

INFRASTRUCTURE STATE REVOLVING FUND PROGRAM

STAFF REPORT

Summary terms

Applicant:	Arvin-Edison Water Storage District (AEWSD / District)
Project name:	Sustainable Groundwater Management Act (SGMA) Capital Improvements Project
Applicant eligibility category:	Public Development Facilities
Project eligibility category:	3. Drainage, Water Supply, and Flood Control
Project location:	Central Kern County, CA
Financing amount:	Up to \$40,000,000
Financing term:	30 years
Interest rate:	All-in-interest rate of 4.85% inclusive of 0.15% servicing fee. AEWSD qualifies for both community and environmental subsidies.
Fees:	1% origination fee to be financed as part of loan.
Source of repayment:	Borrower net revenues.
Security:	A pledge of net revenues and all legally available resources of Arvin-Edison Water Storage District.
Applicant credit rating:	S&P: A rating on 2023 COPs. Moody's QRATE estimate of Aa3.Q ¹
ISRF funding source(s):	Equity Funds- Bond Anticipation Loan to be reimbursed by the next ISRF Bond proceeds.
Applicant ISRF financing exposure:	This is the borrower's first ISRF loan
IBank referral source	2025 ACWA Fall Conference

Executive Summary

The Arvin-Edison Water Storage District was organized in 1942 under California Water Storage District law to contract with the United States Bureau of Reclamation for service from the Central Valley Project (CVP) water and power system. Located in Kern County, the District is comprised of approximately 132,000 acres of prime agricultural land, which supports irrigated crops, including vineyards, truck crops, potatoes, cotton, citrus, and orchards. The City of Arvin's population was 19,820 in 2025. Its Median Household Income (MHI) in 2024 was \$49,183, or 49.6% of the State's MHI. Edison is a very small, unincorporated community in the Tehachapi Mountains.

Project description and benefits:

The SGMA Capital Improvements Project (Project), will assist the District in complying with the Sustainable Groundwater Management Act (SGMA) regulations, which was passed in 2014. The Project will encompass the construction of up to 44 miles of surface water pipeline expansions, monitoring wells, improvements to the Intake Canal, well replacement program, manholes, turnouts, District land purchases, and associated appurtenances. The Project goal is to deliver wet-period surface water to landowners who would otherwise pump groundwater from the remaining portions of the Groundwater

¹ QRATE from Moody's Analytics is an estimated rating, not a rating from Moody's Investors Service.

Service Area (GWSA). The proposed pipelines will be operated when excess surface water is available (approximately every three years) and/or during water transfers.

The scope of work for the Project entails five smaller component projects. Phase 1 of the first component (the Frick Unit Temporary Water Project) has been completed, and the ISRF financing will support Phase 2 of this component, as well as the remaining four component projects. Since the District anticipates construction stretching into 2029, it is requesting a waiver of the ISRF Criteria two-year construction completion requirement, to allow instead for three years. As detailed in the Sources and Uses chart below, the total Project budget is estimated at nearly \$54M:

Project Uses	Project Sources		
	IBank	USBR, DWR FDRE & Federal Comm Grants	Total
Project Costs & Contingencies	\$39,600,000		\$39,600,000
USBR Grant		\$300,000	\$300,000
DWR FDRE Grant		\$3,030,000	\$3,030,000
Federal Community Grant		\$5,250,000	\$5,250,000
District Contributions		\$5,410,000	\$5,410,000
Origination Fee	\$400,000		\$400,000
Total	\$40,000,000	\$13,990,000	\$53,990,000

The District's \$13.99M of contributions, including the various grants noted above, have been approved and are being drawn upon. The various project components have construction contingencies, which range from 10% to 30%, except for one component that is well underway and approaching completion. The District also has \$3M in contingency reserves available for the Project.

Anticipated project benefits include the following:

- Alleviation of groundwater pumping from the shared aquifer through "in-lieu" groundwater recharge, wherein available surface water is used instead of groundwater.
- Mitigation of undesirable results encountered during dry years, including high energy pumping costs from lowering groundwater levels or water quality degradation.
- Improved long-term drought resilience.

Financial and Repayment Analysis:

The District's historical repayment capacity is summarized below:

CASH FLOW					
For Fiscal Year Ending (FYE) February 28	2022	2023	2024	2025	2026
Operating income (loss)	(\$13,958,719)	(\$23,187,925)	\$3,394,228	(\$7,210,123)	(\$12,524,676)
Transaction Specific Adjustments					
+ Depreciation	\$3,042,128	\$3,203,714	\$2,032,646	\$3,234,759	\$3,754,744
Interest income	\$128,981	\$310,818	\$1,182,345	\$1,628,498	\$4,119,512
General administrative and general project service charges	\$15,820,021	\$15,955,941	\$16,685,588	\$16,614,132	\$16,518,228
Ground water service program	\$107,595	(\$1,015)	\$9,217	\$76,332	\$62,603
Other income	\$1,192,384	\$1,577,229	\$2,521,132	\$1,937,015	\$77,893
Total of all Adjustments	\$20,398,704	\$20,755,446	\$22,430,928	\$23,490,736	\$24,532,980
Cash Available for Debt Service	\$6,439,985	(\$2,432,479)	\$25,825,156	\$16,280,613	\$12,008,304
Debt Service Calculation					
Total Existing MADS Debt Service	\$4,261,330	\$4,261,330	\$4,261,330	\$4,261,330	\$4,261,330
Proposed IBank MADS ⁽¹⁾	\$2,558,864	\$2,558,864	\$2,558,864	\$2,558,864	\$2,558,864
Total Obligations MADS	\$6,820,194	\$6,820,194	\$6,820,194	\$6,820,194	\$6,820,194
Debt Service Coverage Ratio ⁽²⁾	0.94	-0.36	3.79	2.39	1.76

(1) Calculated as \$40,000,000 at an all-in rate of 4.85% (including a 0.15% annual servicing fee) for a term of 30 years.

(2) Existing Parity Debt Minimum Required DSCR 1.25x

In each year since FY 2024, the District generated sufficient net cash flow to cover the proposed debt service requirements. However, cash flow performance in FYs 2022 & 2023 was inadequate, mainly due to elevated 'Source of Supply' water costs. These costs have been markedly lower since FY 2024.

Among the adjustments above, it is worth highlighting the General Administrative and General Project Service Charges line item. Though reported as a non-operating item, it is a stable, recurring revenue source that is determined by the District's board that is included on customers' property tax bills. Averaging approximately \$16.3M annually, it typically offsets the District's operating 'losses' and supports overall financial stability.

In FY 2026 the District received approximately \$166M from a legal settlement related to TCP (1,2,3-trichloropropane) contamination. Staff excluded the settlement from the cash flow analysis as it was a one-time event. The funds from the settlement do not have to be legally used for TCP remediation.

