.

The District's Biennial Budget for Fiscal Years 2014 and 2015 includes a new budget forecast for Fiscal Years 2014 through 2018 and rate increases for Fiscal Years 2014 and 2015. The Biennial Budget for Fiscal Years 2014 and 2015 was adopted on June 11, 2013. Over the next 18 months, the District will undertake a series of planning initiatives that will be the foundation of the Biennial Budget for Fiscal Years 2016 and 2017 that will include a formal long-range financial plan and Water and Wastewater cost of services studies.

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Table 20
WATER SYSTEM
Projected Operating Results and Debt Service Coverage (Millions)
Fiscal Year Ending June 30

	2014	2015	2016	2017	2018
WATER REVENUES⁽¹⁾:					
Water Sales ⁽²⁾	\$354.0	\$391.8	\$429.7	\$466.9	\$498.7
Power Revenue	5.7	5.7	5.7	5.7	5.7
Interest Earnings ⁽³⁾	2.3	4.0	7.0	6.4	7.3
SCC Revenue ⁽⁴⁾	23.7	23.3	24.6	25.9	27.3
Seismic Rate Surcharge ⁽⁵⁾	22.4	24.6	26.8	28.8	30.4
Other Revenue ⁽⁶⁾	<u>14.8</u>	<u>15.0</u>	<u>15.1</u>	<u>15.2</u>	<u>15.4</u>
TOTAL WATER REVENUES	<u>\$422.9</u>	<u>\$464.4</u>	<u>\$508.9</u>	<u>\$548.9</u>	<u>\$584.8</u>
WATER OPERATION & MAINTENANCE COSTS:					
Operating Expense	\$224.9	\$234.9	\$247.9	\$261.5	\$276.0
(Less Tax Receipts) ⁽⁷⁾	<u>(23.4)</u>	<u>(23.8)</u>	<u>(24.3)</u>	<u>(24.8)</u>	<u>(25.3)</u>
TOTAL WATER OPERATION & MAINTENANCE COSTS	<u>\$201.5</u>	<u>\$211.1</u>	<u>\$223.6</u>	<u>\$236.7</u>	<u>\$250.7</u>
NET WATER REVENUES	\$221.4	\$253.3	\$285.3	\$312.2	\$334.1
PARITY DEBT SERVICE:					
Water System Revenue Bonds ⁽⁸⁾	\$134.9	\$150.7	\$171.5	\$173.0	185.3
Parity State Loans	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>
TOTAL PARITY DEBT SERVICE	<u>\$136.3</u>	<u>\$152.1</u>	<u>\$172.9</u>	<u>\$174.4</u>	<u>\$186.7</u>
PARITY DEBT SERVICE COVERAGE	1.62	1.67	1.65	1.79	1.79
SUBORDINATE WATER SYSTEM CP NOTES DEBT SERVICE⁽⁹⁾	\$ 7.5				
TOTAL PARITY AND SUBORDINATE DEBT SERVICE	\$143.8	\$159.6	\$180.4	\$181.9	\$194.2
PARITY AND SUBORDINATE DEBT SERVICE COVERAGE	1.54	1.59	1.58	1.72	1.72

(Table footnotes contained on following page.)

(Footnotes are to table contained on preceding page.)

-
- (1) Revenues exclude grant receipts, taxes, and certain developer contributions which are treated as contributions (not Water Revenues).
 - (2) Assumes projected average daily billed consumption per day of 164.0 MGD in Fiscal Year 2014, 166.0 MGD in Fiscal Year 2015, 169.0 MGD in Fiscal Year 2016, 172.0 MGD in Fiscal Year 2017, and 175.0 in Fiscal Year 2018. See “Rates and Charges” above. Average annual rate increases of 8.00%, 7.00% and 5.00% are assumed for Fiscal Years 2016, 2017 and 2018, respectively. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS.”
 - (3) Assumes approximately 0.50% earnings rate on fund balances for Fiscal Years 2013 and 2014, 1.00% earnings rate for Fiscal Year 2015 and 1.50% earnings rate thereafter. Excludes non-cash change in fair market value of investments. Excludes earnings on Series 2010B Water Bonds (BABs) proceeds which are applied toward construction.
 - (4) SCC Revenues presented in the table above include the projected “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. 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.
 - (5) Seismic rate surcharge revenues are capitalized and are not recognized as operating revenues for purposes of the District’s audited financial statements.
 - (6) Other Revenue includes the anticipated receipt of BABs Interest Subsidy Payments relating to Series 2010B Bonds. In light of the potential effect of ongoing sequestration, the District has assumed cash receipts of approximately 33.25% of the interest payable on the Series 2010B Bonds (95% of the BABs Interest Subsidy Payments of 35% provided for under the American Recovery and Reinvestment Act of 2009).
 - (7) Water Operation and Maintenance Costs exclude those expenses paid from *ad valorem* taxes. Under current District policy, taxes are used to pay for operations allocable to maintenance of fire protection capacity.
 - (8) Assumes that interest with respect to the outstanding Series 2008A Bonds, the Series 2008B-3 Bonds, the Series 2011A Bonds and the hedged principal amount of the Series 2009A Bonds have been swapped to fixed rates. See “SECURITY FOR THE SERIES [2011A][2014A][2014B][2014C] BONDS – Outstanding Water System Revenue Obligations – *Water Interest Rate Swap Agreements.*” Assumes 10-year average SIFMA Index plus 10 basis points on unhedged Series 2009A Water Bonds. Includes assumed liquidity fees. [Assumes future issuance of additional Bonds of approximately \$175.0 million in Fiscal Year 2014, approximately \$180.0 million in Fiscal Year 2016 and \$170.0 million in Fiscal Year 2018.] **{footnote to be revised and debt service numbers adjusted once sizing and rate assumptions for 2014C finalized}** Also includes additional amount budgeted by the District (not included in Table 17) for estimated basis differential between variable rate bond interest rates and related swap receipts.
 - (9) Assumes interest only at 2.00% per annum in Fiscal Years 2014 through 2018 with no principal amortization. Assumes \$372.9 million of Water System CP Notes outstanding.

Source: The District.

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 ("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 (nonvoting) 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 (see "*California Pension Reform Act*" below). The District employees' contribution rate for 1955/1980 Plan members (which includes a 0.09% contribution to the HIB) was increased from 6.83% to 7.33% effective April 22, 2013, and will be increased to 7.83% beginning April 21, 2014, and increased again to 8.33% beginning April 20, 2015, and further increased to 8.75% beginning 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 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 estimates that approximately 85% of the District's annual contributions are attributable to the Water System and approximately 15% are attributable to the Wastewater System.

As of June 30, 2013, collectively for the Water and Wastewater Systems, there were 1,666 active (non-retired) Plan members, 232 terminated Plan members entitled to but not yet receiving benefits and 1,440 retirees and beneficiaries receiving benefits.

Table 21 below sets forth the number of active (non-retired) members, total Plan assets, District and Member contributions and retirement allowances paid in the five Fiscal Years 2009 through 2013.

