



Santa Clara Valley Water District Public Facilities Financing Corporation Meeting

Conference Room A-143
5700 Almaden Expressway
San Jose, CA 95118

REGULAR MEETING AGENDA

Thursday, November 7, 2019
2:00 PM

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

SANTA CLARA VALLEY WATER
DISTRICT
PUBLIC FACILITIES FINANCE
CORPORATION

Members:
David Vanni, President
Steve M. Mullen, Vice President
Dean Chu

Spencer Horowitz
Carolyn M. Baker

All public records relating to an item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Office of the Clerk of the Board at the Santa Clara Valley Water District Headquarters Building, 5700 Almaden Expressway, San Jose, CA 95118, at the same time that the public records are distributed or made available to the legislative body. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to attend PFFC Board of Directors' meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

**Santa Clara Valley Water District
Public Facilities Financing Corporation
REGULAR MEETING
AGENDA**

Thursday, November 7, 2019

2:00 PM

Conference Room A-143

1. CALL TO ORDER:

1.1. Roll Call.

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA.

Notice to the public: This item is reserved for persons desiring to address the Committee on any matter not on this agenda. Members of the public who wish to address the Committee on any item not listed on the agenda should complete a Speaker Form and present it to the Committee Clerk. The Committee Chair will call individuals in turn. Speakers comments should be limited to three minutes or as set by the Chair. The law does not permit Committee action on, or extended discussion of, any item not on the agenda except under special circumstances. If Committee action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Committee may take action on any item of business appearing on the posted agenda.

3. APPROVAL OF MINUTES:

3.1. Approval of Minutes.

[19-1007](#)

Recommendation: **RECOMMENDATION:**

Approve the November 14, 2018, Minutes.

Attachments: [Attachment 1: November 14, 2018, Minutes](#)

4. ACTION AND INFORMATION ITEMS

4.1. Designation of Public Facilities Financing Corporation (PFFC) Chief Financial Officer.

[19-1009](#)

Recommendation: **RECOMMENDATION:**

Elect a PFFC Chief Financial Officer.

4.2. 2019 Debt Management Program Update.

[19-1008](#)

Recommendation: **RECOMMENDATION:**

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

Attachments: [Attachment 1: PowerPoint](#)

5. OTHER BUSINESS

6. ADJOURN




Santa Clara Valley Water District

File No.: 19-1007

Agenda Date: 11/7/2019

Item No.: 3.1.

 <p>SANTA CLARA VALLEY WATER DISTRICT PUBLIC FACILITIES FINANCING CORPORATION</p> <p>Valley Water SANTA CLARA VALLEY WATER DISTRICT</p>		
	Meeting Date:	11/7/19
	Item No.	3.1.
	Unclassified Manager:	Michele King

SUBJECT:

Approval of Minutes.

RECOMMENDATION:

Approve the November 14, 2018, Minutes.

SUMMARY:

A summary of Public Facilities Financing Corporation (PFFC) discussions, and details of all actions taken during all open and public meetings is transcribed and submitted for review and approval.

Upon approval, minutes transcripts are finalized and entered into the District's historical records archives and serve as historical records of the PFFC meetings.

ATTACHMENTS:

Attachment 1: November 14, 2018, Minutes

MINUTES
SANTA CLARA VALLEY WATER DISTRICT
PUBLIC FACILITIES FINANCING CORPORATION
November 14, 2018

(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-173 of the District Headquarters Building, 5700 Almaden Expressway, San Jose, California, at 2:00 p.m. on November 14, 2018.

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

PFFC Corporate Officer present: Michele King, Corporate Secretary.

District staff present: Charlene Sun, Treasury and Debt Officer; and Steve Peterson, Senior Management Analyst.

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 8, 2017 PFFC Meeting. Director Mullen requested that the words "appreciate" in item four be revised to "appreciation," and "portable" in item six be revised to "potable". It was moved by Director Mullen, seconded by Director Horowitz, and unanimously carried that the November 8, 2017, minutes be approved as amended.