Projections were also provided by the District:

PROJECTED CASH FLOW					
For Fiscal Year Ending (FYE) February 28	2026	2027	2028	2029	2030
Operating income (loss)	(\$12,524,676)	(\$13,571,000)	(\$10,146,000)	(\$9,701,000)	(\$9,249,000)
Transaction Specific Adjustments					
Depreciation	\$3,754,744	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Interest income	\$4,119,512	\$1,628,498	\$1,628,498	\$1,628,498	\$1,628,498
General administrative and general project service charges	\$16,518,228	\$16,870,000	\$16,752,000	\$16,752,000	\$16,752,000
Ground water service program	\$62,603	\$50,000	\$50,000	\$50,000	\$50,000
Other income	\$77,893	\$1,400,000	\$700,000	\$721,000	\$743,000
Total of all Adjustments	\$24,532,980	\$23,948,498	\$23,130,498	\$23,151,498	\$23,173,498
Cash Available for Debt Service	\$12,008,304	\$10,377,498	\$12,984,498	\$13,450,498	\$13,924,498
Debt Service Calculation					
Total Existing MADS Debt Service	\$4,261,330	\$4,261,330	\$4,261,330	\$4,261,330	\$4,261,330
Proposed IBank MADS ⁽¹⁾	\$2,558,864	\$2,558,864	\$2,558,864	\$2,558,864	\$2,558,864
Total Obligations MADS	\$6,820,194	\$6,820,194	\$6,820,194	\$6,820,194	\$6,820,194
Debt Service Coverage Ratio ⁽²⁾	1.76	1.52	1.90	1.97	2.04
Total Cash Available for Debt Service	\$12,008,304	\$10,377,498	\$12,984,498	\$13,450,498	\$13,924,498

(1) Calculated as \$40,000,000 at an all-in rate of 4.85% (including a 0.15% annual servicing fee) for a term of 30 years.

(2) Existing Parity Debt Minimum Required DSCR 1.25x

Projected cash flow is adequate to meet the debt service requirements. This is even after Staff significantly reduced interest income starting in FY 2027 (reverting it back to its FY 2025 level), although the District stands to earn much higher interest income over the medium term due to the large settlement, before these funds are expended on new projects.

While the District's Capital Improvement Plan forecasts additional projects in the coming years, it intends to prioritize grant funding, use of designated reserves, and possible rate increases before relying on additional borrowing. In any case, per the terms of the ISRF loan and its outstanding A-rated bonds, the District will need to adhere to a 1.25x MADS covenant for additional debt.

Risks and mitigants

Risk: Variability in their Source of Supply cost due to fluctuating surface water availability and hydrological conditions, reliance on groundwater pumping, and limiting water deliveries to customers has led to large fluctuations in the District's annual operating expenses, occasionally contributing to deficits.

Mitigants:

- The District maintains approximately 300,000 acre-Feet of water in storage and continues to bank excess surface water during wet years to help offset supply shortages in dry years.
- The District obtains water through its USBR contract and, when available, purchases water from other agencies when available, reducing reliance on a single source.
- The District has stored water with other agencies, including Rosedale Rio Bravo Water Storage District and Westside Mutual Water District, providing additional flexibility to address supply shortages.
- The District supplements surface water supplies with stored groundwater and is implementing SGMA capital improvements to expand water delivery capacity, reduce groundwater reliance, and support long-term water supply reliability.

Risk: The District is not prohibited from incurring additional debt during the life of the Loan.

Mitigants:

- The District will be prohibited from issuing future debt senior to the IBank financing.
- New parity debt will only be permitted if Net Revenues support a Debt Service Coverage Ratio (DSCR) of at least 1.25x, based on Maximum Annual Debt Service (MADS).
- The District will be required to maintain rates and charges in an amount sufficient to support a minimum DSCR of 1.25x, based on Annual Debt Service (ADS), for the Loan and any parity debt.

Compliance with IBank Criteria, Priorities, and Guidelines

The application and the proposed financing are in accordance with IBank Criteria, Priorities and Guidelines (ISRF Criteria) [except for the following requested waivers:]

ISRF Criteria Waivers

1. The District seeks an IBank Board waiver of the criteria to complete construction within two years. The Project timeline for the completion of construction is 36 months.

Staff Recommendation

Staff recommends IBank Board approval of Resolution 26-17 authorizing ISRF Program Financing in an amount not to exceed \$40,000,000 to the Arvin-Edison Water Storage District for the completion of its SGMA Capital Improvements Project (Project).

IBank Staff:	Richard Nesbitt and Lina Moeller
Date of IBank Staff Report:	10/22/2026
Date of Board Meeting:	10/28/2026
Resolution Number:	26-17

Borrower background

Following the epic 1930s-era drought, Friant Dam was built in Fresno County in 1942, along with the Central Valley Project (CVP) canals, to address the region's water supply challenges. Arvin-Edison Water Storage District (AEWSD or the District) was organized in 1942 under California Water Storage District law

(Division 14 of the California Water Code) to contract with the United States for water and power service from the CVP. Headquartered in the City of Arvin, today the District is comprised of approximately 132,000 acres of prime agricultural land located in the southeasterly portion of the San Joaquin Valley and lies entirely within Kern County. Approximately 110,000 acres are developed to irrigated crops, with vineyards, truck crops, potatoes, cotton, citrus, and orchards.

AEWSD has a history of exceptional water management, and it has maintained groundwater conditions in its area despite the overdraft across much of the Valley. A core advantage for AEWSD is its long history with banking and exchange agreements, and its geographical location with respect to conveyance facilities.

The District administers a 350,000-acre-foot Federal Water Contract, a 30-megawatt Federal power contract, and a multitude of water management programs including one with Metropolitan Water District of Southern California (MWD). The District oversees major infrastructure consisting of 45 miles of concrete canals, 50 pumping plants with 150 pumps/motors, 1500 acres of spreading basins, 82 groundwater extraction wells.

The District's nine-person board of directors is responsible for all District policies and for setting the direction of the organization. The organization employs approximately 50 staff members.

Local economy

The economy of Arvin, California, nicknamed "The Garden in the Sun", is primarily driven by agriculture, serving as a hub for farming, packing, and shipping produce like carrots, potatoes, and grapes. Located in Kern County, it has a strong agricultural base, supplemented by logistics, and retail. Agriculture, forestry, fishing, and hunting are the largest employment sectors, featuring major producers like Grimmway Farms (carrots), Gold Ribbon (potatoes), and Di Giorgio (various fruits). Retail trade and health care/social assistance are also major employment sectors for the city. Historically, the city hosted the North American Rockwell B-1 Testing Facility for avionics and currently serves as a strategic logistics hub. Efforts are underway to expand clean energy, including solar installations.

Arvin's population was 19,820 in 2025. The 2025 (EDD) unemployment rate was 8.3%, compared to the State's rate of 5.3%. The City of Arvin's Median Household Income (MHI) in 2024 was \$49,183, which was 49.6% of the State's MHI, making it a Severely Disadvantaged Community (DAC).

Project background

Arvin-Edison Water Storage District is pursuing a package of projects representing its water stewardship commitment for both agricultural producers and residents in the surrounding severely Disadvantaged Communities. The District's residents and agricultural producers are vulnerable to the impacts of increasing western drought intensity on surface and groundwater supplies. By increasing conveyance, the District seeks to increase utilization of flood water available during wet periods through its federal water contracts and provide surface water in-lieu of growers and producers using groundwater. The District's goal is to reduce agricultural reliance on groundwater when feasible, fortify groundwater supplies for drought resilience, and enhance or preserve groundwater quality in response to California's Sustainable Groundwater Management Act (SGMA).

The SGMA Capital Improvements Project (Project) forms part of the District's Groundwater Sustainability Plan, as a strategy to achieve sustainability under the State law. The total Project budget is approximately \$54M, with the District using its own resources to cover the portion not financed by the ISRF loan. The scope of work includes but is not limited to the completion of five smaller components, described below. Overall, the Project encompasses construction of up to 44 miles of surface water pipeline expansions, monitoring wells, improvements to the Intake Canal, well replacement program, manholes, turnouts, District land purchases, and associated appurtenances within AEWS's jurisdictional boundaries. The proposed pipelines will be operated when excess surface water is available (approximately every three years) and/or during water transfers.

