

**AGENDA
NOVEMBER 14, 2018
2:00 P.M.**

**SANTA CLARA VALLEY WATER DISTRICT
PUBLIC FACILITIES FINANCING CORPORATION MEETING (PFFC)
Santa Clara Valley Water District
5700 Almaden Expressway
Headquarters Building, Room A-173
San Jose, CA 95118**

1. **Roll Call.**
2. **Public Comment – Time Open for Public Comment on Any Subject Not on the Agenda.**
3. **Approval of Minutes of November 8, 2017 PFFC Meeting.**
Recommendation: Approve Minutes.
4. **Resignation of PFFC Board Member Tony Bennetti and Filling of Director Vacancy.**
Recommendation: Receive Information.
5. **Discuss Regular Meeting Schedule.**
Recommendation: Discuss regular meeting schedule, and if necessary adopt Resolution setting new meeting schedule.
6. **2018 Debt Management Program Update.**
Recommendation:
Receive and discuss updates on recent and current activities of the Debt Management Program.
7. **Other Business.**
8. **Adjourn.**



DRAFT MINUTES
SANTA CLARA VALLEY WATER DISTRICT
PUBLIC FACILITIES FINANCING CORPORATION
November 8, 2017

(Paragraph numbers coincide with agenda item numbers)

A Regular Meeting of the Santa Clara Valley Water District Public Facilities Financing Corporation (PFFC) was held in Conference Room A-143 of the District Headquarters Building, 5700 Almaden Expressway, San Jose, California, at 2:00 p.m. on November 8, 2017.

1. Roll Call: PFFC Board of Director members in attendance were Anthony Bennetti, Dean Chu, Steve Mullen, and David Vanni, constituting a quorum.

PFFC Corporate Officer present: Michele King, Corporate Secretary.

District staff present: Marty Grimes, Acting Chief of External Affairs; Nina Hawk, Chief Operating Officer, Water Utility; Melanie Richardson, Acting Chief Executive Officer; Charlene Sun, Treasury and Debt Officer; Darin Taylor, Chief Financial Officer; and Stan Yamamoto, District Counsel.

Members of the external finance team present: Mr. Doug Brown, Stradling, Yocca, Carlson and Ruath.

2. Time Open for Public Comment on Any Subject Not on the Agenda: There was no one present who wished to speak.

3. Approval of Minutes of November 10, 2016 PFFC Meeting: It was moved by Director Bennetti, seconded by Director Chu, and unanimously carried that the November 10, 2016, minutes be approved as amended to identify Mr. "Najon" Chu it item 8 on page 3.

4. Resignation of PFFC Board Member Maria Oberg and Filling of Director Vacancy. Ms. Michele King, Corporation Secretary informed the Board that Ms. Oberg had submitted her resignation in September 2017, and that the Santa Clara Valley Water District Board of Directors adopted a resolution of appreciate and provided direction to fill the vacancy through an interview process.

5. Updates on the Fiscal Year 2017-18 Treasury and Debt Management Program. Ms. Charlene Sun, Treasury and Debt Officer reviewed the information on this item, per the attached Board Agenda Memorandum.

Darin Taylor, Chief Financial Officer and Melanie Richardson, Acting Chief Executive Officer, provided explanation for the delays in the Watersheds (Safe, Clean Water Project) and Water Utility capital programs, which has led to delays in the issuance of additional debt planned for the CIP in both divisions for Fiscal Years 2017 and 2018.

6. Updates on the Expedited Purified Water Program and Approve the Forms of Installment Purchase Agreement and Trust Agreement Related to Santa Clara Valley Water District Revenue Certificates of Participation (Water Utility System Improvement Projects.) Ms. Sun and Mr. Doug Brown, Bond Counsel, reviewed the information on this item, per the attached Board Agenda Memorandum, and provided a short overview of the Expedited Purified Water Program and the partnership with the City of San Jose for the treated wastewater from the San Jose/Santa Clara Wastewater Treatment Plant (SJ/SC WTP) for portable reuse.