**Table 21
RETIREMENT SYSTEM**

**Active (Non-Retired) Members, Total Plan Assets, District and Member Contributions and Allowances Paid
Five Fiscal Years Ended June 30, 2013⁽¹⁾**

<i>Fiscal Year Ended June 30</i>	<i>Active (Non-Retired) Members⁽²⁾</i>	<i>Total Plan Assets⁽³⁾</i>	<i>District Contribution⁽⁴⁾</i>	<i>Member Contributions</i>	<i>Allowances Paid From Retirement Plan⁽⁵⁾</i>
2009	2,022	\$ 668,750,000	\$45,803,000	\$10,740,000	\$54,502,000
2010	1,978	769,052,000	51,756,000	10,918,000	58,109,000
2011	1,928	968,239,000	58,481,000	10,850,000	62,114,000
2012	1,927	986,972,000	59,651,000	10,723,000	66,843,000
2013	1,898	1,124,328,000	61,567,000	10,566,000	72,095,000

(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 85% of the District's annual contributions are attributable to the Water System and approximately 15% are attributable to the Wastewater System.

(5) Includes benefits paid and refunds of contributions.

Source: The District.

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 amounts set forth in this discussion of the Employees' 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 Employees' 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 formula based on the employee's compensation in the last two years of employment (last 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, 2013, there were 1,314 participants receiving these healthcare benefits. For participants entering the Retirement System prior to July 1, 1996, a monthly allowance of up to \$450 (\$550 for married retirees and retirees with financially dependent registered 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 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 sliding scale.

Actuarial Assumptions and Funding Policy. Under the ordinance governing the Retirement System, 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 Consulting, as of June 30, 2013.

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.

The actuarial valuation results included in this disclosure for the pension plan have been prepared using parameters required under Governmental Accounting Standards Board ("GASB") Statements 25 and 27. These GASB Statements will be replaced by GASB Statements 67 and 68 for financial reporting purposes effective with Fiscal Year 2014 for the Plan and Fiscal Year 2015 for the District. The new GASB Statements will require much shorter periods for recognition of non-investment gains/losses and actuarial assumption changes, as well as changes in the recognition of investment gains/losses. As GASB has indicated throughout their process of obtaining comments from the retirement and accounting communities, the new GASB Statements provide for a new and complete separation between financial reporting and funding requirements for pension plans. Also, under the new GASB statements, the District will be required to report the Net Pension Liability (*i.e.*, the difference between the Total Pension Liability and the Pension Plan's Net Position or market value of assets) in its financial statements.

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.

A summary of the funding method and assumptions utilized in the actuarial study as of June 30, 2013 are described below.

Funding Method. 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 ordinance governing the Retirement System. 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. As of June 30, 2013, the unfunded actuarial accrued liability 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. 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 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 actuarial study as of June 30, 2013 include:

1. Investment rate of return: 7.75%.
2. Inflation rate: 3.25%.
3. Interest credited to member contributions: 7.75%.
4. Projected salary increases: Ranges from 4.25% to 9.75% based on years of service (includes inflation at 3.25% plus across the board salary increase of 0.50% plus merit and promotional increases).
5. Cost of living adjustments: 3.15%.
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.

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 gain or a net loss.

Adopted Changes in Actuarial Assumption and Amortization Periods. Under the ordinance governing the Retirement System, 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. In November 2012, Segal Consulting completed and presented to the Retirement Board its Analysis of Actuarial Experience During the Period July 1, 2008 through June 30, 2012, for the Retirement System (the “2012 Experience Study”). The 2012 Experience Study utilized demographic data of the Plan’s members and retirees from the last four actuarial valuations and provided recommendations regarding changes to the economic and demographic actuarial assumptions to be used in the June 30, 2012 and later actuarial valuations. Pursuant to the 2012 Experience Study, the actuary recommended changes in a number of the actuarial assumptions used to calculate the costs of the Plan and to compute the future contribution requirements for the Plan, including changes in the assumptions from those used in the actuarial study of the Plan as of June 30, 2011. At its November 15, 2012 meeting, the Retirement Board approved the changes in assumptions recommended by the actuary for the actuarial valuation to be performed as of June 30, 2012. The actuarial assumptions used in the actuarial study of the Plan as of June 30, 2013 (as described under “Actuarial Assumptions” above) also reflect these changes, including, among others, the following changes in the actuarial assumptions from those used in the actuarial study of the Plan as of June 30, 2011: (i) a reduction in the assumed investment rate of return from 8.00% to 7.75%; (ii) a reduction in the assumed inflation rate from 3.50% to 3.25%; (iii) a reduction in the projected salary increases from the range of 4.70% to 10.00% based on years of service (and including the 3.50% assumed inflation rate plus across the board salary increases of 0.50% plus merit and promotional increases) to a range of 4.25% to 9.75% (including the new recommended 3.25% assumed inflation rate plus across the board salary increases of 0.50% plus merit and promotional increases); and (iv) a reduction in the assumed long-term annual average cost of living adjustment from 3.25% to 3.15%.

In the June 30, 2012 valuation, the actuary determined the change in the actuarial accrued liability for the pension plan (not including the HIB) due to the assumption changes to be \$53.4 million.

At the November 15, 2012 meeting, the Retirement Board also adopted a change in the amortization policy for the unfunded actuarial accrued liability (UAAL), effective beginning with the June 30, 2012 valuation. In particular, changes in the UAAL due to actuarial assumption or method changes (previously amortized on a 30-year period) on or after July 1, 2011 are to be amortized on a 25-year period. In their June 30, 2012 valuation report, Segal Consulting (the actuary) determined the effect of this change in the amortization policy combined with the effect of the changes in the actuarial assumptions to be an increase in the District contribution rate for the pension plan (not including the HIB) of 2.85% of payroll.

It should also be mentioned that, at the September 20, 2012 meeting, the Retirement Board also adopted a modification from an aggregate version to an individual version of the Entry Age Normal funding method. In their June 30, 2012 valuation report, the actuary determined that this modification increased the District’s normal cost rate by 0.72% of payroll.

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 22 below:

Table 22
RETIREMENT SYSTEM
History of Contributions
Five Fiscal Years Ended June 30, 2013
(Dollar Amounts in Thousands)

Pension Plan:

<i>Fiscal Year Ended June 30:</i>	<i>District Contribution Rate at June 30</i>	<i>Annual Required Contribution</i>	<i>Actual Contribution</i>	<i>Percentage Contributed</i>
2009	24.96%	\$39,485	\$39,485	100%
2010	27.24	44,031	44,031	100
2011	31.80	50,987	50,987	100
2012	32.91	52,156	52,156	100
2013	34.46	53,795	53,795	100

Health Insurance Benefit:

<i>Fiscal Year Ended June 30:</i>	<i>District Contribution Rate at June 30</i>	<i>Annual Required Contribution</i>	<i>Actual Contribution⁽¹⁾</i>	<i>Percentage Contributed⁽²⁾</i>
2009	3.98%	\$ 9,476	\$6,543	69%
2010	4.91	11,775	8,000	68
2011	4.78	10,869	7,761	71
2012	4.83	11,289	7,762	69
2013	5.10	11,145	8,039	72

⁽¹⁾ Includes an interest adjustment to the end of the year.

⁽²⁾ Percentage contributed was less than 100% as the District does not pre-fund the implicit retiree rate subsidy required to be valued under GASB Statements Nos. 43 and 45. See “– Schedule of Funding Progress” below.

As reflected in the actuarial study and shown (rounded to the nearest thousand dollars) in Table 23 below, the combined Actuarial Accrued Liability for pension and HIB benefits at June 30, 2013 was \$1,750,909,722 and the Actuarial Value of Assets was \$1,112,369,821, resulting in an Unfunded Actuarial Accrued Liability of \$638,539,901 and a funded ratio of the Plan under the entry age cost method of 63.5%. 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 liabilities for the pension benefits are calculated in compliance with GASB Statement No. 25 (“Financial Reporting for Defined Benefit Pension Plans, Note Disclosures for Defined Contribution Plans”) and Statement No. 27 (“Accounting for Pensions by State and Local Governmental Employers”), but do not reflect the parameters of GASB Statement No. 45. See also “– Schedule of Funding Progress” below.