- **Project component #1** North Canal Spreading Works Expansion Project - create a dedicated groundwater supply for Arvin Community Services District (ACSD) and create opportunities for ACSD to increase its water supply sustainability with access to groundwater recharge facilities.
- **Project component #2** Frick Unit - build 7.5 miles of pipelines to serve 2,843 acres of irrigated agriculture within the Groundwater Service Area (GWSA). Phase 1 complete, Phase 2 construction contract started, Phase 3 construction to begin upon pending final federal funding agreement.
- **Project component #3** Panama Unit - build 8.8 miles pipelines to serve 4,816 acres of irrigated agriculture within the Groundwater Service Area (GWSA). Project Progress to Date: CEQA and project planning complete. Design work has been initiated. The construction schedule is contingent upon project funding.
- **Project component #4** Di Giorgio Unit - total of five phases. CEQA and project planning are complete. Phase 1 was completed in 2018. Phase 2A was built in 2025 and was an extension of 3,000 feet of 48 inch mainline across the District's North Canal Spreading Works property. Phase 2B-5 will provide surface water to an additional 3,055 acres of irrigated agriculture. The design for Phases 2B – 5 is progressing with the assistance of a USBR Planning and Design Grant. The construction schedule is contingent upon project funding.
- **Project component #5** Sandrini Unit - construct about 1 mile of new canal and 21.1 miles of pipelines to develop the distribution infrastructure to convey surface water supplies from existing District canals and pipelines to more than 11,000 acres of irrigated lands within the GWSA. Project Progress to Date: CEQA and project planning complete. Design work has been initiated. The construction schedule is contingent upon project funding.

The scope of work covered by the ISRF loan is expected to be completed by FY 2029. Since this timeline exceeds the ISRF Criteria requirement full loan disbursement within two years of loan closing, the District is requesting a waiver to allow for three years. The project components financed by the ISRF loan will have stand-alone functionality and will be able to serve customers regardless of whether additional pipeline extensions are subsequently built. All the Project funds will be used to finance SGMA CIP improvements.

Project benefits

Anticipated Project benefits include:

- Alleviation of groundwater pumping from the shared aquifer through "in-lieu" groundwater recharge, wherein available surface water is used instead of groundwater.
- Mitigation of undesirable results encountered during dry years, including high-energy pumping costs

from lowering groundwater levels or water quality degradation.

- Conservation of surface water and groundwater to improve long-term drought resilience.

In addition, the Project will provide water supply for irrigation on 4,816 acres of agricultural lands historically dependent solely on groundwater. The proposed pipeline network will convey approximately 90 cubic feet per second (cfs), or 180 acre-feet of water each day of operation, for a total annual wet year benefit of 16,200 AF (average annual benefit of 5,400 AF). In doing so it will improve groundwater levels by reducing landowner pumping costs and controlling energy costs associated with pumping groundwater. The District also estimates that landowners will eventually achieve cost savings of \$204/acre-foot to \$613/AF. By enhancing water supply reliability and drought resilience, the District expects the Project to support the retention of numerous jobs related to agricultural, food processing and related services.

Loan security and source of repayment

The Loan will be secured by a pledge of the District's Fund net revenues and all other legally available resources and will be repaid from these amounts. An overview of the District's system and a review of its financial performance appear below.

System Overview

AEWSD currently provides surface water to irrigate lands in its Surface Water Service Area (SWSA), In-Lieu and Temporary Water service areas. The Groundwater Service Area (GWSA) historically relied on groundwater from private landowner wells for irrigation. The District's sole water supply contract is with the U.S. Bureau of Reclamation (USBR), which holds appropriative water rights on the San Joaquin River. Through its contract the District receives high-quality water from the Friant Division of the Federal Central Valley Project (CVP) through the Friant-Kern Canal. The contract includes 40,000 acre-feet of Class 1 (firm) water, 311,675 acre-feet of Class 2 (non-firm) water, and rights to CVP Section 215 flood water.

As of FY 2026 the District's net fixed assets were \$129M. With \$77M of accumulated depreciation, gross assets had depreciated about 37% vs. their cost basis. Assets consist mainly of 'Source of Supply' (an accounting of net water storage), pumping plants, and transmission and distribution infrastructure. According to the District the remaining useful life of its assets was about 29 years. The assets created by the SGMA Capital Improvements Project are expected to have a minimum useful life of 50 years. Certain components such as pipelines, canals, wells, and land are potentially subject to ongoing maintenance and rehabilitation.

Rate and customer information

The chart below shows how the District has increased rates over the past five years, showing significant rate increases to meet their capital improvements.

HISTORICAL RATE INCREASES OF THE PAST FIVE YEARS		
Date Adopted	Date Effective	Percent Increase
12/9/2025	3/1/2026	6.0%
12/10/2024	3/1/2025	4.0%
1/9/2024	3/1/2024	7.0%
12/13/2022	3/1/2023	20.0%
12/14/2021	3/1/2022	10.0%

Source: Financing Application
Addendum

The table below shows the Districts' current monthly charges for its 504 customers, all landowners or agricultural operations. The average monthly charges vary from year to year based on both a) the water rate per AF (which is based on the equivalent cost of groundwater production and increases every year) and b) the volume of water purchased from the District, which can fluctuate from year to year based on various factors. In FY 2025, the water rate increased, but the volume of water sales decreased slightly, resulting in a lower average payment per customer for water purchases.

In May 2025, the Board approved keeping rates unchanged at the FY 2024/2025 levels, with no additional rate increases approved thereafter. In FY 2026, approved rate increases were not implemented.

HISTORICAL AND CURRENT AVERAGE MONTHLY USER CHARGE PER AGRICULTURAL UNIT					
For Fiscal Year Ending (FYE) February 28	2022	2023	2024	2025	2026
Agricultural (Water Rates)	\$3,695	\$4,720	\$5,490	\$5,365	\$5,674
% change	N/A	27.7%	16.3%	-2.3%	5.8%

Source: Financing Application

The chart below is the District's projected average monthly charges which include an estimated 2% projected rate increases through FY 2031. Water rates are adjusted annually by the Board pursuant to water service contracts with landowners.

PROJECTED AVERAGE MONTHLY USER CHARGE PER AGRICULTURAL UNIT					
For Fiscal Year Ending (FYE) February 28	2027	2028	2029	2030	2031
Agricultural (Water Rates)	\$5,674	\$5,776	\$5,891	\$6,010	\$6,131
% change	0.00	2.0	2.0	2.0	2.0

The District anticipates a gradual increase over the next five years in average annual water sales of approximately 3,000 AF to 5,000 AF per year due to continued expansion of pipelines that will enable the District to serve areas currently reliant solely on groundwater.

As the table below shows, the Users in the District are all landowners and agricultural users, with no changes in the number of users over the last five years.

NUMBER OF USERS BY CATEGORY					
For Fiscal Year Ending (FYE) February 28	2022	2023	2024	2025	2026
Residential					
Commercial					
Industrial					
Landowners and Agricultural	504	504	504	504	504
Total	504	504	504	504	504
% change	N/A	0.0%	0.0%	0.0%	0.0%

The table below shows top 10 customers. While concentration is somewhat high given the small customer base, no landowner approaches the 15% limit for a single user, nor the 50% limit for the Top 10 users, defined in the ISRF Criteria.

