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Zone 7 receives highest bond rating from S&P Global Ratings and revised outlook from Fitch Ratings leading to successful bond sale

S&P Global Ratings upgrades the Agency's rating to 'AAA'; Fitch affirms AA+ and revises to 'Outlook: Positive'

LIVERMORE, Calif. (November 8, 2023) – Two independent credit rating agencies have reviewed Zone 7 Water Agency's current position in connection with the agency's anticipated sale of new money bonds to fund capital improvement projects. Standard & Poor's Global Ratings (S&P) announced it has raised its long-term rating on the agency's outstanding 2018 series A water revenue bonds to 'AAA' from 'AA+'. S&P also assigned a 'AAA' to the agency's 2023 series A water revenue bonds, with a stable outlook. Fitch Ratings (Fitch) affirmed its 'AA+' rating of the agency and revised the rating outlook to 'Positive' from 'Stable' in its current review.

Within its report detailing the reasons for the upgrade to 'AAA', S&P specifically noted Zone 7's "exceptionally strong water supply position, low leverage, and healthy financial position." Key drivers for the affirmed 'AA+' rating and positive outlook from Fitch included very strong revenue source characteristics, low operating cost burden, moderate investment needs, and exceptionally low leverage despite additional potential debt financing.

The Agency's General Manager, Valerie Pryor, commented "We are extremely proud of receiving S&P's highest possible rating. This paired with Fitch's 'AA+' rating and positive outlook demonstrates the Agency's commitment to operating in a productive, cost-effective, and efficient manner. These ratings are reflective of our strong leadership and operating history as well as our commitment to maintain prudent reserves. These positive rating actions allowed Zone 7 to borrow funds at lower interest rates thus allowing for more cost-effective financing of important projects such as the Chain of Lakes Ion Exchange PFAS Treatment Facility to remove per- and polyfluoroalkyl substances (PFAS) from the local groundwater."

The exceptional ratings led to a successful pricing of bonds on October 24, 2023. Zone 7 received \$30 million of bond proceeds with a True Interest Cost of 4.68% for the financing of

the Chain of Lakes PFAS Treatment Facility and other planned capital improvement projects. The bond sale closed on November 7, 2023.

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About Zone 7 Water

Zone 7 Water Agency is one of the 10 active zones of the Alameda County Flood Control and Water Conservation District. The District was established by the State Legislature in October 1949 to solve problems of flooding, drainage, channel erosion and water supply and conservation in Alameda County. In 1957, by popular vote, Zone 7 became a special district governed by a seven-member board of directors. Along with flood protection, Zone 7 supplies water to all of eastern Alameda County and a population of over a quarter million residents. Treated water is sold wholesale to local retailers, including the cities of Livermore and Pleasanton, the Dublin San Ramon Services District, and the California Water Service Company. Zone 7 also distributes untreated water to local agriculture operations and golf courses.