Table 23 below sets forth the Actuarial Accrued Liability, Actuarial Value of Assets, the Unfunded Actuarial Accrued Liability and Funded Ratio as of June 30 of each of the Fiscal Years 2009 through 2013 (the year the most recent actuarial information is available).

Table 23
RETIREMENT SYSTEM
Actuarial Accrued Liability, Actuarial Value of Assets,
Unfunded Actuarial Accrued Liability and Funded Ratio
Five Fiscal Years Ended June 30, 2013⁽¹⁾
(Dollar Amounts in Thousands)

<i>Fiscal Year Ended June 30</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Actuarial Value of Assets</i>	<i>Market Value of Assets</i>	<i>Unfunded Actuarial Liability (UAAL)⁽²⁾</i>	<i>Funded Ratio on Actuarial Value</i>	<i>Funded Ratio on Market Value</i>
2009	\$1,415,392	\$ 869,375	\$ 668,750	\$546,017	61.42%	47.25%
2010	1,491,885	925,907	769,052	565,978	62.06	51.55
2011	1,544,486	966,767	968,239	577,719	62.59	62.69
2012	1,659,897	1,035,786	986,972	624,111	62.40	59.46
2013	1,750,910 ⁽³⁾	1,112,370	1,124,328	638,540	63.53	64.21

⁽¹⁾ Dollars rounded to nearest thousand.

⁽²⁾ The District estimates that approximately 85% of the UAAL is attributable to the Water System and approximately 15% is attributable to the Wastewater System. The UAAL is determined based on the Actuarial Value of Assets.

⁽³⁾ Of this amount, \$104,376 is attributable to the HIB liabilities. The HIB liabilities as calculated for GASB reporting purposes, which include the implicit retiree rate subsidy, were \$138,120 using a discount rate of 7.00%.

Source: Segal Consulting.

As of June 30, 2013, the market value of the combined pension and HIB plan's assets was \$1,124,328,000 and the projected benefit obligation ("PBO") was \$1,699,340,000, resulting in a funded ratio of the plan under the PBO basis of 66.2%. Under the plan provisions, determination of the funded ratio on a PBO basis is required and certain cost of living increases are granted when the funded ratio of the plan is 85% or higher as calculated on the PBO basis.

Schedule of Funding Progress. As required by GASB 45, the District reports the schedule of funding progress for each of the pension plan and the post-employment healthcare plan (HIB). The schedule of funding progress presents multiyear 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 24 below.

Table 24
PENSION PLAN
Schedule of Funding Progress
(Dollar Amounts in Thousands)

<i>Actuarial Valuation Date June 30</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as a Percentage of Covered Payroll</i>
2009	\$ 862,021	\$1,323,555	\$461,534	65.1%	\$161,893	285.1%
2010	915,845	1,396,003	480,158	65.6	164,085	292.6
2011	954,719	1,446,039	491,320	66.0	159,505	308.0
2012	1,021,546	1,556,696	535,150	65.6	158,847	336.9
2013	1,095,847	1,646,534	550,687	66.6	159,246	345.8

Source: Segal Consulting's Actuarial Valuation and Review of Pension Plan as of June 30, 2013.

The schedule of funding progress for the post-employment healthcare plan is set forth in Table 24 below.

The retiree health liabilities reported in the actuarial study as of June 30, 2013 (and referred to in Table 23 above) will not match those required to be used for GASB reporting purposes as shown in Table 25 below. The liabilities as reflected in the actuarial 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 below were determined based upon a lower discount rate (*i.e.*, 7.00%) than the 7.75% investment rate of return used in Segal Consulting’s prefunding study. The liabilities calculated for GASB reporting purposes shown in Table 25 below are therefore higher than those reflected in the actuarial study as of June 30, 2013 and described above.

Table 25
POST-EMPLOYMENT HEALTHCARE 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	UAAL as a Percentage of Covered Payroll
2009	\$ 7,354	\$130,245	\$122,891	5.6%	\$161,893	75.9%
2010	10,061	135,379	125,318	7.4	164,085	76.4
2011	12,047	135,360	123,312	8.9	159,505	77.3
2012	14,240	138,240	123,999	10.3	158,847	78.1
2013	16,522	138,120	121,598	12.0	159,246	76.4

Source: Segal Consulting’s Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2013 in accordance with GASB Statements No. 43 and 45.

Related Matters. In the past few years, the Internal Revenue Service (the “IRS”) has focused its auditing activities towards governmental retirement plans to determine if those plans are complying with federal tax laws. While the District has consistently amended its Retirement Ordinance to comply with changes in the federal tax code, other governmental plans failed to amend their plans to reflect changes in tax laws. The failure to include these amendments put those plans at risk of a range of consequences from being assessed significant penalties to losing its tax-qualified status, wherein all assets under the plan would become immediately taxable. Because so many governmental plans were at risk, the IRS instituted a voluntary correction program (“VCP”), which provided such plans the opportunity to voluntarily report any failures and institute corrective measures. In participating in the voluntary correction program, governmental plans would be protected from enforcement actions for such failures. Under the VCP, the IRS would review and approve the corrective measures proposed by the plan and at the end of the review, issue a letter of determination of tax qualified status. A letter of determination of tax qualified status would serve as protection against liability for prior violations of federal tax laws as well as serve as a safe harbor for future IRS audits. The District has taken advantage of this “safe harbor” opportunity by participating in the IRS’ voluntary correction program to make additional necessary corrections to its Plan while protecting itself against potential tax liability. In May 2013, the District received a favorable letter of determination of the tax qualified status of the Plan, conditioned on certain minor amendments to the

Retirement System Ordinance. All of the IRS' requested amendments to the Retirement System Ordinance have been approved by the District Board.

California Pension Reform Act. On August 31, 2012, the California legislature enacted Assembly Bill 340, the California Public Employees' Pension Reform Act of 2013 (the "PEPRA"). The PEPRA was signed into law by Governor Jerry Brown on September 12, 2012 and became effective on January 1, 2013. Pursuant to the provisions of the PEPRA, as enacted, the PEPRA is intended to apply to all state and local public retirement systems, independent public retirement systems, and to individual retirement plans offered by public employers, with the exception of the University of California, and California charter cities and counties, except to the extent such entities participate in any retirement system governed by State statute. The impacts of the PEPRA primarily apply to employees first hired by a public agency on or after January 1, 2013. Some of these provisions include certain limits on the amount and types of compensation that may be included by a retirement system in calculating pension benefits, the imposition of new formulas for the calculation of pension benefits for employees, certain requirements for the sharing of the costs of pension benefits by employees, and certain limitations on the adoption of new defined benefit plans. The PEPRA prohibits certain retroactive enhancements to pension benefit formulas for all employees, imposes certain limits on post-retirement employment for all employees, prohibits the purchase of non-qualified permissive service credit by all employees after January 1, 2013, and requires for any employee the forfeiture of pension and retirement-related benefits for certain felony convictions.

The District Board has adopted certain amendments to the Retirement System Ordinance effective as of January 1, 2013 in order to implement applicable provisions of the PEPRA. Because the interpretation and application of the PEPRA will likely be subject to judicial determination and further implementing legislation, it is too early to assess at this time what all of the impacts of PEPRA ultimately 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, 2013 AND 2012."