4. Resignation of PFFC Board Member Tony Bennetti and Filling of Director Vacancy. Ms. Michele King, Corporation Secretary informed the Board that Mr. Bennetti had submitted his resignation in September 2018, and that the Santa Clara Valley Water District Board of Directors adopted a resolution of appreciation and provided direction to fill the vacancy through an interview process.

5. Discuss Regular Meeting Schedule. Ms. King reviewed the PFFC regular meeting schedule that currently occurs in the month of November, no later than the second week at 2:00 p.m., at the District headquarters offices. The Board discussed changing the regular meeting time to allow more flexibility with the meeting time, for scheduling purposes. The Board agreed to revise the regular meeting time to occur no later than the month of November, no later than the end of the second week.

It was moved by Director Mullen, seconded by Director Horowitz, to ADOPT RESOLUTION NO. 18-001 setting the regular meeting date and time for the Santa Clara Valley Water District Public Facilities Financing Corporation to be held no later than the month of November, no later than the end of the second week, by roll call vote:

Ayes:	D. Chu, S. Horowitz, S. Mullen, D. Vanni
Noes:	None
Abstain:	None
Absent:	None

6. 2018 Debt Management Program Update. Ms. Charlene Sun, Treasury and Debt Officer, and Mr. Steve Peterson, Senior Management Analyst, reviewed information on this item per the attached PowerPoint presentation. Information included the mission of the Debt Management Program; highlights of the Fiscal Year 2017-18 debt program activities and outlook for Fiscal Year 2018-19; California Waterfix board actions, authorizations, estimated costs, and current district financial commitments; Expedited Purified Water Program goals and potential components; Debt and investment portfolios as of September 30, 2018; and Fiscal Year 2018-19 Operating and Capital Budget revenues, operating and capitals outlays, outstanding debt, debt service, and planned debt financings.

Other Business: None.

7. Adjourn: The meeting adjourned at 2:50 p.m.


Michele L. King, CMC
Corporate Secretary, PFFC



Santa Clara Valley Water District

File No.: 19-1009

Agenda Date: 11/7/2019
Item No.: 4.1.

 <p>SANTA CLARA VALLEY WATER DISTRICT PUBLIC FACILITIES FINANCING CORPORATION</p> <p>Valley Water SANTA CLARA VALLEY WATER DISTRICT</p>		
	Meeting Date:	11/7/19
	Item No.	4.1.
	Unclassified Manager:	Michele King

SUBJECT:

Designation of Public Facilities Financing Corporation (PFFC) Chief Financial Officer.

RECOMMENDATION:

Elect a PFFC Chief Financial Officer.

SUMMARY:

In accordance with the PFFC By-Laws, the officers of the PFFC shall be a President, a Vice President, a Chief Financial Officer, and a Secretary.

Only PFFC Directors shall be qualified to hold the office of President, Vice President and Chief Financial Officer.

Each officer shall be elected by the Board of Directors and hold office until his or her successor has been elected and qualified.

The By-Laws describes the responsibility of the Chief Financial Officer as:

Receive and have charge of all funds of the Corporation and shall disburse such funds only as directed by the Board of Directors. The Chief Financial Officer shall, in general, perform all duties incident to the Office of Chief Financial Officer and such other duties as may from time to time be assigned to such office by the Board of Directors or the President.

The Chief Financial Officer position has been vacant since Ms. Maria Oberg resigned in September 2017. This item allows the PFFC Board to designate an new Chief Financial Officer.

ATTACHMENTS:


None.



Santa Clara Valley Water District

File No.: 19-1008

Agenda Date: 11/7/2019
Item No.: 4.2.