TEN LARGEST USERS as of 2/28/2026				
	WATER SERVICE CHARGES Users	% System Use	% System Revenues	Customer Class (Residential/ Commercial/ Industrial/Other)
1	Gless Ranch Grimmway	5.82%	7.07%	Landowner/Water User
2	Enterprises, Inc.	6.02%	6.40%	Landowner/Water User
3	Anthony Vineyards Inc.	5.38%	4.98%	Landowner/Water User
4	Sun Pacific Farming Co.	4.19%	4.08%	Landowner/Water User
5	Johnston Farms	3.49%	3.84%	Landowner/Water User
6	Giumarra Vineyards, Corp.	3.81%	3.66%	Landowner/Water User
7	Allied Potato, Inc.	3.59%	3.51%	Landowner/Water User
8	Poso Ridge, LLC	3.73%	3.30%	Landowner/Water User
9	Edison Citrus Ranch, LLC	2.25%	2.48%	Landowner/Water User
10	County Line Vineyardss, Inc.	2.48%	2.42%	Landowner/Water User
Total		40.76%	41.74%	

Source: Financing Application Addendum

The chart below shows the four closest systems and their average rates as compared to Arvin-Edison Water Storage District. While there is a wide range, the District's rates remain below the combined average.

CURRENT AVERAGE MONTHLY SYSTEM USER CHARGE COMPARED TO NEARBY SYSTEMS			
System Name	Distance in Miles	Location	Average Monthly Agricultural Rate
Arvin-Edison Water Storage District		N/A	\$5,684.00
North Kern Water Storage District	10.0	Bakersfield, CA	\$2,513.00
Semitropic Water Storage District	22.0	Wasco, CA	\$2,765.00
Tehachapi-Cummings County Water Storage District	29.4	Tehachapi, CA	\$8,249.00
Wheeler Ridge-Maricopa Water Storage District	30.0	Bakersfield, CA	\$13,553.00
Source: Financing Application Addendum			Average Monthly Charge
			\$6,552.80

Credit analysis

The District's audited financial statements for fiscal years 2022-2026 in Exhibit 1 and 2. The District's Fiscal Year is from March 1st to February 28. The statements are prepared on an accrual basis of accounting, similar to those used by a private sector company.

Comparative Balance Sheet Analysis (Exhibit 1):

- The District's FY 2026 current assets jumped to \$214.4M, an increase of \$166.1M, practically the same amount as the cash infusion received from the settlement of TCP (1,2,3-trichloropropane) lawsuit with Dow Chemical and Shell Oil regarding groundwater tainted with the chemical TCP. The full amount of the settlement was \$230M and The District received a net of \$166M.
- Cash and equivalents rose to \$200.3M in FY 2026, mostly due to the \$166M settlement cash. Excluding this amount, which is earmarked for TCP remediation projects, cash would have been \$33.3M, similar to the preceding years.
- Excluding the settlement amount, Days Cash on Hand averaged 267 days over the five-year period. The Current Ratio in FY 2026 was 4.79X and averaged 4.63X over the five-year period reviewed.
- The District's current liabilities were \$10.1M as of FY 2026, an increase of \$1.3M mainly due to an increase in trade accounts payable. However, current liabilities have remained in the range of \$9M throughout the period.
- The Leverage Ratio (total liabilities-to-net position) has remained low throughout the period, averaging 0.32X, highlighting the District's strong financial position.
- The table below summarizes the District's long-term debt, which consists of three Notes Payable with Bank of America and a 2023 COP. bond, rated "A" by Standard & Poor's. Total debt has declined by approximately \$6.6 million since FY 2023 as it has been paid down as agreed. Steady growth in net position has allowed them to reduce debt.

ENTERPRISE OTHER OBLIGATIONS FOR THE ARVIN EDISON WATER STORAGE DISTRICT									
Debt Issued	Bond	Underlying Rating (at issuance)	Date Issued	Maturity	Amount Issued	Outstanding Balance	Purpose of Debt	Parity / Subordinate Debt Allowed	Debt Service Reserve Fund Required?
Notes Payable- Bank of America	No	N/A	11/1/2007	11/1/2027	\$7,500,000	\$1,029,070	Canal Expansion	Parity	Yes
Notes Payable- Bank of America - 2019A	No	N/A	8/23/2019	5/1/2034	\$18,246,529	\$13,461,307	Consolidation	Parity	Yes
2023 Certificates of Participation	No	A	2/9/2023	5/1/2053	\$25,000,000	\$24,655,000	Friant Project	Parity	Yes
Note Payable Bank of America - 2019B	No	N/A	8/1/2019	5/1/2034	\$3,407,215	\$1,856,262	Consolidation	Parity	Yes
			Total		\$54,153,744	\$41,001,639			

The District's total net position for the FYE 2026 was \$343.2M, a boost of \$176.3M, or 106%, mainly due to the TCP settlement. This windfall, along with prior steady increases to its net position, will enable the District to continue investing in infrastructure and improving its overall financial position. The unrestricted net position stood at \$247M in FY 2026, or a still strong \$81.1M excluding the TCP settlement. This strong position provides significant financial flexibility, supports long-term capital planning, and offers protection against volatility in water supply costs, and future infrastructure needs.

Comparative Income Statement Analysis (Exhibit 2):

- By the District's own financial presentation, it persistently runs operating deficits, i.e. an excess of operating expenses over operating revenues, even after adding back depreciation. The one exception was FY 2024, when Source of Supply water costs were relatively low, and it posted a small (\$3.3M) operating surplus.
- However, the District's non-operating revenues have been significant, leading to increases in net position in four of the five years reviewed. In total, net position grew by \$209M over the five-year period, representing stable growth even after taking the TCP settlement into account.
- In particular, General administrative and general project service charges is a non-operating revenue item that has consistently generated around \$16M of revenue each year, and which the District has control over. This item is levied by the District board each year for the following year and is billed to owners on their property tax statements. Were it considered operating revenue (on the statement of cash flows it is listed under operating activities), the District would have been in surplus every year except FY 2023.
- In FY 2026 the District's operating revenues were \$33.1M, a decrease of \$580K, or 1.7%, due to lower water sales. According to the District, water sales are largely a function of drought conditions and the amount of groundwater banked. The TCP issue has also limited, though not prevented, the District from providing water to outside agencies such as the Metropolitan Water District of Southern California (MWD).
- Water Banking has been suspended since FY 2025 over the TCP issue, and the timing of its resumption is not known at this time. The District does not view this as a serious challenge to its long-term viability, since these revenues have been relatively small, averaging less than 10% of operating revenues from FY 2023 to FY 2025.
- The District's operating expenses for FY 2026 were \$45.6M, an increase of approximately \$4.7M or 11.6% from the prior year, mainly due to increases of approximately \$2.8M in water costs (Source of supply'), and \$1.1M in distribution costs.

- Water supply and transmission-related costs continue to represent the largest components of the District's operating cost structure. The District's water supply varies with hydrological conditions, with greater reliance on stored groundwater during dry years. The long-term risk from these fluctuations is mitigated by the District's approximately 300,000 AF of stored water, as well as additional water banked with other agencies, and ongoing water acquisition and exchange arrangements. The improvements resulting from the Project are expected to further strengthen supply reliability.

Please see key indicators table in **Exhibit 3** for various economic and financial data for Arvin-Edison Storage Water District.