AGENDA NO.
MEETING DATE

April 22, 2014

TITLE ORDINANCE AMENDING RETIREMENT ORDINANCE NO. 40, SECTION 6(D)

MOTION _____ RESOLUTION _____ ORDINANCE _____

RECOMMENDED ACTION

Conduct a second and final reading, and vote on an ordinance amending the EBMUD Employees' Retirement System Ordinance (Ordinance No. 40) to update Section 6(d).

SUMMARY

Section 6(d) of the Retirement Ordinance provides the rates of retirement contributions for members. The final paragraph of Section 6(d) references that subsequent to December 15, 2003 rates shall not be increased or adjusted except pursuant to the terms of a negotiated collective bargaining agreement or memorandum of understanding with employee bargaining units. Recent collective bargaining with the District's four bargaining units resulted in agreements to adjust the retirement system member contributions annually, through the terms of collective bargaining agreements.

DISCUSSION

Section 6(d) of the Retirement Ordinance lists the rates of retirement contributions for members and includes a chart with rates and effective dates. The District completed successor bargaining with the four bargaining units, and completed the implementation of the bargained changes in January 2014. The bargained changes in retirement system member contributions were also adopted, by resolution, to apply to managers, confidentials, and non-represented employees of the District. The final paragraph of Section 6(d) references that subsequent to December 15, 2003 rates shall not be increased or adjusted except pursuant to the terms of a negotiated collective bargaining agreement or memorandum of understanding with employee bargaining units.

Employee Contribution Rate Changes Negotiated:

April 22, 2013	7.33%
April 21, 2014	7.83%
April 20, 2015	8.33%
April 18, 2016	8.75%

Funds Available: FY		Budget Code:
DEPARTMENT SUBMITTING Human Resources	DEPARTMENT MANAGER or DIRECTOR <i>Delores Turner</i> Delores Turner	APPROVED <i>Michael R. Lee</i> General Manager

Contact the Office of the District Secretary with questions about completing or submitting this form.

Since rates for members in the 1980 plan are subject to the terms of collective bargaining agreement or memorandum of understanding with employee bargaining units in effect at a given time, the following amendments to the Retirement Ordinance Section 6(d) are proposed to align with the negotiated increase in member contributions:

(d) The rates of Retirement Contributions for ~~new Members on and after January 1, 1980,~~ hired on or before January 1, 2013 and for those who are not otherwise subject to Section 42 of this Ordinance, and those Members making the election provided in Sections 15(g) and 15(h), shall be applied to Members' Compensation at the rates set forth below commencing on the designated effective dates:

Effective Date	Rate of Member Retirement Contributions
January 1, 1980	4.09%
August 8, 1998	4.125%
July 1, 1999	4.15%
July 1, 2002	4.22%
July 1, 2003	4.24%
September 12, 2003	4.61%
December 15, 2003	5.27%
April 19, 2004	5.93%
April 18, 2005	6.59%
April 17, 2006	6.83%
<u>April 22, 2013</u>	<u>7.33%</u>
<u>April 21, 2014</u>	<u>7.83%</u>
<u>April 20, 2015</u>	<u>8.33%</u>
<u>April 18, 2016</u>	<u>8.75%</u>

The Board of Directors reserves the right to increase or otherwise adjust the rates of contribution prescribed in this Subsection in such amounts and in such manner as it may from time to time find appropriate; provided, however, that the rates in effect on and after December 15, 2003 shall not be increased or adjusted except pursuant to the terms of a negotiated collective bargaining agreement or memorandum of understanding with employee bargaining units.

SCHEDULE

This is the second reading of the proposed Ordinance amendment. The introduction and first reading took place at the meeting of the Board of Directors on April 8, 2014. If approved, the adoption of the amendment takes effect 30 days after its passage by the Board of Directors, or May 22, 2014. In addition, the Municipal Utility District Act requires that the amendments be published once a week for two successive weeks in a newspaper of general circulation published in the district.

FISCAL IMPACT

There are no fiscal impacts associated with the proposed language changes.

UNION NOTIFICATION

The updated contribution rates are in the recently negotiated and Board approved MOUs, so no further union notification is needed.

ALTERNATIVE

Do not approve amendments to the Plan. This action is not recommended because the Retirement Ordinance should be updated to accurately reflect that the MOUs contain the current Member contribution rates.

ORDINANCE NO. _____

AN ORDINANCE AMENDING SUBSECTION 6(d) OF ORDINANCE NO. 40, WHICH IS THE EMPLOYEES' RETIREMENT SYSTEM ORDINANCE

Introduced by Director _____ ; Seconded by Director _____

BE IT ENACTED by the Board of Directors of the East Bay Municipal Utility District that Ordinance No. 40, which is entitled "AN ORDINANCE ESTABLISHING A RETIREMENT SYSTEM FOR EMPLOYEES OF EAST BAY MUNICIPAL UTILITY DISTRICT, PROVIDING FOR THE PAYMENT OF RETIREMENT ALLOWANCES TO MEMBERS OF THE RETIREMENT SYSTEM, FOR THE PAYMENT OF DEATH BENEFITS AND SURVIVORSHIP BENEFITS, AND FOR THE COST OF LIVING ADJUSTMENTS, PRESCRIBING THE CONDITIONS UNDER WHICH SAID ALLOWANCES AND BENEFITS SHALL BE PAID, DETERMINING RATES OF CONTRIBUTION AND THE AMOUNTS OF RETIREMENT ALLOWANCES, DEATH BENEFITS AND SURVIVORSHIP BENEFITS, AND THE PERCENTAGE OF COST OF LIVING ADJUSTMENT, AND PROVIDING THE ADMINISTRATION OF SAID RETIREMENT SYSTEM," as amended from time to time, is further amended as follows:

1. Subsection 6(d) of this Ordinance, entitled "CONTRIBUTIONS," is amended as follows:

(d) The rates of Retirement Contributions for Members hired on or before January 1, 2013 and for those who are not otherwise subject to Section 42 of this Ordinance, and those Members making the election provided in Sections 15(g) and 15(h), shall be applied to Members' Compensation at the rates set forth below commencing on the designated effective dates:

Effective Date	Rate of Member Retirement Contributions
April 22, 2013	7.33%
April 21, 2014	7.83%
April 20, 2015	8.33%
April 18, 2016	8.75%

The Board of Directors reserves the right to increase or otherwise adjust the rates of contribution prescribed in this Subsection in such amounts and in such manner as it may from time to time find appropriate; provided, however, that the rates in effect on and after December 15, 2003 shall not be increased or adjusted except pursuant to the terms of a negotiated collective bargaining agreement or memorandum of understanding with employee bargaining units.