 <p>SANTA CLARA VALLEY WATER DISTRICT PUBLIC FACILITIES FINANCING CORPORATION</p> <p>Valley Water SANTA CLARA VALLEY WATER DISTRICT</p>		
	Meeting Date:	11/7/19
	Item No.	4.2.
	Unclassified Manager:	Darin Taylor

SUBJECT:

2019 Debt Management Program Update.

RECOMMENDATION:

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).

ATTACHMENTS:

1. PowerPoint presentation



Valley Water

Clean Water • Healthy Environment • Flood Protection

2019 Debt Management Program Update

November 7, 2019

Santa Clara Valley Water District
Public Facilities Financing Corporation

Debt Management Program - Mission

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.

Organization

Non-profit public benefit corporation organized under State law

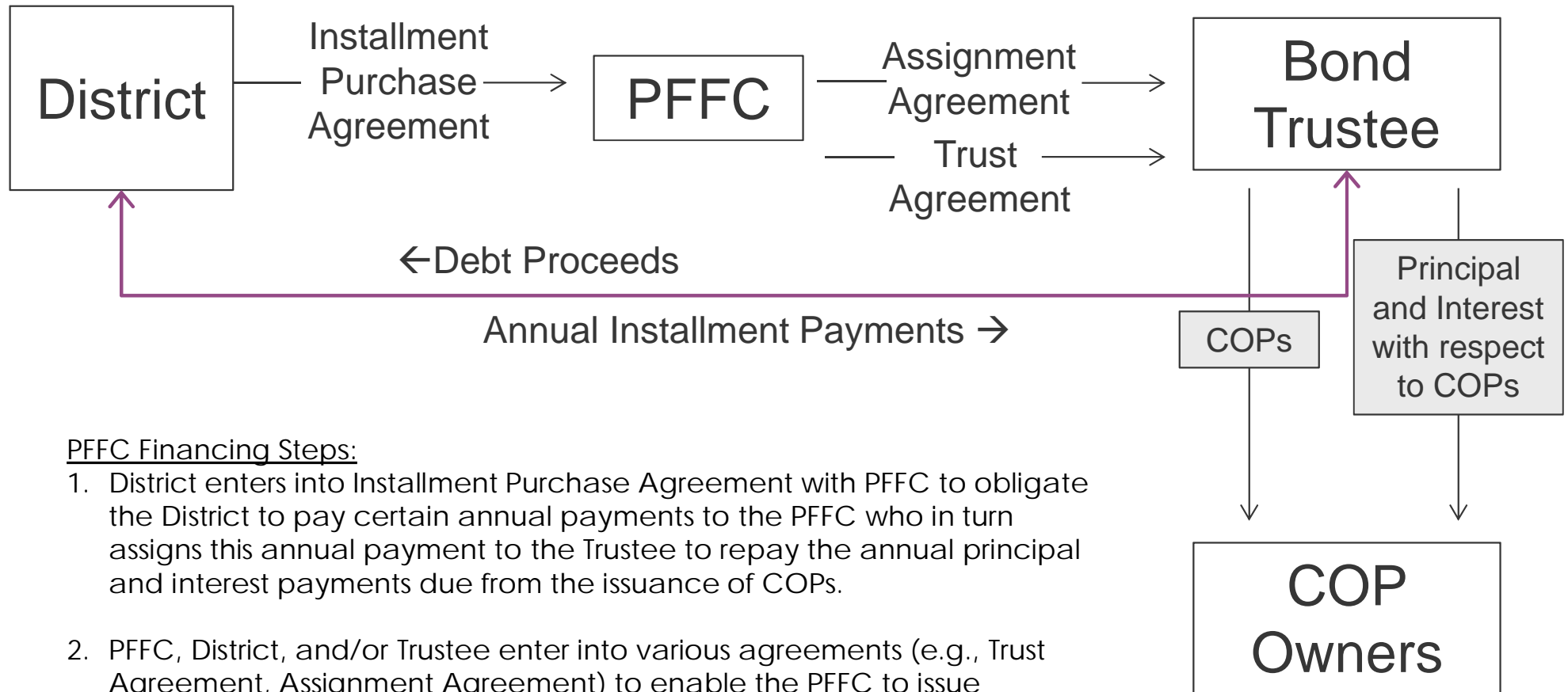
Purpose

Provide assistance to District in financing the acquisition, construction, and improvement of public buildings, works and equipment for District, together with site development, landscaping, utilities, furnishings, and appurtenant and related facilities