Repayment analysis:

Historical cash flows

Arvin-Edison Water Storage District's repayment capacity based on historical cash flows appears below:

CASH FLOW					
For Fiscal Year Ending (FYE) February 28	2022	2023	2024	2025	2026
Operating income (loss)	(\$13,958,719)	(\$23,187,925)	\$3,394,228	(\$7,210,123)	(\$12,524,676)
Transaction Specific Adjustments					
+ Depreciation	\$3,042,128	\$3,203,714	\$2,032,646	\$3,234,759	\$3,754,744
Interest income	\$128,981	\$310,818	\$1,182,345	\$1,628,498	\$4,119,512
General administrative and general project service charges	\$15,820,021	\$15,955,941	\$16,685,588	\$16,614,132	\$16,518,228
Ground water service program	\$107,595	(\$1,015)	\$9,217	\$76,332	\$62,603
Other income	\$1,192,384	\$1,577,229	\$2,521,132	\$1,937,015	\$77,893
Total of all Adjustments	\$20,398,704	\$20,755,446	\$22,430,928	\$23,490,736	\$24,532,980
Cash Available for Debt Service	\$6,439,985	(\$2,432,479)	\$25,825,156	\$16,280,613	\$12,008,304
Debt Service Calculation					
Total Existing MADS Debt Service	\$4,261,330	\$4,261,330	\$4,261,330	\$4,261,330	\$4,261,330
Proposed IBank MADS ⁽¹⁾	\$2,558,864	\$2,558,864	\$2,558,864	\$2,558,864	\$2,558,864
Total Obligations MADS	\$6,820,194	\$6,820,194	\$6,820,194	\$6,820,194	\$6,820,194
Debt Service Coverage Ratio ⁽²⁾	0.94	-0.36	3.79	2.39	1.76

(1) Calculated as \$40,000,000 at an all-in rate of 4.85% (including a 0.15% annual servicing fee) for a term of 30 years.

(2) Existing Parity Debt Minimum Required DSCR 1.25.

Adjustments to the District's operating results are as follows:

- Depreciation (non-cash expense) added back.
- Recurring interest income from investments is included.
- General administrative and General Project Service Charges are included. As noted above, though technically non-operating revenue, this revenue source is consistent and ongoing. The charge is controlled by the District's Board and appears on landowners' property tax bills.
- Ground Water Service Program income is an ongoing program to utilize flood water available and provide surface water in-lieu of growers and producers using groundwater. This reduces the reliance on groundwater when feasible.
- Other income is Income related to providing accounting services to the Power and Water Resources Pooling Authority (PWRPA), PWRPA-related Public Purpose Program and Cap and Trade Revenues, and Grant Income.

After adjustments, the District generated sufficient net cash flow to meet its debt service obligations in the three most recent fiscal years reviewed. However, debt service coverage would not have been insufficient in FY 2022 and FY 2023, mainly due to elevated Source of Supply water costs. Coverage

improved considerably starting in FY 2024, as water costs moderated and operating revenues continued to grow steadily, reflecting approved rate increases.

Projections

The District provided projections of revenues and expenses from FY 2026-2030, detailed in Exhibit #4 and summarized below. The District has sufficient cash flow in the projected years, with a minimum forecast DSCR of 1.52X in FY 2027 improving steadily thereafter.

PROJECTED CASH FLOW					
For Fiscal Year Ending (FYE) February 28	2026	2027	2028	2029	2030
Operating income (loss)	(\$12,524,676)	(\$13,571,000)	(\$10,146,000)	(\$9,701,000)	(\$9,249,000)
Transaction Specific Adjustments					
Depreciation	\$3,754,744	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Interest income	\$4,119,512	\$1,628,498	\$1,628,498	\$1,628,498	\$1,628,498
General administrative and general project service charges	\$16,518,228	\$16,870,000	\$16,752,000	\$16,752,000	\$16,752,000
Ground water service program	\$62,603	\$50,000	\$50,000	\$50,000	\$50,000
Other income	\$77,893	\$1,400,000	\$700,000	\$721,000	\$743,000
Total of all Adjustments	\$24,532,980	\$23,948,498	\$23,130,498	\$23,151,498	\$23,173,498
Cash Available for Debt Service	\$12,008,304	\$10,377,498	\$12,984,498	\$13,450,498	\$13,924,498
Debt Service Calculation					
Total Existing MADS Debt Service	\$4,261,330	\$4,261,330	\$4,261,330	\$4,261,330	\$4,261,330
Proposed IBank MADS ⁽¹⁾	\$2,558,864	\$2,558,864	\$2,558,864	\$2,558,864	\$2,558,864
Total Obligations MADS	\$6,820,194	\$6,820,194	\$6,820,194	\$6,820,194	\$6,820,194
Debt Service Coverage Ratio ⁽²⁾	1.76	1.52	1.90	1.97	2.04
Total Cash Available for Debt Service	\$12,008,304	\$10,377,498	\$12,984,498	\$13,450,498	\$13,924,498

(1) Calculated at \$40,000,000 at all-in rate of 4.85% (including a 0.15% annual servicing fee) for a term of 30 years.

The assumptions underlying the District's financial projections detailed below, reflect a measured and generally conservative growth strategy, grounded in expectations of continued demand for agricultural irrigation water, modest annual rate adjustments, stable customer participation, and limited revenue volatility from miscellaneous operating sources. Operating revenues are projected to increase steadily, driven primarily by irrigation water sales, while expense growth is expected to remain relatively controlled through modest inflationary increases and reduced maintenance expenditures from FY 2027 through FY 2030.

Revenue Assumptions

Operating revenues are projected to increase from \$33.1 million in FY 2026 to \$42.5 million by FY 2030, representing a cumulative increase of approximately 28.5%, or an average annual growth rate of about 6.5%. This growth is expected to be driven by inflationary rate adjustments, gradual increases in water sales as SGMA-related capital improvement program pipelines are extended to serve new areas, and General Administrative and General Project (GAGP) assessments authorized under Proposition 218. In addition, contractual agreements with landowners provide for rate adjustments as needed, including increases tied to the Consumer Price Index (CPI).

- Water service charges and associated lift station charges increase by 3% per year to account for cost inflation.
- Water sales based on (a) annual water sales of 120,000 acre-feet per year (for an average water year), plus (b) gradual increase in water sales of 10,800 acre-feet through fiscal year 2029/2030 due to ongoing buildout of new pipelines to provide surface water to new areas, and (c) assumed 4,000 acre-feet of annual temporary water sales (for an average year).

- General Administrative & General Project (GAGP) assessment charges are projected to remain unchanged at \$155.57 per acre.
- In order to exclude the impact of the \$166M TCP settlement, starting in FY 2027 - FY 2030 interest income is assumed to revert back to the FY 2025 amount of \$1.6M. Including the settlement funds, the District projects annual interest income in excess of \$8M.) The District has been working with PFM Asset Management regarding the investment of these funds.)

Expense Assumptions

- FY 2027 Operating & Maintenance Expenses are based on District Budget, which assumes an average water year.
- Future operating expenses are projected to escalate at the annual rate of 3.5% per year, with the exception of power costs which escalate at the annual rate of 3.0%
- Capital improvement expenses are based on the District's latest SGMA CIP as of April 2026 and include an estimated \$3M per year with 3.0% cost escalation for other miscellaneous capital improvements and vehicles.
- The District is considering deferring or potentially reducing some of the future projects so the current CIP is probably more aggressive than will ultimately be implemented.

The District's current Capital Improvement Plan (CIP) projects a total of \$144M in projects. With this \$40M ISRF loan, the remaining \$104M of projects will be sourced through various avenues. It is in process of applying for various grants for future projects. After grants, it would utilize its own reserves. After that the District would consider raising user fees, and finally consider borrowing if needed. Under a very conservative 'worst-case' scenario, the District projects additional debt of \$66M through 2030 if they receive no grants and do not use any cash reserves. Under this scenario staff estimates that DSCR in FY 2030 to be above 1.25X (based on Staff's conservative assumption excluding the interest income from the settlement funds). In any case, as a condition of both the ISRF loan and it's A-rated COP bonds, the District will need to adhere to a 1.25X MADS covenant if and when it takes on additional debt.