4. This Ordinance shall become effective and in full force at 12:01 a.m. on the thirty-first day after its passage.

President

I HEREBY CERTIFY that the foregoing Ordinance was duly and regularly introduced at a regular meeting of EAST BAY MUNICIPAL UTILITY DISTRICT held on April 8, 2014, at the offices of said District, 375 - 11th Street, Oakland, California, and thereupon, after being read, further action was scheduled for the regular meeting of said Board of Directors held at the same place on April 22, 2014, at which time the same was finally adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Secretary

APPROVED AS TO FORM AND PROCEDURE:

General Counsel

ORDINANCE NO. _____

AN ORDINANCE AMENDING SUBSECTION 6(d) OF ORDINANCE NO. 40, WHICH IS
THE EMPLOYEES' RETIREMENT SYSTEM ORDINANCE

Introduced by Director

; Seconded by Director

BE IT ENACTED by the Board of Directors of the East Bay Municipal Utility District that Ordinance No. 40, which is entitled "AN ORDINANCE ESTABLISHING A RETIREMENT SYSTEM FOR EMPLOYEES OF EAST BAY MUNICIPAL UTILITY DISTRICT, PROVIDING FOR THE PAYMENT OF RETIREMENT ALLOWANCES TO MEMBERS OF THE RETIREMENT SYSTEM, FOR THE PAYMENT OF DEATH BENEFITS AND SURVIVORSHIP BENEFITS, AND FOR THE COST OF LIVING ADJUSTMENTS, PRESCRIBING THE CONDITIONS UNDER WHICH SAID ALLOWANCES AND BENEFITS SHALL BE PAID, DETERMINING RATES OF CONTRIBUTION AND THE AMOUNTS OF RETIREMENT ALLOWANCES, DEATH BENEFITS AND SURVIVORSHIP BENEFITS, AND THE PERCENTAGE OF COST OF LIVING ADJUSTMENT, AND PROVIDING THE ADMINISTRATION OF SAID RETIREMENT SYSTEM," as amended from time to time, is further amended as follows:

1. Subsection 6(d) of this Ordinance, entitled "CONTRIBUTIONS," is amended as follows:

(d) The rates of Retirement Contributions for ~~new Members on and after January 1, 1980, hired on or before January 1, 2013 and for those who are not otherwise subject to Section 42 of this Ordinance,~~ and those Members making the election provided in Sections 15(g) and 15(h), shall be applied to Members' Compensation at the rates set forth below commencing on the designated effective dates:

Effective Date	Rate of Member Retirement Contributions
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April 18, 2005	6.59%
April 17, 2006	6.83%
<u>April 22, 2013</u>	<u>7.33%</u>
<u>April 21, 2014</u>	<u>7.83%</u>

<u>April 20, 2015</u>	<u>8.33%</u>
<u>April 18, 2016</u>	<u>8.75%</u>

The Board of Directors reserves the right to increase or otherwise adjust the rates of contribution prescribed in this Subsection in such amounts and in such manner as it may from time to time find appropriate; provided, however, that the rates in effect on and after December 15, 2003 shall not be increased or adjusted except pursuant to the terms of a negotiated collective bargaining agreement or memorandum of understanding with employee bargaining units.

4. This Ordinance shall become effective and in full force at 12:01 a.m. on the thirty-first day after its passage.

President

I HEREBY CERTIFY that the foregoing Ordinance was duly and regularly introduced at a regular meeting of EAST BAY MUNICIPAL UTILITY DISTRICT held on April 8, 2014, at the offices of said District, 375 - 11th Street, Oakland, California, and thereupon, after being read, further action was scheduled for the regular meeting of said Board of Directors held at the same place on April 22, 2014, at which time the same was finally adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Secretary

APPROVED AS TO FORM AND PROCEDURE:

General Counsel



AGENDA NO. 17A.

MEETING DATE April 22, 2014

TITLE WATER SUPPLY AVAILABILITY AND DEFICIENCY REPORT 2014

MOTION _____ RESOLUTION _____ ORDINANCE _____

RECOMMENDED ACTION

File the Water Supply Availability and Deficiency Report in conformance with Policy 9.03, and declare that the District's water supply is deficient for meeting customer demands in 2014.

SUMMARY

This annual Water Supply Availability and Deficiency Report is prepared and submitted to the Board of Directors as required under District Policy 9.03. This report evaluates the adequacy of the current year's (2014) water supply, and assesses the District's ability to reliably meet demands through the year 2040. In low water years, this annual report provides the basis for the Board's consideration of possible demand management and/or supplemental supply measures. In years of excess supply, this report provides the basis for the Board's determination of additional availability of water for use by others. The 2014 assessment concludes that projected runoff and water storage requires "Dry" year flows in the lower Mokelumne River under the District's Joint Settlement Agreement (JSA). In addition, the projected water supply forecast for this year indicates that there is not sufficient supply from the Mokelumne and East Bay to meet the District's expected customer demands, and a customer water use reduction program coupled with supplemental supplies from the Freeport Project will be needed. The Board will consider staff's recommendation on the use of the Freeport Project as a separate action on April 22, 2014. A final Dry Year Response Plan including a customer water use reduction program will be considered by the Board on May 13, 2014.

2014 WATER SUPPLY AND DEMAND ASSESSMENT

Current year water supply availability is determined by forecasting the amount of water that will be stored in District reservoirs on September 30, which marks the end of the "water year." This forecast is a two-step calculation. First, the amount of total system storage as of September 30 is determined by adding projected runoff amounts to existing storage levels. The second step is the subtraction of anticipated customer demands and the volume of water that must be released from the District's storage reservoirs to meet downstream obligations. These obligations include minimum flows for fishery requirements, use by senior water right holders, and water requirements of other downstream interests. If the projected September 30 total system storage

Funds Available: N/A		Budget Code:
DEPARTMENT SUBMITTING	DEPARTMENT MANAGER or DIRECTOR	APPROVED
Water and Natural Resources	<i>Richard G. Sykes</i> Richard G. Sykes	<i>William R. Creed</i> General Manager

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Water Supply Availability and Deficiency Report

April 22, 2014

Page 2

exceeds 500 thousand acre-feet (TAF), the District has sufficient current year water supply. If the sum is less than 500 TAF, the District's water supply is deficient.

Water Year 2014 is on track to be one of the driest years on record and the Mokelumne and East Bay water supplies will not be sufficient to meet normal water demands. In consideration of these very dry conditions, on February 11, 2014, the Board authorized a Preliminary Dry Year Response Plan which initiated a ten percent voluntary customer demand reduction program. The Board also approved a one-year water transfer agreement with Placer County Water Agency (PCWA) to supplement water which is available from EBMUD's contract with the U.S. Bureau of Reclamation. At the end of the water year (September 30), total system storage is projected to be between 370 thousand acre-feet (TAF) and 490 TAF. This forecast includes continuation of the ten percent voluntary customer reduction program initiated in February as well as 6,900 acre-feet of water from the Sacramento River, which is currently being used to test the Freeport Project facilities in April.

The Interim Drought Management Program (DMP) contained in the Urban Water Management Plan 2010 established various triggers depending upon the September 30 forecast. The 2014 forecast is below the trigger of 500 TAF that initiates consideration of voluntary customer demand reduction measures. The forecast is also below the 450 TAF trigger for considering use of the Freeport Project for supplemental dry-year water supplies. The Board will consider staff's recommendation on the use of the Freeport Project as a separate action on April 22, 2014. A final Dry Year Response Plan, including a customer demand reduction program will be considered by the Board on May 13, 2014.

The 2014 water year falls within the "Dry" year category under the terms of the District's Joint Settlement Agreement (JSA) which establishes fishery flow releases by water year type. This determination is based on Department of Water Resources' April 1st projected Mokelumne River runoff of 310,000 acre feet or about 41% of average. This low runoff also has consequences for other water rights holders and downstream diverters on the Mokelumne River. Woodbridge Irrigation District (WID) will receive 39 TAF compared to its normal allocation of 60 TAF. There will be no water available for North San Joaquin Water Conservation District (NJWCD). Jackson Valley Irrigation District (JVID) will still receive its maximum entitlement of 3,580 acre-feet but it may need to use a pump to move that water from Pardee Reservoir to Jackson Creek if the reservoir elevation drops below 550 feet.

2040 WATER SUPPLY AND DEMAND ASSESSMENT

To assess the adequacy of the District's water supply in 2040, this report compares projected Service Area planning level of demand to an analysis of the reliability of future water supply.