The City of San Jose has plans to expand their treatment plant and finance it with tax exempt debt bond funds. Since the treated wastewater that the District would receive from the plant could be used for direct portable reuse (DPR), the District is working to implement a strategy to obtain official guidance from the Internal Revenue Service (IRS) through a Private Letter Ruling (PLR) to confirm that such use would not result in any private use. The PLR will seek to affirm the District's accounting strategy of allocating DPR for public retailers only, and is thereby exempt from private activity limitations imposed by the IRS.

The PFFC is asked to approve the Forms of the Installment Purchase Agreement and Trust Agreement as supporting financing for the PLR.

It was moved by Director Mullen, seconded by Director Bennetti, and unanimously carried to approve the Forms of Installment Purchase Agreement and Trust Agreement Relating to Santa Clara Valley Water District Revenue Certificates of Participation (Water Utility System Improvement Projects), as presented.

7. Other Business: None.

8. Adjourn: The meeting adjourned at 2:40 p.m.

Michele L. King, CMC
Corporate Secretary, PFFC



Public Facilities Financing Corporation
Meeting Date: 11/14/2018
Agenda Item No.: 5
Unclassified Manger: Michele King
Email: Mking@valleywater.org

PUBLIC FACILITIES FINANCING CORPORATION AGENDA MEMO

SUBJECT: Discuss Regular Meeting times of the PFFC

RECOMMENDED ACTION:

Discuss PFFC regular meeting times and, if necessary to change, adopt resolution designating a new time for holding regular meetings of the Board.

SUMMARY:

At the January 28, 2016 meeting, the Board adopted Resolution 16-002, setting the time and place of the regular PFFC Board meetings to occur in the month of November, no later than the second week at 2:00 p.m., at the District headquarters offices.

This items gives the Board an opportunity to discuss the date and time, and consider removing the designated start time of the meeting, to better accommodate the schedules of the Directors.

If the Board wishes to remove the time currently specified in Resolution 16-002, it may do so and adopt a new resolution documenting the agreed upon meeting date.

ATTACHMENT(S):

None.

Resolution No. 18-00_

RESOLVED, that the regular meetings of the Board of Directors of the Santa Clara Valley Water District Public Facilities Financing Corporation will be held in the month of November, no later than the second week, in each year at the office of the Santa Clara Valley Water District, 5750 Almaden Expressway, San Jose, California, 95118.

ADOPTED, SIGNED AND APPROVED this 14th day of November 2018.

David Vanni, President
Santa Clara Valley Water District
Public Facilities Financing Corporation

ATTEST:

Michele King, Secretary
Santa Clara Valley Water District
Public Facilities Financing Corporation



Public Facilities Financing Corporation
Meeting Date: 11/14/2018
Agenda Item No.: 6
Unclassified Manger: Darin Taylor
Email: DTaylor@valleywater.org

PUBLIC FACILITIES FINANCING CORPORATION AGENDA MEMO

SUBJECT: 2018 Debt Management Program Update

RECOMMENDED ACTION:

Receive and discuss updates on recent and current activities of the Debt Management Program.

SUMMARY:

Staff has prepared a PowerPoint presentation to provide the Public Facilities Financing Corporation Board with an annual summary of the District's Debt Management Program (Attachment 1).

ATTACHMENT(S):

Attachment 1: PowerPoint presentation

2018 Debt Management Program Update

November 14, 2018



Public Facilities
Financing Corporation

Debt Management Program - Mission

To manage the District's and Corporation's outstanding debt in compliance with all covenants, and federal and state regulations, and to assist in the development of financing strategies for the District's capital projects in accordance with the Debt Management Policy.

