



Santa Clara Valley Water District Public Facilities Financing Corporation Meeting

HQ. Bldg. Boardroom, 5700 Almaden Expressway, San Jose, California
Join Zoom Meeting: <https://valleywater.zoom.us/j/86276159992>

ANNUAL MEETING AGENDA

**Monday, November 10, 2025
9:00 AM**

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

SANTA CLARA VALLEY WATER
DISTRICT
PUBLIC FACILITIES FINANCING
CORPORATION
Members:
Carolyn Bauer
Pancho Chang
John Cleveland
Chris Elias
Dave Hook

All public records relating to an open session 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 to the public through the legislative body agenda web page 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 participate in the legislative body's 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.

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*****IMPORTANT NOTICES AND PARTICIPATION INSTRUCTIONS*****

Santa Clara Valley Water District (Valley Water) Board of Directors/Board Committee meetings are held as a “hybrid” meetings, conducted in-person as well as by telecommunication, and is compliant with the provisions of the Ralph M. Brown Act.

To maximize public safety while still maintaining transparency and public access, members of the public have an option to participate by teleconference/video conference or attend in-person. To observe and participate in the meeting by teleconference/video conference, please see the meeting link located at the top of the agenda. If attending in-person, you are required to comply with Ordinance 22-03 - AN ORDINANCE OF THE SANTA CLARA VALLEY WATER DISTRICT SPECIFYING RULES OF DECORUM FOR PARTICIPATION IN BOARD AND COMMITTEE MEETINGS located at <https://s3.us-west-2.amazonaws.com/valleywater.org.if-us-west-2/f2-live/s3fs-public/Ord.pdf>

In accordance with the requirements of Gov. Code Section 54954.3(a), members of the public wishing to address the Board/Committee during public comment or on any item listed on the agenda, may do so by filling out a Speaker Card and submitting it to the Clerk or using the “Raise Hand” tool located in the Zoom meeting application to identify yourself in order to speak, at the time the item is called. Speakers will be acknowledged by the Board/Committee Chair in the order requests are received and granted speaking access to address the Board.

- Members of the Public may test their connection to Zoom Meetings at: <https://zoom.us/test>
- Members of the Public are encouraged to review our overview on joining Valley Water Board Meetings at: <https://www.youtube.com/watch?v=TojJpYCxXm0>

Valley Water, in complying with the Americans with Disabilities Act (ADA), requests individuals who require special accommodations to access and/or participate in Valley Water Board of Directors/Board Committee meetings to please contact the Clerk of the Board’s office at (408) 630-2711, at least 3 business days before the scheduled meeting to ensure that Valley Water may assist you.

This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Sections 54950 et. seq. and has

not been prepared with a view to informing an investment decision in any of Valley Water's bonds, notes or other obligations. Any projections, plans or other forward-looking statements included in the information in this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of Valley Water's bonds, notes or other obligations and investors and potential investors should rely only on information filed by Valley Water on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures and Valley Water's Investor Relations website, maintained on the World Wide Web at <https://emma.msrb.org/> and <https://www.valleywater.org/how-we-operate/financebudget/investor-relations>, respectively.

Under the Brown Act, members of the public are not required to provide identifying information in order to attend public meetings. Through the link below, the Zoom webinar program requests entry of a name and email address, and Valley Water is unable to modify this requirement. Members of the public not wishing to provide such identifying information are encouraged to enter "Anonymous" or some other reference under name and to enter a fictional email address (e.g., attendee@valleywater.org) in lieu of their actual address. Inputting such values will not impact your ability to access the meeting through Zoom.

Join Zoom Meeting:

<https://valleywater.zoom.us/j/XXXXXXXXXXXX>

Meeting ID: XXX XXXX XXXX

Join by Phone:

1 (669) 900-9128, XXXXXXXXXXXX#

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: Members of the public who wish to address the Board/Committee on any item not listed on the agenda may do so by filling out a Speaker Card and submitting it to the Clerk or using the "Raise Hand" tool located in the Zoom meeting application to identify yourself to speak. Speakers will be acknowledged by the Board/Committee Chair in the order requests are received and granted speaking access to address the Board/Committee. Speakers' comments should be limited to three minutes or as set by the Chair. The law does not permit Board/Committee action on, or extended discussion of, any item not on the agenda except under special circumstances. If Board/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 Board/Committee may take action on any item of business appearing on the posted agenda.

3. APPROVAL OF MINUTES:

3.1. Approval of the November 14, 2024 Public Facilities Financing Corporation (PFFC) Minutes.

[25-0910](#)

Recommendation: Approve the November 14, 2024 PFFC Minutes.