The *District-Wide Update of Water Demand Projections* (2009 Demand Study) estimates future customer demands based on expected changes in land use patterns as described in the general plans of municipalities located in the District's service area. The planning level demands do not include the short-term reduction and rebound in demand caused by the multi-year drought and the

downturn in the economy. These demands include billed consumption for which the District receives revenue, unbilled consumption, and system losses. The Demand Study estimates a planning level of demand of 230 MGD in 2040.

The Allowable Maximum Level of Demand (AML) is the demand that the District's water supply system can sustain under the three-year drought planning sequence (DPS). The AML is calculated using the District's water supply planning model and applying the following assumptions:

- The existing supplemental supplies consisting of the District's Central Valley Project contract supply and Bayside Groundwater Phase 1 Project will be available;
- Customer rationing is assumed not to exceed fifteen percent during the DPS, per the District's Drought Management Program Guidelines as outlined in Chapter 3 of the Urban Water Management Plan 2010;
- Drought management measures will be imposed when specified threshold storage levels will not be maintained per the District's Long Term Drought Management Program Guidelines as outlined in Chapter 3 of the Urban Water Management Plan 2010;
- Fishery releases to the lower Mokelumne River will be made pursuant to the 1998 JSA between USFWS, CDFG, and EBMUD and approved by FERC and the SWRCB;
- Senior water right holders needs will be satisfied as required by their prior rights and established water rights settlement agreements; and
- All other operational requirements will be met, including the Army Corps of Engineers flood control requirements.

Based on these assumptions, the water supply planning model calculates an AML of 189 MGD for the year 2040. The 2040 AML estimate reflects the expectation that senior water right holders will increase water diversions under their entitlements, in addition to increases in the District's customer demand.

The planning level of demand of 230 MGD for 2040 exceeds the 2040 AML estimate of 189 MGD. Accordingly, without the development of further dry-year supplemental supplies, beyond the District's Central Valley Project contract supply and the Bayside Groundwater Phase 1 Project, the District's water supply will not be adequate to meet customer water demands during future severe drought conditions while maintaining a fifteen percent rationing limit. As noted in the February 11, 2014 Board Workshop on water supply, staff will continue to pursue projects which provide future supply consistent with the 2040 projected level of demand.



17B.

AGENDA NO. _____

MEETING DATE April 22, 2014

TITLE DECLARE THE NEED TO USE THE FREEPORT PROJECT TO DELIVER SUPPLEMENTAL SUPPLIES AND SUSPEND THE SUPPLEMENTAL SUPPLY SURCHARGE FOR FY14 AND REAFFIRM THE 2014 PRELIMINARY DRY YEAR RESPONSE PLAN

MOTION _____ RESOLUTION _____ ORDINANCE _____

RECOMMENDED ACTION

1. Declare the need to use the Freeport Project and related facilities to deliver supplemental supplies from outside the District's normal watershed in FY14 during May and June.
2. Suspend the implementation of the supplemental supply surcharge for FY14.
3. Reaffirm the 2014 Preliminary Dry Year Response Plan approved February 11, 2014 and 10% voluntary conservation.

SUMMARY

The Water Supply Availability and Deficiency Report describes a deficiency in the District's water supply. The total system storage at the end of September 2014 is projected to be between 370 thousand acre-feet (TAF) and 490 TAF. This projection includes continuation of the 2014 Dry Year Response Plan and 10 percent voluntary conservation. Since the projected end of September total system storage is less than 500 TAF, the District may take supplemental supply from its Central Valley Project (CVP) contract with the U.S. Bureau of Reclamation (Bureau). The District also has access to supplemental supplies from Placer County Water Agency (PCWA). Operating the supplemental supply system in May and June would deliver about 16,000 acre-feet and bring the end of September storage to between 386 TAF and 506 TAF.

DISCUSSION

The Freeport Regional Water Authority (FRWA) and the District have been conducting a series of tests of supplemental supply systems in April. The tests are necessary to meet regulatory requirements and to confirm the system is prepared to deliver supplemental supply in the future. The District is entitled to take up to 66,500 acre-feet of CVP water this federal water year, which ends on February 28, 2015. This quantity of water is the maximum amount of water the District can accept, treat and distribute with existing facilities in a year. The District has also entered into a water transfer agreement with PCWA that

Funds Available: N/A		Budget Code:
DEPARTMENT SUBMITTING	DEPARTMENT MANAGER or DIRECTOR	APPROVED
Water Operations	<i>Eileen M. White</i> Eileen M. White	<i>Michael R. Coe</i> General Manager

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provides up to 20,000 acre-feet of additional water to the District. This source of water provides reliability if CVP supplies are unavailable. If the Board of Directors declares the need to use the Freeport Project to deliver a portion of these supplemental supplies from outside the District's normal watershed to the East Bay, the District would continue to operate the supplemental systems following the completion of the tests through the months of May and June.

The District has scheduled to receive 6,900 acre-feet of testing water for April and has reserved 16,000 acre-feet of supplemental supply water for delivery in May and June. The District has made payments to the Bureau and PCWA for these deliveries in April and May.

The District also has scheduled to purchase an additional 43,600 acre-feet from the Bureau. A decision to take this additional water would be made in the fall based on actual spring 2014 runoff, the effectiveness of customer conservation results, water demands this spring and summer, and actual and forecasted precipitation.

FISCAL IMPACT

The cost to purchase and deliver about 16,000 acre-feet of water to the East Bay is estimated to be \$8.0 million. To fund these costs, the Board has approved a 14 percent supplemental supply surcharge that would be effective on each potable water bill after the Board declares the need to use the Freeport Project to deliver supplemental supplies from outside of the District's normal watershed. The revenue from the surcharge covers the additional costs that are incurred when the Freeport facilities are operated, including purchases of water from the Bureau and/or other water agencies, and costs for delivery and treatment. The surcharge would remain in effect until these additional costs are recovered.

Due to the short time frame when Freeport would be operated to deliver supplemental supplies for potable water service in FY14 and due to the availability of funds from the sale of the Redwood Filter Plant property, the costs of operating the Freeport Project in May and June 2014 to deliver supplemental supplies can be funded in FY14 without adversely affecting the District's finances. As a result, the supplemental supply surcharge is not needed to recover the costs of operating Freeport in FY14.

ALTERNATIVES

Do not declare the need to use Freeport for May and June 2014 and implement a 15% voluntary conservation program. This alternative is not recommended because the District's water supply is deficient, and the additional water savings from 15% voluntary conservation, up to 5,000 acre-feet, does not adequately address the water deficiency. The District is already operating Freeport to test supplemental supply systems so there would be no additional startup costs if the District continued to operate Freeport to deliver needed supplemental supplies for potable water service in May and June.

Declare the Need to Use the Freeport Project to Deliver Supplemental Supplies and Suspend the Supplemental Supply Surcharge for FY14 and Reaffirm the 2014 Preliminary Dry Year Response Plan
April 22, 2014
Page 3 of 3

Declare the need to use Freeport without suspending the supplemental supply surcharge for

FY14. This alternative is not recommended because the cost of operating Freeport can be funded with available funds in FY14 without adversely affecting the District's finances. Doing so also provides the District time to educate customers about the supplemental supply surcharge and to conduct focus groups to get customer feedback about how to present it most effectively on bills.

