

To: Board of Directors
From: Norma J. Camacho, Interim CEO

Chief Executive Officer Bulletin Week of April 7 to April 13, 2017

Board Executive Limitation Policy EL-7:

The Board Appointed Officers shall inform and support the Board in its work. Further, a BAO shall 1) inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established and 2) report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

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Results of Sale - Water Utility Refunding Revenue Bonds, Series 2017A

On April 11, 2017, the district priced \$54.7 million of tax-exempt Water Utility Refunding Revenue Bonds, Series 2017A. The debt proceeds will be used to refund the outstanding Water Utility Revenue Certificates of Participation, Series 2007A and pay costs of issuance. The bonds were sold on a competitive basis which resulted in \$11.2 million in Net Present Value (NPV) savings, or 16.8% of refunded principal amount, and resulted in approximately \$775,000 in annual debt service savings for each of the next 20 years for the Water Utility Enterprise Fund. The bonds were sold at yields ranging from 0.84% for the 2018 maturity (1-year term) to 2.86% for the final maturity in 2037 (20-year term), with an overall all-in True Interest Cost (TIC) of 3.08% and average life of 12.3 years. The bonds are rated 'AA+' by Fitch & 'Aa1' by Moody's. The transaction is scheduled to close on May 2, 2017.

The results of the sale exceeded projections provided in the March 16, 2017, board memo when the board approved this refunding transaction. Staff had projected NPV savings of between \$6.9 - \$9.4 million and all-in TIC of 3.4 - 3.7%. The enhancement in savings is a result of the slight decrease in interest rates that has occurred in the last few weeks, and very strong market demand for the district's bonds due to the board's continued fiscally responsible leadership.

The bonds were sold on a competitive basis, whereby the bidder with the lowest TIC is awarded the transaction. The sale was announced in the Bond Buyer and reported to the California Debt and Investment Advisory Commission as required by California state law. Thirteen bids were submitted via the on-line competitive bidding platform, i-Deal LLC, and the results were verified by the Verification Agent, Causey Demgen & Moore P.C. The difference between the winning lowest cost bid, submitted by Wells Fargo Bank, National Association (Wells Fargo Bank) and the highest cost bid is approximately \$800,000 in net present value cost savings, and TIC ranging from 3.079 (winning low cost bid) to 3.251 (highest cost bid). Although Wells Fargo Bank is currently suspended by the board from participating in the district's negotiated sale underwriter pool until September 27, 2017, the suspension is not applicable to the competitive sale due to certain legal limitations as outlined in the memorandum provided by district counsel to the board on January 11, 2017.

The State Treasurer's Office who had also suspended Wells Fargo Bank from negotiated sale, but not competitive sale, also awarded \$608 million of State of California General Obligations Bonds to Wells Fargo Bank as the winning low cost bidder on April 12, 2017. Overall, this successful competitive sale allows the district to take advantage of the current low interest environment and pass on the savings to the district's ratepayers through lower rates and charges for the Water Utility for the next 20 years.

For further information, please contact Darin Taylor at (408) 630-3068.

Director Varela

Staff to investigate how to access and utilize the County Reverse 911 Notification System and report back to the Board

R-17-0009

The water district is investigating the use of various emergency communications tools. In Santa Clara County, AlertSCC is an umbrella communications system provided by a private vendor and managed by the Santa Clara County Office of Emergency Services (SCC OES). It is used to send emergency warnings directly to cell phones, mobile devices, emails or landline, and offers three important systems:

1. Community messaging
2. Reverse 911
3. Integrated Public Alert and Warning System (IPAWS)

Community messaging: AlertSCC can be used to send emergency and non-emergency information to "landline" phones listed in the white and yellow page databases as well as to mobile devices submitted by people who sign-up to receive messages at www.AlertSCC.com. The system allows sending messages to all phones in these databases that are registered to addresses within a geographic area that is defined by the agency issuing the message. It can be used for emergency warnings and non-emergency information.

Reverse 911: The emergency notification system, uses a vendor-supplied "E911" database in addition to the databases mentioned above. Unlike the community messaging system, this system can only be used for emergency messaging. The E911 database is similar to the white and yellow page databases in that it reaches "landline" phones, but it is updated more frequently and has a greater chance of reaching all active landline phones in the desired geographic area. If the water district were to use the Reverse 911 system, it would need to be controlled and coordinated with municipal and county public safety departments (Police, Fire, Health, and SCC OES) to ensure consistency in public safety warnings and calls-to-action.

Integrated Public Alert and Warning System (IPAWS): This is a federal warning system that can also be accessed under AlertSCC and is used during an emergency to provide the public life-saving information quickly. It is an internet-based system instituted by the Federal Emergency Management Agency (FEMA). It is an effective way to alert and warn the public about serious emergencies using the Emergency Alert System (EAS), Wireless Emergency Alerts (WEA), the National Oceanic and Atmospheric Administration (NOAA) Weather Radio, and other public alerting systems from a single interface. Currently, SCC OES is the only agency within Santa Clara County authorized by FEMA to use the IPAWS. The Wireless Emergency Alerts (WEA) "channel" within IPAWS allows emergency messaging to target cell phones and mobile devices within a specified area, regardless of what address the device is registered to. This is an important feature as it is similar to an Amber Alert and enables messages to reach people who may be in a dangerous zone but whose phones are registered to addresses outside the area.

The water district Security and Emergency Unit is assigned to work with the district's Communications and Government Relations units as well as the Santa Clara County Office of Emergency Services to further explore direct use of the AlertSCC community messaging and Reverse 911 systems. This effort also includes exploring a coordinated use of IPAWS for delivery of awareness information and warning messages to the public regarding hazards reported by the water district.

For further information, please contact please contact Melanie Richardson at (408) 630-2035.

Director Varela

Schedule a tour of the District's EOC for the Directors

I-17-0003

On March 1, 2017, Chair Varela requested an Emergency Operations Center (EOC) tour. A board scheduling request form was submitted to the board scheduler and board members are being polled for a mutually agreeable date to tour the EOC.

For further information, please contact Melanie Richardson at (408) 630-2035.