TERMS AND CONDITIONS

Staff recommends approval of Resolution No. **26-17** authorizing ISRF Program financing to the Arvin-Edison Water Storage District (AEWSD) Project, subject to the following key terms and conditions:

- 1. Applicant/Borrower:** Arvin-Edison Water Storage District (AEWSD) (Borrower)
- 2. Project Name:** Sustainable Groundwater Management Act (SGMA) Capital Improvements Project.
- 3. Amount of ISRF Program financing:** Not to exceed \$40,000,000 (Tax-exempt Financing)
- 4. Maturity:** Not to exceed 30 years. Financing may not be prepaid during the first 10 years.
- 5. Repayment/Security:** The Financing will be secured by a senior lien on net system revenues (Net Revenues) from the District's General Fund (Fund) and all legally available amounts in the Fund.
- 6. Interest Rate:** All-in 4.85% which includes annual servicing fee described in item 7 below. The rate will be locked as outlined in item 8 below.
- 7. Fees:** Borrower to pay the origination fee of 1.00%, \$400,000 of the Financing amount upon close of Financing, and an annual servicing fee of 0.15% of the outstanding balance.
- 8. Rate Lock:** The interest rate in item 6 will be locked in for a period of 90 calendar days after IBank Board (Board) approval of the ISRF financing (the Rate Lock Period). After the Rate Lock Period, and up until IBank's Financing commitment expires (as described in item 9 below), the interest rate may be reset at the discretion of IBank's Credit Committee.
- 9. Limited Time:** Subject to the Board's approval of the Financing resolution, IBank's Financing commitment expires 180 calendar days from the date of its adoption. If the Borrower and IBank have not executed a financing agreement (Financing Agreement) before the commitment expires, there can be no assurances that IBank will be able to grant the Financing to the Borrower or consider extending the commitment period.
- 10. Not an Unconditional Commitment:** If the IBank Board (Board) approves the resolution authorizing the Financing request, the resolution shall not be construed as an unconditional commitment to finance the Project, but rather is conditioned upon entry by IBank and the Borrower into a Financing Agreement (or Agreements), in form and substance satisfactory to IBank.
- 11. ISRF Program Financing Agreement Covenants and Conditions:** The Financing Agreement shall include, among other things, the following covenants:
 - a.** The Fund has no debt secured by senior lien on Net Revenues, and the Borrower will be prohibited from issuing future debt senior to the IBank financing.
 - b.** Parity debt will be allowed if Net Revenues amount to at least 1.25 times the Maximum Annual Debt Service (MADS) taking into consideration the MADS payable in any Fiscal Year on all existing parity debt and the Financing, and the proposed parity debt, payable from the Fund.
 - c.** Subordinate debt will be allowed if Net Revenues are at least 1.00 times the sum of the MADS on all outstanding debt payable from the Fund.
 - d.** The Borrower will be required to maintain rates and charges in an amount sufficient to ensure in each fiscal year that Net Revenues produce a minimum 1.25 times aggregate annual debt service coverage ratio for the Financing and all parity debt, and a minimum 1.00 times annual debt service coverage ratio when including subordinate debt.
 - e.** Notwithstanding the foregoing, the Borrower shall not be deemed to be in breach of the foregoing debt service coverage requirements solely because the applicable debt service coverage ratio is not achieved in any fiscal year, provided that (i) the aggregate amount on deposit in the Borrower's rate stabilization fund, any reserve funds established with respect to the Financing or any parity obligations, and any other

unencumbered reserves of the Borrower legally available to pay debt service on the Financing and parity obligations exceeds \$10,000,000, and (ii) the Borrower is not otherwise in default under this Agreement.

f. The Borrower will covenant against reducing rates below levels used for all debt service payable from the Fund, and to take actions to increase rates or Fund a rate stabilization Fund if debt service coverage ratios fall below required levels.

g. Upon implementing rates and charges, the Borrower to covenant to ensure that its rate structure conforms to the requirements of Proposition 218 and those of the statutes implementing it and the cases interpreting it. Further, the Borrower to covenant to notify IBank immediately upon the filing of any legal challenge to its rates or charges.

h. The Borrower to comply with the requirements of the ISRF Program Criteria and all applicable laws, regulations, and permitting requirements associated with public works projects.

i. The Borrower shall meet standard insurance requirements with respect to the enterprise system, general liability insurance, worker's compensation, and builder's risk insurance.

j. The Borrower to provide to IBank annually, within 180 days of the end of each of the Borrower's fiscal years, a copy of its audited financial statements together with an annual certificate demonstrating compliance with the foregoing covenants, as well as any other information IBank may reasonably request from time to time.

k. Such other covenants and conditions that IBank or its counsel may reasonably require.