Declare the use of Freeport to take the full 66,500 acre-feet for FY14 and FY15. This alternative is not recommended because the District may not need additional supplemental supplies from outside the District's normal watershed in FY15. The District will be in a better position to forecast how much additional supplemental supplies are needed, if at all, when the actual end of September storage is determined. If necessary, the Board can declare the need to use the Freeport Project to take the District's full allocation of water from October 2014 through February 2015.

RESOLUTION NO. _____

DECLARE A NEED TO USE THE FREEPORT PROJECT TO DELIVER SUPPLEMENTAL SUPPLIES, SUSPEND IMPLEMENTATION OF THE SUPPLEMENTAL SUPPLY SURCHARGE FOR FISCAL YEAR 2014, AND REAFFIRM THE 2014 PRELIMINARY DRY YEAR RESPONSE PLAN

Introduced by Director _____ ; Seconded by Director _____

WHEREAS, California is experiencing one of the most severe droughts on record; and

WHEREAS, the 2014 water year has been one of the driest in decades and follows two consecutive dry years throughout the state; and

WHEREAS, even after the recent rain and snowfall, the state's major reservoirs remain well below average levels for the date and the statewide snowpack is less than a third of normal, with little time remaining to recover in 2014; and

WHEREAS, many areas of the state will face water shortages this year; and

WHEREAS, the East Bay Municipal Utility District (the "District") has undertaken substantial investments in aggressive water conservation programs, water recycling projects and dry year supplemental water supply projects to help reduce the severity of water rationing that may be required in droughts, and will continue doing so; and

WHEREAS, Governor Brown declared a drought state of emergency on January 17, 2014, and called on all Californians to do their part to reduce their water use; and

WHEREAS, on February 11, 2014, the District Board of Directors (the "Board") responded to the Governor's call by implementing a 2014 Preliminary Dry Year Response Plan which asked customers to voluntarily reduce water use by ten percent starting on February 11, 2014 and continuing until further notice along with a comprehensive water conservation and customer outreach program; and

WHEREAS, the 2014 Preliminary Dry Year Response Plan also prepared for the use of supplemental water supplies and provided ongoing monitoring of water supply and demand consistent with the District's Urban Water Management Plan 2010; and

WHEREAS, the Board approved a one-year water transfer agreement with Placer County Water Agency (PCWA) for additional supplemental water supplies; and

WHEREAS, the District has a long-term renewal contract with the United States Bureau of Reclamation (the "Bureau") for the Central Valley Project (the "CVP") supplemental water supply and during specified dry year conditions, may request delivery of the CVP water and convey it by using the Freeport Regional Water Facility (the 'Freeport Project'); and

WHEREAS, the District can take supplemental water supply from its CVP contract with the Bureau in Fiscal Year 2014 because the projected end of September total system storage is less than 450 thousand acre-feet and the District is entitled to take up to 66,500 acre-feet of CVP water during this federal water year which ends on February 28, 2015; and

WHEREAS, the District has scheduled to receive 6,900 acre-feet of water from its CVP contract to conduct a series of tests in April that are necessary to meet regulatory requirements and to confirm the system is prepared to deliver additional supplemental supply; and

WHEREAS, the District has reserved 16,000 acre-feet of supplemental supply water from its CVP contract for delivery to the District's service area in May and June 2014 for potable water service if the Board declares the need to use the Freeport Project to deliver these supplemental supplies to the District; and

WHEREAS, the Board accepted a Water Supply Availability and Deficiency Report from District staff at its April 22, 2014 meeting, advising the Board that the District's projected September 30 total system storage will fall below 450,000 acre-feet and declaring that the District's water supply is deficient for meeting normal customer demands in 2014; and

WHEREAS, the Water Supply Availability and Deficiency Report also advises the Board to continue the customer water use reduction program begun in February as part of the 2014 Preliminary Dry Year Response Plan and coupled with supplemental supplies from the Freeport Project in order to preserve supplies in case the dry conditions persist into the next water year; and

WHEREAS, the cost to purchase and deliver 16,000 acre-feet of CVP water to the District's service area is estimated to be eight million dollars; and

WHEREAS, Schedule A of the District's Schedule of Rates and Charges states that a Supplemental Supply Surcharge is effective after the Board declares a need to use the Freeport Project to deliver supplemental supplies from outside of the District's normal watershed, and the surcharge amount is 14% of the total charge for water delivered per billing period for all potable water customer accounts, continuing until the additional costs are recovered; and

WHEREAS, the revenue from the Supplemental Supply Surcharge covers the additional costs that are incurred when the Freeport Project facilities are operated, including purchases of water from the Bureau and other water agencies, and the costs for delivery and treatment, and the surcharge remains in effect until these additional costs are recovered; and

WHEREAS, customer communications about the water supply shortage, the need for voluntary conservation and the costs and benefits of using supplemental supplies began just two months ago and require additional time to adequately educate ratepayers; and

WHEREAS, due to the short time frame when the Freeport Project will be operated to deliver supplemental supplies to the District for potable water service in Fiscal Year 2014 and the availability of unbudgeted one-time revenue from the sale of the Redwood Filter Plant property, these costs can be funded in Fiscal Year 2014 without adversely affecting the District's finances and the Board has the legislative authority to suspend the implementation of the Supplemental Supply Surcharge for the delivery of the 16,000 acre-feet of CVP supplemental water supply for potable water service in May and June 2014; and

WHEREAS, suspending the implementation of the Supplemental Supply Surcharge in Fiscal Year 2014 does not prevent the Board from implementing the Supplemental Supply Surcharge in the future whenever it declares a need to operate the Freeport Project to deliver supplemental water supplies;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of East Bay Municipal Utility District finds and determines and hereby declares the following:

Section 1. The Board hereby declares a need to use the Freeport Project to deliver 16,000 acre-feet of supplemental supply water from the District's CVP contract with the Bureau which is from outside of the District's normal watershed for delivery to the District's service area for potable water service in May and June 2014.

Section 2. The Board hereby suspends implementation of the Supplemental Supply Surcharge for the delivery of the 16,000 acre-feet of supplemental supply water to the District's service area in May and June 2014 for potable water service based on the Board's findings that due to the short time frame when the Freeport Project will be operated and the availability of unbudgeted one-time revenue from the sale of the Redwood Filter Plant property, the expenditures intended to be covered by the revenue from the Supplemental Supply Surcharge can be funded in Fiscal Year 2014 without adversely affecting the District's finances.

Section 3. The Board reserves the right to implement the Supplemental Supply Surcharge at any future subsequent date whenever it declares a need to operate the Freeport Project to deliver supplemental supplies from outside of the District's normal watershed.

Section 4. The Board hereby declares a need to continue requesting ten percent voluntary conservation by all customers to preserve up to 10,000 acre-feet of water supplies by reaffirming the 2014 Preliminary Dry Year Response Plan.

ADOPTED this 22nd day of April, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

President

ATTEST:

Secretary

APPROVED AS TO FORM AND PROCEDURE:

General Counsel

ITEM #18

WATER SUPPLY

UPDATE

WILL BE GIVEN AS AN
ORAL REPORT

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: April 17, 2014
 MEMO TO: Board of Directors
 THROUGH: Alexander R. Coate, General Manager *ARC*
 FROM: Lynelle M. Lewis, Secretary of the District *Lynelle*
 SUBJECT: Planning Committee Minutes – April 8, 2014

Chair Katy Foulkes called to order the Planning Committee at 9:03 a.m. in the Training Resource Center. Directors Doug Linney and Lesa R. McIntosh were present at roll call. Staff present included: General Manager Alexander R. Coate, General Counsel Jylana Collins, Director of Water and Natural Resources Richard G. Sykes, Operations and Maintenance Department Manager Eileen M. White, Director of Engineering and Construction Xavier J. Irias, Associate Civil Engineer Paul B. Gilbert-Snyder, Engineering Manager Serge V. Terentieff, Special Assistant to the General Manager Cheryl A. Farr, and Secretary of the District Lynelle M. Lewis.