Debt Financing

- CA state law authorizes use of financing corporations and joint powers authorities
- District enabled to issue and incur debt under provisions of District Act and California Government Code, including:
 - Installment purchase agreements entered into with PFFC which issues Certificates of Participation and Commercial Paper Certificates (no voter approval required)
 - Refunding revenue bonds (no voter approval required)
 - Revenue bonds (2/3 voter approval required)

PFFC Installment Purchase Agreement Flowchart



PFFC Financing Steps:

1. District enters into Installment Purchase Agreement with PFFC to obligate the District to pay certain annual payments to the PFFC who in turn assigns this annual payment to the Trustee to repay the annual principal and interest payments due from the issuance of COPs.
2. PFFC, District, and/or Trustee enter into various agreements (e.g., Trust Agreement, Assignment Agreement) to enable the PFFC to issue Certificates of Participation (COPs) to investors who will receive annual principal and interest repayment over the term of the COPs.
3. District receives lump sum debt proceeds from the sale of the COPs, which is used to acquire eligible capital projects per the Installment Purchase Agreement.

Debt Program Highlights

FY 2018-19 Activity

- \$95 million 2019A/B Water Utility refunding revenue bonds issued
- Commercial paper certificates' issuance
 - \$42 million (new money) – Water Utility
 - \$30 million (re-issue) - Safe, Clean Water program
- MUFG Bank \$150 million commercial paper program letter-of-credit one-year extension and fee reduction (0.38% -> 0.325%)

FY 2019-20 Outlook

- Refinance \$38 million 2007B Water Utility revenue COPs (Nov. 2019)
- MUFG Bank CP Letter-of-Credit extension to December 2020
- Standby Letters of Credit for open space land management costs
- Continued analytical support for Delta Conveyance Project (fka CA Water Fix), Expedited Purified Water Program, Pacheco Reservoir Expansion Project, and Los Vaqueros and Sites Reservoirs projects

Long-term Debt Ratings (Moody's/Fitch/S&P)

- Water Utility: Aa1/AA+/AA- | Flood Control: Aa1/Aa+/AAA

2007B Water Utility COPs Refunding

- Issuance of Series 2019C Water System Refunding Revenue Bonds
 - Refinance \$38 million 2007B Water System Revenue COPs
 - Variable-interest rate debt
 - LIBOR benchmark being discontinued
 - Secured by Net Water Utility System Revenues
 - Historically low interest rates
 - Projected cash-flows assuming rates as of October 3, 2019
 - Fixed-rate all-in true interest cost: 2.5%
 - Net present value budgetary savings: \$10.7 million
 - Final maturity: June 1, 2036
 - Schedule
 - Board Hearing - November 12
 - Bond sale – November 19
 - Closing – November 26

Major Water Utility Capital Projects

- Rinconada WTP Reliability and Residuals Management/Remediation (\$224/\$150)
- Pacheco Reservoir Expansion (\$17/\$1,328)
- Anderson Dam Seismic Retrofit (\$50/\$513)
- Calero and Guadalupe Dams Seismic Retrofit (\$31/\$209)
- 10-Year Pipeline Inspection & Rehabilitation (\$40/\$75)

Key: \$Dollars in millions (Funding through Fiscal Year 2018-19/Estimated funding remaining to complete the project)