Exhibit #1

ARVIN-EDISON WATER STORAGE DISTRICT STATEMENT OF NET POSITION											
	For Fiscal Year Ending (FYE) February 28	2022		2023		2024		2025		2026	
		Audited Financial Statements (AFS)		Audited Financial Statements (AFS)		Audited Financial Statements (AFS)		Audited Financial Statements (AFS)		Audited Financial Statements (AFS)	
	Source:		%		%		%		%		%
Assets											
	Cash and cash equivalents	\$701,430	0.4%	\$1,634,850	0.8%	\$483,285	0.2%	\$1,191,854	0.5%	\$565,749	0.1%
	Invested cash	\$22,293,480	13.2%	\$20,452,358	10.6%	\$27,318,609	13.0%	\$35,416,745	16.1%	\$179,136,134	45.4%
	Investments									\$20,550,912	
	Accounts receivable, water banking	\$6,293,101	3.7%	\$2,106,425	1.1%			\$2,875	0.0%	\$303	0.0%
	Accounts receivable, water	\$1,132,066	0.7%	\$353,196	0.2%	\$380,425	0.2%	\$1,049,297	0.5%	\$1,665,411	0.4%
	Accounts receivable, assessments, less allowance for delinquencies	\$5,787,587	3.4%	\$5,740,264	3.0%	\$6,714,573	3.2%	\$6,478,968	3.0%	\$7,151,191	1.8%
	Accounts receivable, Power and Water Resources Pooling Authority	\$90,119	0.1%	\$876,229	0.5%	\$1,781,819	0.8%	\$682,098	0.3%	\$1,261,291	0.3%
	Accounts receivable, other	210,286	0.1%	683,995	0.4%	724	0.0%	590,755	0.3%	1,127,706	0.3%
	Materials and supplies inventory	1,410,297	0.8%	1,859,945	1.0%	1,785,773	0.8%	1,756,714	0.8%	2,025,734	0.5%
	Prepaid expenses	944,639	0.6%	895,795	0.5%	936,412	0.4%	606,271	0.3%	817,960	0.2%
	Accrued interest receivable	20,914	0.0%	69,700	0.0%	64,190	0.0%	72,647	0.0%	71,136	0.0%
	Total Current Assets	\$38,883,919	23.0%	\$34,672,757	18.0%	\$39,465,810	18.7%	\$47,848,224	21.8%	\$214,373,527	54.3%
	Temporarily Restricted Assets										
	Restricted cash and cash equivalents	\$4,159,938	2.5%	\$3,608,237	1.9%	\$5,851,856	2.8%	\$4,087,737	1.9%	\$4,572,445	1.2%
	Restricted investments			\$15,932,134	8.3%	\$12,739,809	6.0%	\$8,858,962	4.0%	\$6,275,133	1.6%
	Total Restricted Assets	\$4,159,938	2.5%	\$19,540,371	10.2%	\$18,591,665	8.8%	\$12,946,699	5.9%	\$10,847,578	2.7%
	Capital Assets										
	At cost	\$171,693,160	101.7%	\$179,736,948	93.4%	\$182,725,214	86.7%	\$191,532,229	87.3%	\$206,482,758	52.3%
	Less accumulated depreciation	\$63,665,391	37.7%	\$66,579,525	34.6%	\$69,752,718	33.1%	\$73,334,719	33.4%	\$77,110,261	19.5%
	Total Capital Assets	\$108,027,769		\$113,157,423	58.8%	\$112,972,496	53.6%	\$118,197,510	53.9%	\$129,372,497	32.8%
	Other Assets										
	Long-term investments	\$11,177	0.0%	\$3,383,840	1.8%	\$317,562	0.2%	\$392,499	0.2%		
	Investment in Power and Water Resources Pooling Authority	\$2,946,168	1.7%	\$3,019,192	1.6%	\$2,801,470	1.3%	\$3,005,100	1.4%	\$3,032,150	0.8%
	Prepaid Friant surcharge	\$4,532,100	2.7%	\$4,472,100	2.3%	\$4,162,254	2.0%	\$3,912,519	1.8%	\$3,659,475	0.9%
	Note receivable, USBR	\$662,481	0.4%	\$662,481	0.3%	\$662,481	0.3%	\$662,481	0.3%	\$662,481	0.2%
	Water inventory	\$9,605,085	5.7%	\$13,430,937	7.0%	\$31,703,273	15.0%	\$32,458,078	14.8%	\$32,183,222	8.2%
	Grant receivable									\$607,940	0.2%
	Total Other Assets	\$17,757,011		\$24,968,550	13.0%	\$39,647,040	18.8%	\$40,430,677	18.4%	\$40,145,268	10.2%
	Total Assets	\$168,828,637	100.0%	\$192,339,101	100.0%	\$210,677,011	100.0%	\$219,423,110	100.0%	\$394,738,870	100.0%
Liabilities											
	Current Liabilities										
	Current maturities of long-term debt	\$3,035,030	1.8%	\$3,129,336	1.6%	\$3,226,582.00	1.5%	\$3,326,862	1.5%	\$2,660,364	0.7%
	Trade accounts payable	\$4,499,625	2.7%	\$5,568,543	2.9%	\$3,623,947.00	1.7%	\$3,222,864	1.5%	\$5,475,925	1.4%
	Accrued expenses	\$662,063	0.4%	\$609,890	0.3%	\$984,242.00	0.5%	\$969,452	0.4%	\$937,621	0.2%
	Unearned water revenues	174,765	0.1%	370,588	0.2%	534,941	0.3%	1,309,274	0.6%	\$1,024,074	0.3%
	Total Current Liabilities	\$8,371,483	5.0%	\$9,678,357	5.0%	\$8,369,712	4.0%	\$8,828,452	4.0%	\$10,097,984	2.6%
	Deferred Compensation Plan Fund	\$2,218,433	1.3%	\$1,649,310	0.9%	\$2,002,419	1.0%	\$2,146,991	1.0%	\$2,551,267	
	Long-Term Debt, less current maturities	\$26,029,418	15.4%	\$48,191,324	25.1%	\$44,947,068	21.3%	\$41,598,998	19.0%	\$38,917,426	
	Total Noncurrent Liabilities	\$28,247,851	16.7%	\$49,840,634	25.9%	\$46,949,487	22.3%	\$43,745,989	19.9%	\$41,468,693	10.5%
	Net investment in capital assets, net of related debt	\$78,963,322	46.8%	\$62,473,004	32.5%	\$64,798,845	30.8%	\$73,271,650	33.4%	\$87,794,707	22.2%
	Restricted net position	\$1,607,989	1.0%	\$17,558,340	9.1%	\$16,589,246	7.9%	\$10,799,708	4.9%	\$8,296,311	2.1%
	Unrestricted	\$51,637,992	30.6%	\$52,788,766	27.4%	\$73,969,721	35.1%	\$27,777,311	12.7%	\$247,081,175	62.6%
	Net Position	\$132,209,303	78.3%	\$132,820,110	69.1%	\$155,357,812	73.7%	\$166,848,669	76.0%	\$343,172,193	86.9%
	Total Liabilities and Fund Balance (restated)	\$168,828,637	100.0%	\$192,339,101	100.0%	\$210,677,011	100.0%	\$219,423,110	100.0%	\$394,738,870	100.0%

Exhibit #2

ARVIN EDISON WATER STORAGE DISTRICT ENTERPRISE FUND											
For Fiscal Year Ending (FYE) February 28		2022		2023		2024		2025		2026	
Source:		Audited Financial Statements (AFS)	%	Audited Financial Statements (AFS)	%	Audited Financial Statements (AFS)	%	Audited Financial Statements (AFS)	%	Audited Financial Statements (AFS)	%
% Change			N/A		-6%		21%		7%		-2%
Operation Revenue											
Water sales - irrigation		\$21,945,148	84.5%	\$22,347,950	91.0%	\$28,547,191	91.3%	\$33,200,724	98.6%	\$32,449,751	98.1%
Water banking - regulation		\$2,796,052	10.8%	\$458,068	1.9%	\$657,819	2.1%				
Water banking - OM & R		\$522,568	2.0%	\$1,219,285	5.0%	\$1,672,467	5.3%				
Miscellaneous		\$718,094	2.8%	\$542,485	2.2%	\$391,851	1.3%	\$463,870	1.4%	\$635,116	1.9%
Total Operating Revenues		\$25,981,862	100.0%	\$24,567,788	100.0%	\$31,269,328	100.0%	\$33,664,594	100.0%	\$33,084,867	100.0%
Operating Expenses											
Source of supply		24,417,079	94.0%	26,255,296	106.9%	6,448,163	20.6%	18,703,683	55.6%	21,528,498	65.1%
Pumping plant		(\$1,435,990)	-5.5%	\$2,175,254	8.9%	\$3,068,598	9.8%	\$2,465,677	7.3%	\$1,860,652	5.6%
Transmission and distribution		\$9,342,867	36.0%	\$11,911,108	48.5%	\$11,694,537	37.4%	\$11,246,629	33.4%	\$12,366,925	37.4%
Customer accounts		\$411,306	1.6%	\$462,799	1.9%	\$550,514	1.8%	\$540,613	1.6%	\$557,491	1.7%
General and administrative		\$3,017,303	11.6%	\$3,834,037	15.6%	\$4,283,553	13.7%	\$4,904,872	14.6%	\$5,298,401	16.0%
Maintenance of general plant		\$1,098,960	4.2%	\$1,373,564	5.6%	\$1,356,539	4.3%	\$1,539,199	4.6%	\$1,585,729	4.8%
Depreciation		\$3,042,128	11.7%	\$3,203,714	13.0%	\$2,032,646	6.5%	\$3,234,759	9.6%	\$3,754,744	11.3%
Prior year water and power adjustments		\$46,928	0.2%	(\$1,460,059)	-5.9%	(\$1,559,450)	-5.0%	(\$1,760,715)	-5.2%	(\$1,342,897)	-4.1%
Total Operating Expenses		\$39,940,581	153.7%	\$47,755,713	194.4%	\$27,875,100	89.1%	\$40,874,717	121.4%	\$45,609,543	137.9%
Operating income (loss)		(\$13,958,719)	-53.7%	(\$23,187,925)	-94.4%	\$3,394,228	10.9%	(\$7,210,123)	-21.4%	(\$12,524,676)	-37.9%
Nonoperating Revenues (Expenses)											
Interest income		\$128,981	0.5%	\$310,818	1.3%	\$1,182,345	3.8%	\$1,628,498	4.8%	\$4,119,512	12.5%
Gain on sale of assets		\$31,280	0.1%	\$142,360	0.6%	\$64,000	0.2%	\$22,920	0.1%	\$87,500	0.3%
General administrative and general project service charges		\$15,820,021	60.9%	\$15,955,941	64.9%	\$16,685,588	53.4%	\$16,614,132	49.4%	\$16,518,228	49.9%
Prior year income		\$640,822	2.5%	\$65,714	0.3%	\$580,488	1.9%	\$150,288	0.4%	(\$43,279)	-0.1%
Other income		\$1,192,384	4.6%	\$1,577,229	6.4%	\$2,521,132	8.1%	\$1,937,015	5.8%	\$166,926,893	504.5%
Grant Income										\$2,807,812	8.5%
Ground water service program		\$107,595	0.4%	(\$1,015)	0.0%	\$9,217	0.0%	\$76,332	0.2%	\$62,603	0.2%
Debt issuance costs				(\$291,241)	-1.2%	\$5,425	0.0%				
Interest expense		(\$954,692)	-3.7%	(\$921,062)	-3.7%	(\$1,904,721)	-6.1%	(\$1,728,205)	-5.1%	(\$1,631,069)	-4.9%
Total Non-operating Revenues (Expenses)		\$16,966,391	65.3%	\$16,838,744	68.5%	\$19,143,474	61.2%	\$18,700,980	55.6%	\$188,848,200	570.8%
Change in net position		\$3,007,672	11.6%	(\$6,349,181)	-25.8%	\$22,537,702	72.1%	\$11,490,857	34.1%	\$176,323,524	532.9%
Net Position, Beginning of Year		\$129,201,631		\$132,209,303		\$132,820,110		\$155,357,812		\$166,848,669	
Prior Year Adjustments - Restated				\$ 6,959,988							
Net Position, End of Year		\$132,209,303		\$132,820,110		\$155,357,812		\$166,848,669		\$343,172,193	