Public Comment. None.

Mokelumne Watershed Avoided Cost Analysis (MACA) Study. Kim Carr of the Sierra Nevada Conservancy and Dave Edelson of The Nature Conservancy presented background and updated information on the MACA study and on one of the primary initiatives that focuses on the upper Mokelumne River watershed. The goal of this effort focused on calculating the avoided costs of implementing forest treatments to reduce fire risk compared to paying costs associated with wild fires. The collaborative program is being led by the non-profit organizations Sustainable Conservation (SUSCON), The Nature Conservancy (TNC), and the Environmental Defense Fund (EDF) along with the Sierra Nevada Conservancy and the U.S. Forest Service. EBMUD, along with several other local and regional organizations and agencies, have been active participants in this program since its inception in 2012. Key findings were that fuel treatments can significantly reduce the size and intensity of wildfires and provide economic benefits.

Next, Vance Russell of the National Forest Foundation presented information on ideas for seeking voluntary contributions to The Mokelumne Fund, plans for briefings to state and federal agencies, and plans on marketing the investment fund for the watershed. The team was enthusiastic about involving the District in their work to encourage customer awareness. Committee members noted that ratepayers benefit from reducing fire risks in the Mokelumne watershed and encouraged the team to use non-technical terminology to make information about the program easier for all potential audiences to understand.

Bay Area Integrated Regional Water Management Plan (IRWMP). Associate Civil Engineer Paul B. Gilbert-Snyder presented a status update on the IRWMP. He reviewed the history of District participation and the work to update the plan which was completed last year. The IRWMP

includes a master list of nearly 700 projects and EBMUD has over a dozen projects in the top-ranked tier that could be eligible for grant funding. Successful grant applications based on the IRWMP could offset some capital costs associated with EBMUD projects in the plan. Proposition 84 grant funding requires all sponsors to adopt an updated plan by May 11, 2014. All Bay Area agencies are now in the process of adopting the IRWMP and it is scheduled for EBMUD Board consideration later in the day.

Pipeline Replacement Study. Engineering Manager Serge V. Terentieff summarized proposed increases to pipeline replacement levels and the proposed approach to meet those levels. The replacement rate has grown from an average of about 7.5 miles per year since 2000 to about 10 miles per year more recently. The rate will need to continue to increase with time as the system ages, likely reaching a plateau of about 40 miles per year in 2025-2035. It was noted that currently both near- and long-term needs outstrip current District capabilities. To develop a robust plan of how the District might go from “10 to 40” miles per year of pipeline replacement, staff recommended conducting a pilot study to determine future resource needs.

The pilot study would add about five additional miles per year of high priority main replacements for each year over the next five years, pilot new technologies and alternative processes, and clarify when to use contract versus District staff. Next steps include conducting meetings and discussions with affected workgroups to further develop the proposed pilot and assembling a team from impacted stakeholder groups to participate in the pilot over the next five years. Among the early deliverables will be an assessment of new positions and funding required to implement the short-term plan starting in FY16. Representatives from AFSCME Locals 21, 2019 and 444 expressed support for higher levels of pipeline replacement and a strong interest in being part of the stakeholder group to provide input especially pertaining to staffing levels and contracting out.

Panoramic Hill Water System Improvements. Due to time constraints, this item will be presented at the next Planning Committee meeting.

Adjournment. Director Foulkes adjourned the meeting at 10:24 a.m.

ARC/LML/slb

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EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: April 17, 2014

MEMO TO: Board of Directors

THROUGH: Alexander R. Coate, General Manager *ARC*

FROM: Lynelle M. Lewis, Secretary of the District *Lynelle*

SUBJECT: Legislative/Human Resources Committee Minutes – April 8, 2014

Chair Lesa R. McIntosh called to order the Legislative/Human Resources Committee at 10:30 a.m. in the Training Resource Center. Directors John A. Coleman and Frank Mellon were present at roll call. Staff present included: General Manager Alexander R. Coate, General Counsel Jylana Collins, Manager of Legislative Affairs Marlaigne K. Dumaine, Manager of Human Resources Delores A. Turner, Manager of Employee Relations Michael K. Rich, Special Assistant to the General Manager Cheryl A. Farr, and Secretary of the District Lynelle M. Lewis.

Public Comment. None.

Legislative Report. Manager of Legislative Affairs Marlaigne K. Dumaine highlighted five bills and the recommended positions presented in Legislative Report No. 04-14. There was considerable discussion on H.R. 4239 (Huffman) To Provide Drought Assistance to the State of California and Other Affected Western States. The Committee recommended offering an amendment to the author to set a 2-3 year sunset clause on drought-related streamlining of environmental review. It was moved by Director Mellon and seconded by Director Coleman to forward to the full Board the recommended positions in Legislative Report No. 04-14, including the proposed amendment to H.R. 4239. The motion carried (3-0) with all committee members voting yes.

Next Ms. Dumaine reported that staff would be presenting an informational item to the full Board on SB 1199 (Hancock) Wild and Scenic Rivers: Mokelumne River. The bill, as amended on April 3, 2014, would designate specified segments of the Mokelumne River as “wild and scenic” and it includes a portion of the existing Pardee Reservoir. The Committee expressed concern about implications of SB 1199’s impacts on Middle Bar Bridge as well as with EBMUD facilities and current and future operations. General Manager Coate pointed out that this bill will be the topic of discussion at the upcoming Upper Mokelumne River Water Authority meeting on April 25th. Staff will bring the measure back to the Board for consideration once additional information is available.

Transparency in Labor Negotiations. Manager of Employee Relations Michael K. Rich presented an overview of the City of Costa Mesa’s ordinance titled Civic Openness In Negotiations (COIN), which requires certain disclosure requirements during labor negotiations. The COIN model creates a process intended to promote transparency at all stages of the negotiations process, but to date Costa Mesa has had limited experience with using it because negotiations are ongoing and it was too early to draw any conclusions about the effect of COIN on the outcome of the negotiations. However, City staff reported that the costing requirements of COIN had slowed the process of making proposals and counter-proposals.

District staff reached out to several firms that provide professional labor negotiations support to determine whether other agencies have similar transparency requirements to COIN. Some cities, such as San Jose, post proposals and counter-proposals on their public website but the District research did not identify other agencies that have practices or requirements equivalent to COIN.

In considering the pros and cons of adopting measures to promote transparency in negotiations at EBMUD, staff noted that there are existing regulations, including the Brown Act and Public Records Act, which ensure public access and transparency in government activities. There was discussion of the three approaches identified by staff's research: 1) establish detailed transparency requirements; 2) post proposals and costs (estimated through an independent analysis) on the District's website after each negotiating session; and 3) post proposals and counter-proposals on the District website after each negotiating session.

Addressing the Board were representatives from AFSCME Local 21 and 2019 who expressed opposition to the COIN model. Local 2019 also reported that while in the past they had posted negotiations offers on their public website, their intent in the future is to post that information to a members-only section that is not publicly visible.

The Committee requested that staff provide an update on other cities' experiences promoting transparency at the next Committee meeting, and also expressed an interest in having further discussion of this topic.

Adjournment. Director McIntosh adjourned the meeting at 11:04 a.m.

ARC/LML/slb

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