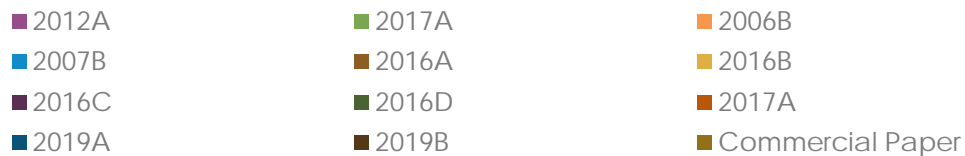
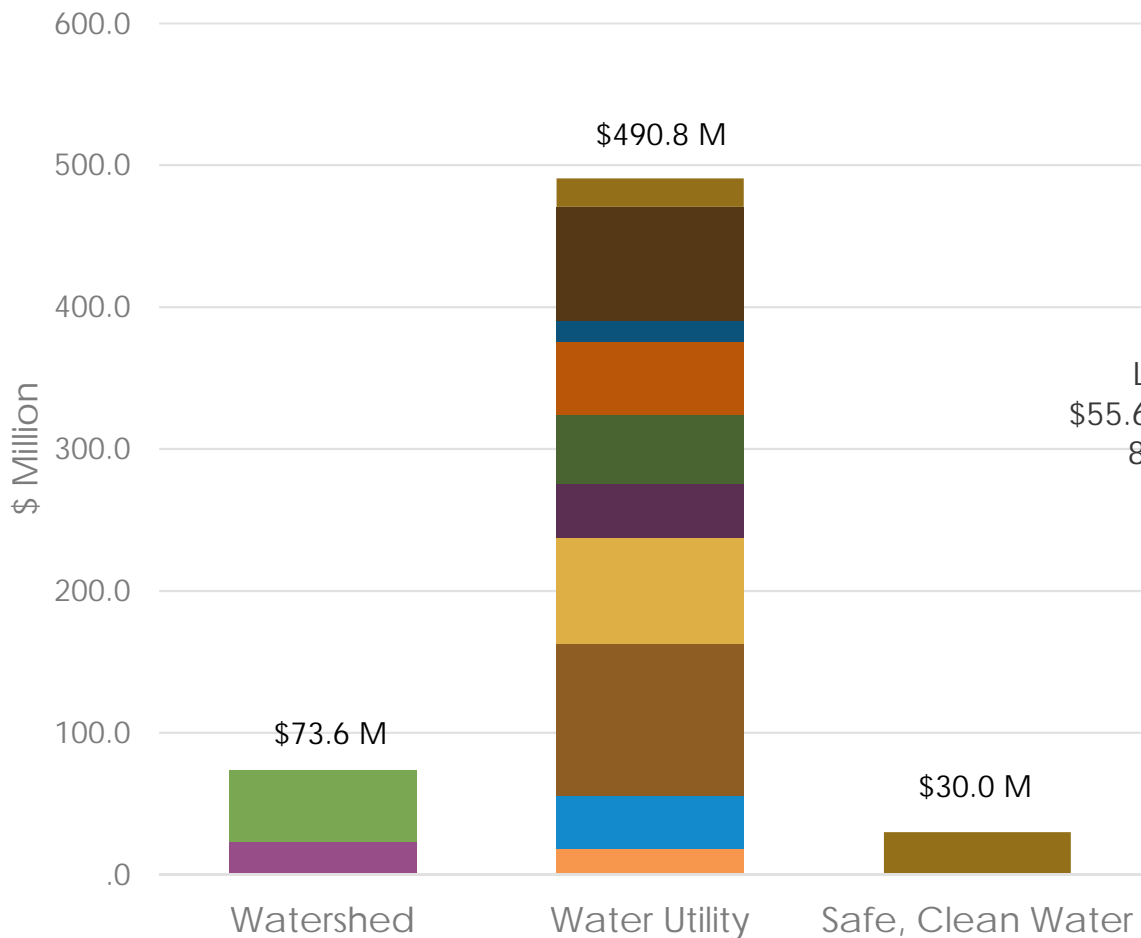
Water Supply Planning