Debt Program Highlights

FY 2017-18 Activity

- California WaterFix (CWF)
- Expedited Purified Water Program Public-Private Partnership (P3)
- First tranche of commercial paper notes (\$30 million) issued to finance Safe, Clean Water Program project costs
- \$75 million revolving line-of-credit terminated
- PRAG financial advisory services agreement extended to Dec. 2025

FY 2018-19 Outlook

- \$100 million Water Utility refunding revenue bond issuance (Apr. 2019)
- Continued support for CWF and Expedited Purified Water Program
- Pacheco Reservoir Expansion Project gap-funding
- Sites and Los Vaqueros Reservoirs projects' funding
- MUFG Bank CP Program Letter-of-Credit extended to December 2019
- Continued debt issuance activity to support CIP

California WaterFix

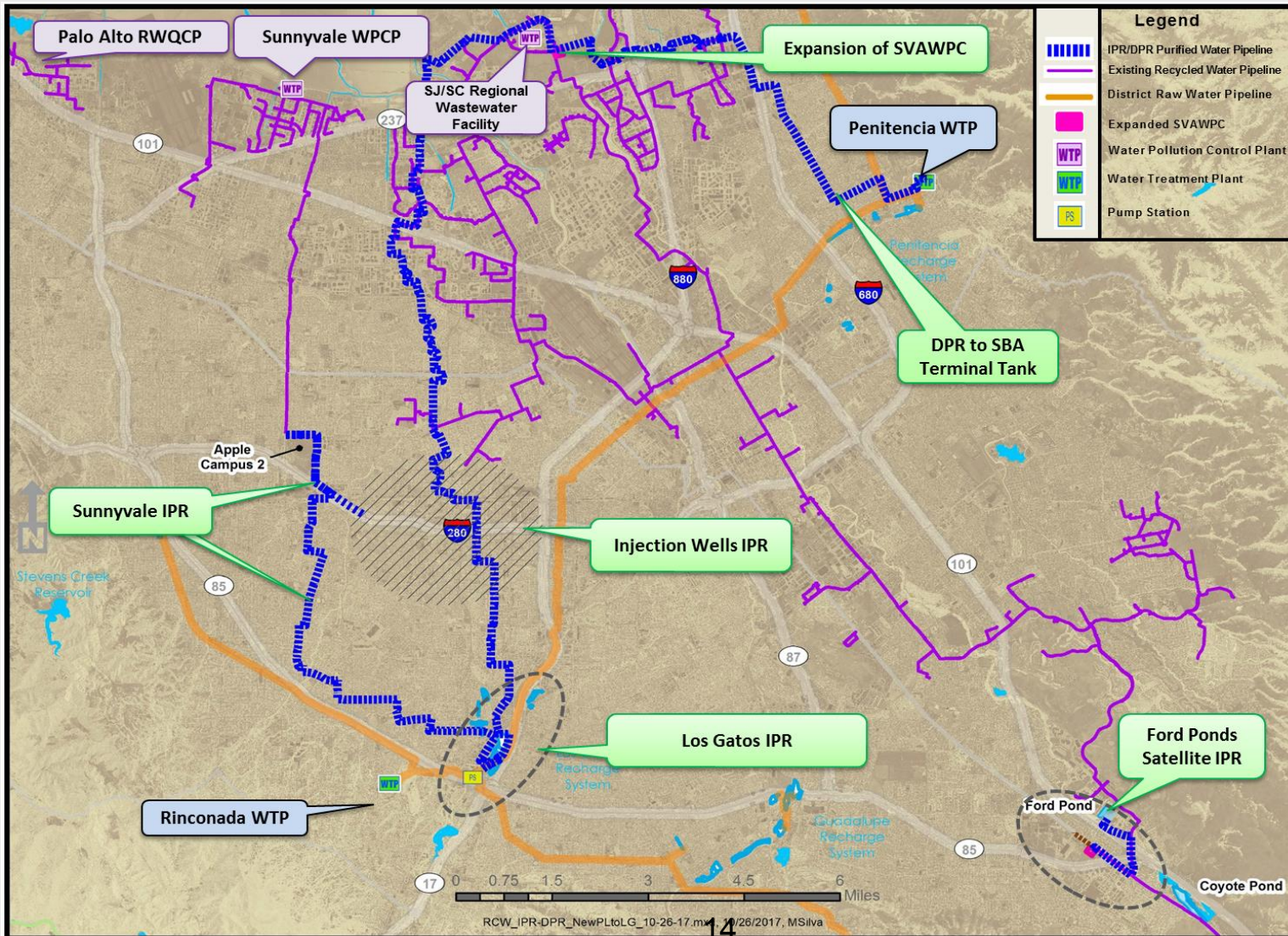
- May 8, 2018 Board actions/authorizations
 - Support and participation in Cal WaterFix
 - Execution of Delta Conveyance Design and Construction Authority (DCA) joint powers agreement
 - Directors Estremera and Keegan (alternate) appointed to DCA Board
- July 6, 2018 Board actions/authorizations
 - Execution of Delta Conveyance Finance Authority (DCFA) joint powers agreement
 - Directors Kremen and Hsueh (alternate) appointed to DCFA Board
- \$17 billion estimated cost (capital, O&M, monitoring) over 50-years for project (all water agencies)
- District current financial commitments are limited
 - \$1.38 million for DWR pre-construction costs (\$1.1 million), DCA formation (\$200,000), and DCFA formation (\$80,000)

