



# Valley Water

Clean Water • Healthy Environment • Flood Protection

Valley Water PPT Template  
Version Release v.3

# Water Utility Enterprise Financing

Presented by: Charlene Sun, Treasury and Debt Unit Manager

# Recommendations

- A. Adopt the Resolution AUTHORIZING THE ISSUANCE OF WATER SYSTEM REFUNDING REVENUE BONDS AND REVENUE BONDS, AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND CERTAIN ACTS IN CONNECTION THEREWITH, IN AN AGGREGATE NOT TO EXCEED AMOUNT OF \$520 MILLION;
- B. Adopt the Resolution AUTHORIZING THE ISSUANCE OF WATER SYSTEM REVENUE BONDS TO FINANCE CERTAIN COSTS OF THE SAN JOSE WATER PURIFICATION PROJECT (PHASE I), AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND CERTAIN ACTS IN CONNECTION THEREWITH, in an amount not to exceed \$100 million
- C. Adopt the Resolution AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX-EXEMPT TAX AND REVENUE ANTICIPATION NOTE AND A TAXABLE TAX AND REVENUE ANTICIPATION NOTE TO SUPPORT SHORT-TERM OBLIGATIONS;
- D. Adopt the Resolution INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS FOR WATER UTILITY ENTERPRISE;
- E. Adopt the Resolution INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS FOR SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION AND WATERSHED AND STREAM STEWARDSHIP PROGRAMS;

# Recommendations

- F. Authorize the Chief Executive Officer or their designee (in each case, including any acting, interim or otherwise appointed such officer as the case may be) to execute the TRANs, and the Certificate as to Uncollected Taxes, Income, Revenue, Cash Receipts and Other Money;
- G. Authorize the District Counsel or their designee (including any acting, interim or otherwise appointed such officer as the case may be) to approve as to form of the TRANs; and
- H. Authorize and direct the Chief Executive Officer, or their designee (in each case, including any acting, interim or otherwise appointed such officer as the case may be), and such other officers and staff of Valley Water, acting singly, to do any and all things, and to execute and deliver any and all documents, which such officers may deem necessary or advisable in order to consummate the sale and delivery of the Refunding Revenue Bonds, Revenue Bonds, and the ongoing administration thereof.

# Debt Issuance Plan

Uses of debt proceeds:

- Refund up to \$200M short-term debt and \$223M outstanding 2016 debt
- Provide up to \$200M for capital projects, including the San Jose Water Purification Project – Phase I demonstration center
- Pay costs of issuance and underwriters' fees
- Debt secured by pledge and lien under Parity Master Resolution 16-10, payable over 30 years from Net Water Utility System Revenues
- Expected to receive AA+ and Aa1 ratings from Fitch and Moody's



	Refunding and Revenue Bonds (2025AB)	Refunding Revenue Bonds (Taxable 2016 Only)	Revenue Bonds 2025C (San Jose Water Purification Project)	Total
<b>Sources</b>				
Principal Amount	\$404,350,000	\$98,395,000	\$93,590,000	\$596,335,000
Premium	\$23,477,158	--	\$7,042,190	\$30,519,348
<b>Total Sources</b>	<b>\$427,827,158</b>	<b>\$98,395,000</b>	<b>\$100,632,190</b>	<b>\$626,854,348</b>
<b>Uses</b>				
Repay Short-Term Debt	\$200,000,000	--	--	\$200,000,000
Refund 2016 Debt	\$125,141,176	\$97,904,903	--	\$223,046,079
New Project Funds	\$100,000,000	----	\$100,000,000	\$200,000,000
Underwriters' Fee*	2,015,597	490,097	474,103	\$2,979,797
Costs of Issuance	670,385		158,087	\$828,472
<b>Total Uses</b>	<b>\$427,827,158</b>	<b>\$98,395,000</b>	<b>\$100,632,190</b>	<b>\$626,854,348</b>

# Good Faith Cost Estimates

Description	2025AB	Taxable 2016	2025C
1. True Interest Cost	4.80%	3.92%	4.42%
2. Finance Charge	\$2,685,982	\$490,097	\$632,190
3. Net Proceeds	\$425,141,176	\$97,904,903	\$100,000,000
4. Total Payment	\$760,012,526	\$145,550,067	\$181,755,878

- Estimates based on market conditions on March 14, 2025, with 0.25% buffer; estimates for Taxable 2016 assumes a reduction of 1.47% in market rates to generate 3% net present value savings; actuals will differ pending market conditions on the pricing date.
- Refunding of 2016 Obligations are estimated to achieve \$1M annual debt service savings or \$21.5M total through maturity in 2046

# Financing Schedule

(Preliminary subject change based on market conditions and business needs)

Description	Date/Month
Valley Water Board Meeting – Financing Plan/Documents	May 2025
Valley Water Board Meeting - Preliminary Official Statement	July 2025
Receive Credit Ratings	August 2025
Post Preliminary Official Statement	August 2025
Pricing	August 2025
Closing	September 2025

# Additional Board Actions

8

- Approve \$150M Tax and Revenue Anticipation Notes to support the Revolving Line of Credit, authorized per Board Resolution 20-11
- Approve Intention to Issue Tax-Exempt Obligations, which is legally required to allow Valley Water to issue debt to finance capital expenditures incurred for the Water Utility, Watersheds and Safe, Clean Water Funds



# QUESTIONS





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