- Water Supply Master Plan 2040
 - Plan for achieving long-term water supply reliability
 - Update to 2012 Water Supply and Infrastructure Master Plan
 - Water reuse goals
 - Double countywide water reuse to 10% by 2025
 - Develop 24,000 AFY of potable reuse capacity by 2028
 - Target completion of December 2019
- Countywide Water Reuse Master Plan
 - Collaborative effort with recycled water producers, wholesalers, and retailers to identify projects to expand County's water supply and meet goals of Water Supply Master Plan 2040
 - Potential agreement by end of 2019 for ~10,000 AFY of effluent from Palo Alto Regional Wastewater Facility for Valley Water purification
 - Target completion of summer 2020

Debt & Investment Portfolios as of 9/30/19

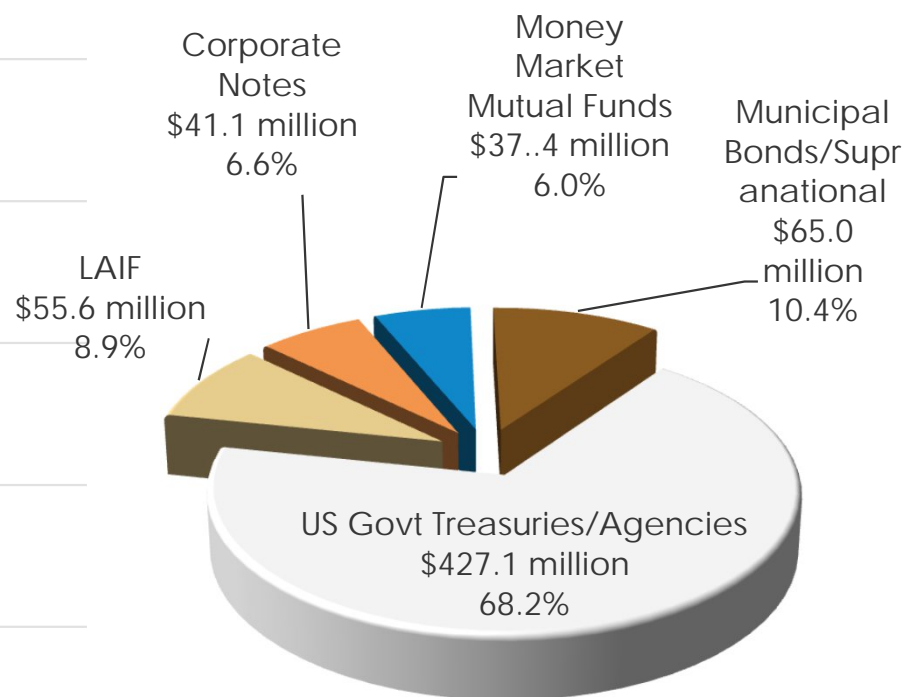
Debt Portfolio Composition

Outstanding Debt: \$594.4 million



Investment Portfolio Composition

Book Value: \$626.3 million



FY 2019-20 Operating and Capital Budget

Category (\$ in millions)	FY 2019 Adopted Budget	FY 2019 Unaudited Actuals	FY 2020 Adopted Budget	FY 2020 vs. FY 2019 Adopted
Revenues	\$447.9	\$465.3	\$501.8	12.0%
Operating Outlays	\$390.3	\$354.4	\$405.3	3.8%
Capital Outlays*	\$295.4	\$175.8	\$275.6	-6.7%

- Outstanding Debt 9/30/19: \$594.4 million
 - Water Utility: \$490.8 million
 - Watersheds \$73.6 million
 - Safe, Clean Water: \$30.0 million
- FY 2020 debt service budget: \$58.6 million
- FY 2020 debt proceeds budgeted: \$60 million
 - Water Utility - \$60 million CP

* Budgeted amounts include actual (FY 2019: \$90.3M) and estimated (FY 2020: \$71.2M) carryover from prior year's adjusted budget