Expedited Purified Water Program

- Program goal of up to 45,000 AFY of purified water for potable reuse
 - To supplement other sources in order to cope with current and potential future water supply challenges
 - ~\$1 billion of advanced treatment technology and pipelines
- First phase goal of 24,000 AFY of purified water by 2025
 - Expansion of the SVAWPC and pipeline from expanded SVAWPC to Los Gatos recharge ponds (IPR)
 - 5 entities pre-qualified in April 2018 for a P3 delivery method
- Other potential components of Program
 - Advanced water purification facilities (AWPF) at Palo Alto Regional Water Quality Control Plant and Sunnyvale Water Pollution Control Plant
 - Purified water pipeline from SVAWPC to District's Penitencia water treatment plant
 - Pipeline extension/construction from Sunnyvale WPCP for groundwater recharge via Westside injection wells (IPR) and extension to Los Gatos recharge ponds
 - Creation of Central Pipeline for DPR and IPR project management
 - Injection wells construction along new pipelines (Mid-Basin IPR Project)
 - Satellite AWPF and expansion of recharge ponds (Ford Ponds IPR Project)

Expedited Purified Water Program

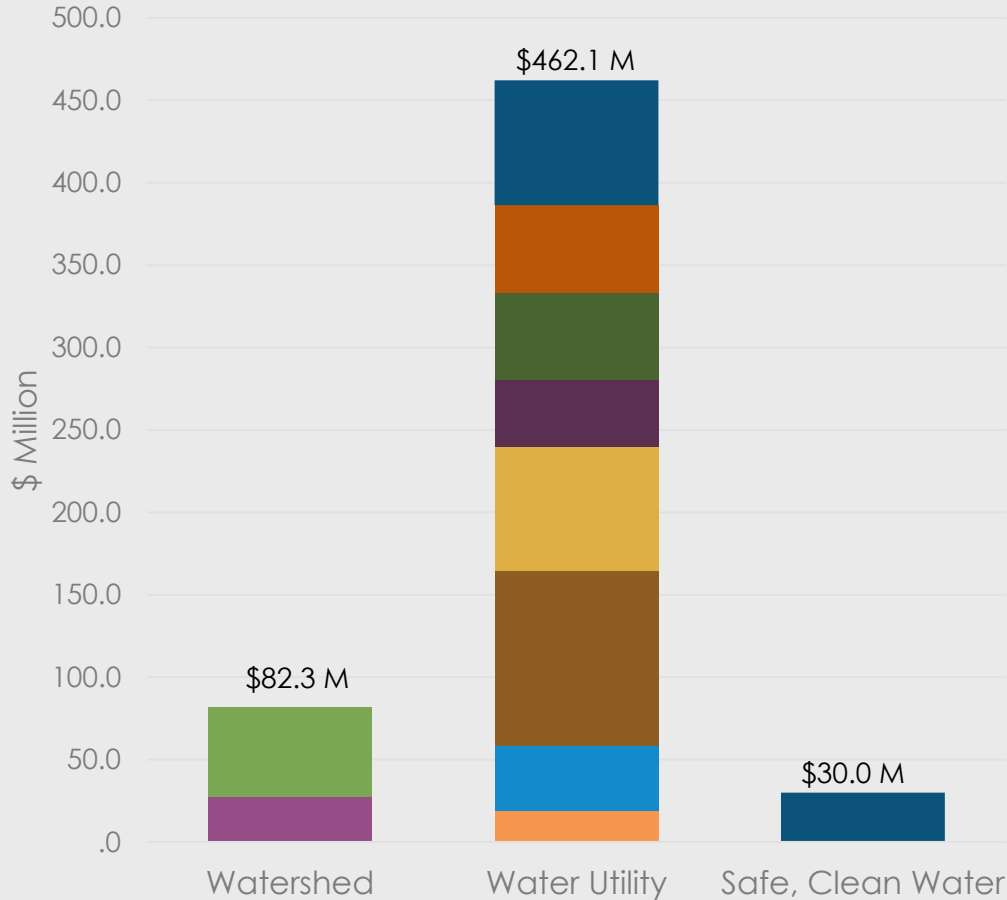
Potential Program Components



Debt & Investment Portfolios as of 9/30/18

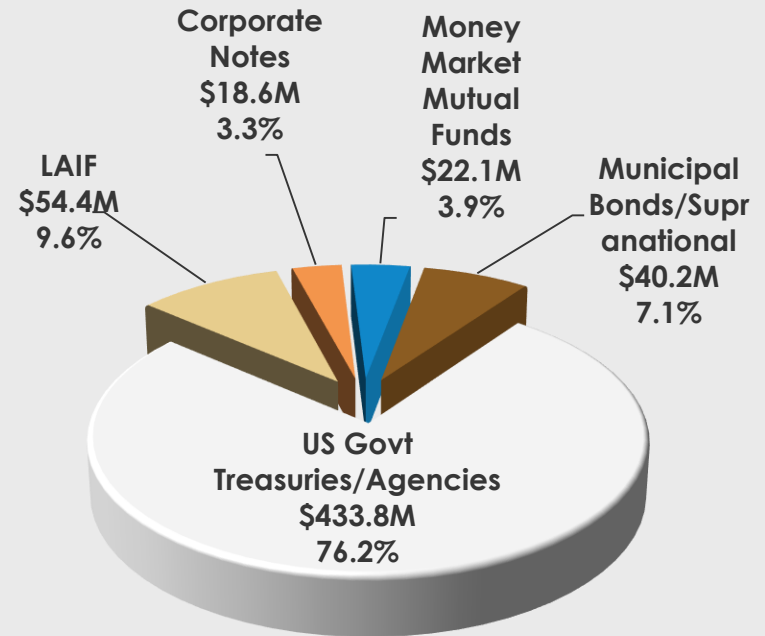
Debt Portfolio Composition

Outstanding Debt: \$574.4 million



Investment Portfolio Composition

Book Value: \$569.1 million



FY 2018-19 Operating and Capital Budget

Category (\$ in millions)	FY 2018 Adopted Budget	FY 2018 Unaudited Actuals	FY 2019 Adopted Budget	FY 2019 vs. FY 2018 Adopted
Revenues	\$444.1	\$488.3	\$448.0	0.9%
Operating Outlays	\$364.4	\$343.3	\$390.3	7.1%
Capital Outlays*	\$317.1	\$242.2	\$295.4	-6.9%

- Outstanding Debt 9/30/18: \$574.4 million
 - Water Utility: \$462.1 million
 - Watersheds \$82.3 million
 - Safe, Clean Water: \$30.0 million
- FY 2019 debt service budget: \$59.2 million
- FY 2019 debt financings planned (approx.): \$170 million
 - \$140 million Water Utility (\$100 million CP/CP refunding bonds, \$40 million CP)
 - \$30 million Safe, Clean Water commercial paper

* FY 2019 Adopted Budget assumes capital outlays of \$90.3M carryover from FY 2018 adjusted budget