Exhibit #3

City of Arvin (Kern County)					
<i>Arvin-Edison Water Storage District</i>					
Key Indicators	2022	2023	2024	2025	2026
Economy					
Median Household Income (as % of CA Median)	55%	57%	54%	50%	Data Not Available
Unemployment rate (%)	12.7%	9.4%	11.6%	12.2%	8.3%
Full value per capita (\$) (Kern County)	\$ 111,441	\$ 110,756	\$ 126,194	\$ 133,424	\$ 138,312
System Characteristics					
Net Fixed Assets (\$000)	\$108,028	\$113,157	\$112,972	\$118,198	\$129,372
Remaining useful life of NFA (years)	42.5	36.9	55.6	35.0	28.8
Operating Cost per millions of gallons (\$)	\$11	\$14	\$7	10.09	\$12
Number of system users	504	504	504	504	504
Average annual landowner charge per unit (\$)	\$1,045	\$1,275	\$690	\$929	\$1,106
Landowner charge as % of MHI	2.43%	2.66%	1.38%	1.89%	
Liquidity					
Cash Balances (\$000)	\$22,995	\$22,087	\$27,802	\$36,609	\$33,326
Current Ratio [1]	4.64	3.58	4.72	5.42	4.79
Days Cash on Hand [2]	210	169	364	327	267
Performance					
Operating Revenue (\$000)	\$25,982	\$24,568	\$31,269	\$33,665	\$33,085
Operating Margin [3]	-53.7%	-94.4%	10.9%	-21.4%	-37.9%
Fund Balances as % of Operating Revenue	508.9%	540.6%	496.8%	495.6%	1037.2%
Leverage					
Fund Balances	\$132,209	\$132,820	\$155,358	\$166,849	\$343,172
Leverage Ratio [4]	0.3	0.4	0.4	0.3	0.2

Economic data is for Kern County since the District's financials did not report these data points.

Exhibit #4

ARVIN-EDISON WATER STORAGE DISTRICT										
PROJECTED										
For Fiscal Year Ending (FYE) February 28			2026		2027		2028		2029	
Source:			Audited Financial	%	Projections	%	Projections	%	Projections	%
% Change				N/A		0.072		0.07572		0.04782
Operation Revenue										
	Water sales - irrigation		\$32,443,206	98.1%	\$35,280,000	98.9%	37,268,000	96.6%	\$39,161,000	96.6%
	Temporary water revenue		\$6,545		\$0		906,000		\$930,000	
	Water banking - regulation									
	Water banking - OM & R									
	Miscellaneous		\$635,116	1.9%	\$385,000	1.1%	\$413,000	1.1%	\$434,000	1.1%
	Total Operating Revenues		\$33,084,867	100.0%	\$35,665,000	100.0%	\$38,587,000	100.0%	\$40,525,000	100.0%
Operating Expenses										
	Source of supply		21,528,498	65.1%						
	Pumping plant		\$1,860,652	5.6%						
	Transmission and distribution		\$12,366,925	37.4%						
	Customer accounts		\$557,491	1.7%						
	General and administrative		\$5,298,401	16.0%	\$599,000	1.7%	\$620,000	1.6%	\$642,000.00	1.6%
	Maintenance of general plant		\$1,585,729	4.8%						
	Depreciation		\$3,754,744	11.3%	\$4,000,000	11.2%	\$4,000,000	10.4%	\$4,000,000	9.9%
	Prior year water and power adjustments		(\$1,342,891)	-4.1%	(\$1,400,000)	-3.9%	(\$700,000)	-1.8%	(\$721,000)	-1.8%
	Employee costs				\$7,875,000	22.1%	\$8,151,000	21.1%	\$8,436,000	20.8%
	Water costs				\$10,136,000	28.4%	\$10,627,000	27.5%	\$10,999,000	27.1%
	Power				\$15,000,000	42.1%	\$15,450,000	40.0%	\$15,914,000	39.3%
	Repairs and maintenance				\$9,700,000	27.2%	\$7,142,000	18.5%	\$7,392,000	18.2%
	Utilities				\$80,000	0.2%	\$83,000	0.2%	\$86,000	0.2%
	Legal/engineering/accounting (includes SGMA)				\$2,416,000	6.8%	\$2,501,000	6.5%	\$2,589,000	6.4%
	Insurance				\$709,000	2.0%	\$734,000	1.9%	\$760,000	1.9%
	Travel/milage and directors fees				\$121,000	0.3%	\$125,000	0.3%	\$129,000	0.3%
	Total Operating Expenses		\$45,609,543	137.9%	\$49,236,000	138.1%	\$48,733,000	126.3%	\$50,226,000	123.9%
	Operating Loss		(\$12,524,676)	-37.9%	(\$13,571,000)	-38.1%	(\$10,146,000)	-26.3%	(\$9,701,000)	-23.9%
Nonoperating Revenues (Expenses)										
	Interest income		\$4,119,512	12.5%	\$8,164,000	22.9%	\$8,480,000	22.0%	\$8,718,000	21.5%
	Gain on sale of assets		\$87,500	0.3%						
	General administrative and general project service charges		\$16,518,228	49.9%	\$16,870,000	47.3%	\$16,752,000	43.4%	\$16,752,000	41.3%
	Prior year income		(\$43,279)	-0.1%						
	Other income		\$166,926,893	504.5%	\$1,400,000	3.9%	\$700,000	1.8%	\$721,000	1.8%
	Grant Income		\$2,807,812							
	Ground water service program		\$62,603	0.2%	\$50,000	0.1%	\$50,000	0.1%	\$50,000	0.1%
	Debt issuance costs									
	Interest expense		(\$1,631,069)	-4.9%	(\$1,589,000)	-4.5%	(\$3,378,000)	-8.8%	(\$3,266,000)	-8.1%
	Total Non-operating Revenues (Expenses)		\$188,848,200	570.8%	\$24,895,000	69.8%	\$22,604,000	58.6%	\$22,975,000	56.7%
	Change in Net Position		\$176,323,524	532.9%	\$11,324,000	31.8%	\$12,458,000	32.3%	\$13,274,000	32.8%

Exhibit #5 - Proposed Facilities Map of the Project