Manager: Candice Kwok-Smith, 408-630-3193

Attachments: [Attachment 1: 11142024 PFFC Minutes](#)

Est. Staff Time: 5 Minutes

4. REGULAR AGENDA:

- 4.1. Elect Fiscal Year (FY) 2025-2026 Public Facilities Financing Corporation (PFFC) Board of Directors' President, Vice President, Chief Financial Officer, and Corporate Secretary. [25-0908](#)

Recommendation: Elect FY 2025-2026 PFFC Board of Directors' President, Vice President, Chief Financial Officer, and Corporate Secretary.

Manager: Candice Kwok-Smith, 408-630-3193

Attachments: [Attachment 1: PFFC Articles of Incorporation & Bylaws](#)

Est. Staff Time: 15 Minutes

- 4.2. Receive an Overview of the Public Facilities Financing Corporation (PFFC) Roles and Responsibilities and Information Regarding Valley Water's Financial Status as of Fiscal Year Ending June 30, 2025, Recent Debt Issuances, and Upcoming Financing Plans. [25-0929](#)

Recommendation: Receive an overview of the PFFC's roles and responsibilities and information regarding Valley Water's financial status as of fiscal year ending June 30, 2025, recent debt issuances, and upcoming financing plans.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: PowerPoint](#)

Est. Staff Time: 30 Minutes

- 4.3. Approve the Termination Agreement for the WIFIA Master Agreement and Related Agreements for the Pacheco Reservoir Expansion Project. [25-0930](#)

Recommendation: Approve the Termination Agreement for the WIFIA Master Agreement and related Agreements for the Pacheco Reservoir Expansion Project.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: Project Update](#)
[Attachment 2: Termination Request Letter](#)
[Attachment 3: Termination Agreement](#)

Est. Staff Time: 10 Minutes

5. ADJOURN:

- 5.1. Adjourn.



Santa Clara Valley Water District

File No.: 25-0910

Agenda Date: 11/10/2025
Item No.: 3.1.

AGENDA MEMORANDUM **Public Facilities Financing Corporation**

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Approval of the November 14, 2024 Public Facilities Financing Corporation (PFFC) Minutes.

RECOMMENDATION:

Approve the November 14, 2024 PFFC Minutes.

SUMMARY:

In accordance with the Ralph M. Brown Act, a summary of meeting body discussions, and details of all actions taken by the Public Facilities Financing Corporation Minutes, during all open and public meeting body, is transcribed and submitted for review and approval.

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

ENVIRONMENTAL JUSTICE IMPACT:

The approval of minutes is not subject to environmental justice impact analysis.

ATTACHMENTS:

Attachment 1: 11142024 PFFC Minutes

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3193

DRAFT MINUTES
SANTA CLARA VALLEY WATER DISTRICT
PUBLIC FACILITIES FINANCING CORPORATION
November 14, 2024

(Paragraph numbers coincide with agenda item numbers)

A Meeting of the Santa Clara Valley Water District (Valley Water) Public Facilities Financing Corporation (PFFC) was held at 4:40 p.m. on November 14, 2024, at 5700 Almaden Expressway, San Jose, California.

1. Roll Call: PFFC Board of Director members in attendance were Carolyn Bauer, Chris Elias, Spencer Horowitz, and Steven Mullen, constituting a quorum.

PFFC Corporate Officer present: Michele King, Corporate Secretary.

District staff present: Chris Hakes, Brian Hopper, Carlos Orellana, Max Overland, Steve Peters, Darin Taylor, Charlene Sun, and Bhavani Yerrapotu, and Tina Yoke.

Santa Clara Valley Water District Board Members present in person: Jim Beall, Director District 4 and Nai Hsueh, Board Chair, Director District 5.

Santa Clara Valley Water District Board Members present via Zoom: Barbara Keegan, Director District 2; Rebecca Eisenberg, Director District 7; and John Varela, Director District 1.

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

3.1 Approval of Minutes of November 1, 2023, PFFC Meeting. It was moved by Director Horowitz, seconded by Director Bauer, with Director Elias abstaining, that the November 1, 2023, Minutes be approved as presented. Motion passed.

4.1 2024 Debt Management Program Update. Steve Peters, Senior Management Analyst, and Charlene Sun, Treasury Debt Manager, provided an update the 2024 Debt Management Program as presented in Attachment 1, and provided answers to questions from the PFFC board members. The PFFC Board noted the information.

5. Adjourn: It was moved by Director Horowitz, seconded by Director Elias, and unanimously approved to adjourn the meeting at approximately 4:55 p.m.

Michele L. King, CMC
Corporate Secretary, PFFC

Date:



Santa Clara Valley Water District

File No.: 25-0908

Agenda Date: 11/10/2025

Item No.: 4.1.

AGENDA MEMORANDUM Public Facilities Financing Corporation

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Elect Fiscal Year (FY) 2025-2026 Public Facilities Financing Corporation (PFFC) Board of Directors' President, Vice President, Chief Financial Officer, and Corporate Secretary.

RECOMMENDATION:

Elect FY 2025-2026 PFFC Board of Directors' President, Vice President, Chief Financial Officer, and Corporate Secretary.

SUMMARY:

Per the PFFC Bylaws, each PFFC officer shall be elected by the Santa Clara Valley Water District Board of Directors. They shall hold office until his or her successor shall have been elected and qualified, or until the death, resignation or removal of such officer.

The duties of the PFFC President, Vice-President, Chief Financial Officer, and Corporate Secretary are as follows:

The President shall be the chief executive officer of the Corporation and shall have general supervision over the business of the Corporation, subject, however, to the control of the Board of Directors. The President shall preside at all meetings of the Board of Directors. The President may sign and execute, in the name of the Corporation, deeds, mortgages, leases, bonds, contracts and other instruments duly authorized by the Board of Directors, and generally shall perform all duties as may from time to time be assigned to such office by the Board of Directors.

At the request of the President or in case of his or her absence or disability, the Vice President shall perform all duties of the President and, when so acting, shall have all the powers of, and be subject to all restrictions upon, the President. In addition, the Vice President shall perform such other duties as may from time to time be assigned to that office by the Board of Directors or the President.

Should the office of Chair or Vice-Chair become vacant during the term of such office, the Committee shall elect a successor from its membership at the earliest meeting at which such election would be practicable, and such election shall be for the unexpired term of such office.

The Chief Financial Officer shall receive and have charges 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 the 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 Secretary shall:

(a) Certify and keep at the office of the Corporation, or at such other place as the Board of Directors may order, the original or a copy of the Bylaws, amended or otherwise altered;

(b) Keep at the office of the Corporation, or at such other place as the Board of Directors may order, a book of minutes of all meetings of the directors, recording therein the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, and the proceedings thereat;

(c) See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;

(d) Be custodian of the records and seal of the Corporation;

(e) Exhibit at all reasonable times to any director, upon application, the Bylaws and minutes of the meetings and proceedings of the directors of the Corporation; and

(f) In general, perform all duties of the office of Secretary and such other duties as may from time to time be assigned to such office by the Board of Directors or the President.

ENVIRONMENTAL JUSTICE IMPACT:

There are no environmental justice impacts associated with this item.

ATTACHMENTS:

Attachment 1: PFFC Articles of Incorporation & Bylaws

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3193

DEC 21 1987

MARCH FONG EU, Secretary of State

ARTICLES OF INCORPORATION
OF
SANTA CLARA VALLEY WATER DISTRICT
PUBLIC FACILITIES FINANCING CORPORATION
(A Nonprofit Public Benefit Corporation)

The undersigned do hereby associate themselves together for the purpose of forming a nonprofit public benefit corporation under and pursuant to the Nonprofit Public Benefit Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporations Code), and do hereby certify:

FIRST: The name of this Corporation is "Santa Clara Valley Water District Public Facilities Financing Corporation" (hereinafter called the "Corporation").

SECOND: The Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. The Corporation is organized under the Nonprofit Public Benefit Corporation Law for public purposes. The specific and primary purpose for which the Corporation is formed is to provide assistance to the Santa Clara Valley Water District in financing the acquisition, construction and improvement of public buildings, works and equipment for the Santa Clara Valley Water District, together with site development, landscaping, utilities, furnishings and appurtenant and related facilities.

Incidental to and in order to carry out the foregoing purpose, the Corporation shall have and possess, subject to the provisions of these Articles, all powers now or hereafter conferred upon nonprofit public benefit corporations by the laws of the State of California, with the following limitation: The Corporation shall never engage in any activity other than such activities as may be incidental to and for the purpose of carrying out the primary purpose for which the Corporation is formed for and on behalf of the Santa Clara Valley Water District.

THIRD: The Corporation is organized as a nonprofit public benefit corporation, without capital stock and without members. No gains, profits or dividends shall be distributed to any of the directors or officers of the Corporation, and no part of the net earnings, funds or assets of the Corporation shall inure to the benefit of any director, officer or individual, or any other person, firm or corporation, excepting only the Santa Clara Valley Water District. No part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, nor shall it participate in, or intervene in, or publish or distribute statements concerning, any political campaign on behalf of any candidate for public office. The property of the Corporation is irrevocably dedicated to the Santa Clara Valley Water District; provided, however, that until all indebtedness of the Corporation shall

have been paid, such property and any net revenues therefrom may be used for the purpose of paying and retiring such indebtedness.

FOURTH: The name and address of the initial agent for service of process of the Corporation is Albert T. Henley, Esq., 5750 Almaden Expressway, San Jose, California 95118.

FIFTH: The number of directors of the Corporation shall be three (3), until such number shall be changed by an amendment to these Articles.

SIXTH: These Articles of Incorporation may be amended only with the written consent of the Board of Directors of the Santa Clara Valley Water District and by approval of the directors of the Corporation.

SEVENTH: Upon any liquidation, dissolution or winding up of the Corporation, after paying or adequately providing for the debts and obligations of the Corporation, the directors shall distribute and transfer all remaining assets of the Corporation to the Santa Clara Valley Water District.

IN WITNESS WHEREOF, the undersigned has executed
these presents this 16th day of December, 1987.

Jack Stenta
John J. Seena
Douglas L. Galvan

CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION

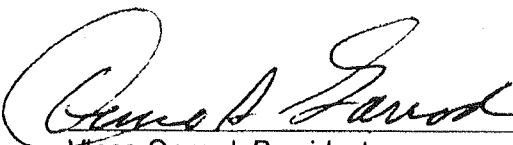
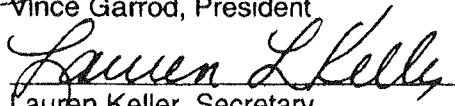
The undersigned certify that:

1. They are the president and the secretary, respectively, of the Santa Clara Valley Water District Public Facilities Financing Corporation, a California corporation.
2. Fifth Article of the Articles of Incorporation of this corporation is amended to read as follows:

FIFTH: The number of directors of the Corporation shall be five (5), until such number shall be changed by an amendment to these Articles.
3. The foregoing amendment of the Articles of Incorporation has been amended with the written consent of the Board of Directors of the Santa Clara Valley Water District and duly approved by the directors of the Santa Clara Valley Water District Public Facilities Financing Corporation.
4. The Santa Clara Valley Water District Public Facilities Financing Corporation has no members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: Sept 30 / 08


Vince Garrod, President

Lauren Keller, Secretary

ENDORSED - FILED
In the office of the Secretary of State
of the State of California

OCT 02 2008



BYLAWS
OF
SANTA CLARA VALLEY WATER DISTRICT
PUBLIC FACILITIES FINANCING CORPORATION
(a California Nonprofit Public Benefit Corporation)

ARTICLE I

Name, Organization and Purpose, Principal Office, Seal

Section 1.01. Name. The name of this corporation is "Santa Clara Valley Water District Public Facilities Financing Corporation" (hereinafter called the "Corporation").

Section 1.02. Organization, Purpose and Use of Funds. The Corporation is a nonprofit public benefit corporation organized under the Nonprofit Public Benefit Corporation Law of the State of California (Title 1, Division 2, Part 2, of the California Corporations Code) to provide assistance to the Santa Clara Valley Water District in financing the acquisition, construction and improvement of public buildings, works and equipment for the Santa Clara Valley Water District, together with site development, landscaping, utilities, furnishings, and appurtenant and related facilities. The activities of the Corporation shall be limited to the activities described in its Articles of Incorporation. No gains, profits or dividends shall be distributed to any of the directors or officers of the Corporation, and no part of the net earnings, funds or assets of the Corporation shall inure to the benefit of any director, officer or individual, or any other person, firm or corporation, excepting only the Santa Clara Valley Water District.

Section 1.03. Principal Office. The principal office of the Corporation shall be in the City of San Jose, State of California.

Section 1.04. Seal. The corporate seal of the Corporation shall set forth the name of the Corporation and shall have inscribed thereon the words "Incorporated December 21, 1987, California."

Section 1.05. Fiscal Year. The fiscal year of the Corporation shall begin July 1 and end June 30 of each year, except the first fiscal year which shall run from the date of incorporation to June 30, 1988.

ARTICLE II

Membership

The Corporation shall have no members. Any action which would otherwise require approval by a majority of all members or approval by the members shall require only approval of the directors and all rights which would otherwise vest in the members shall vest in the directors.

ARTICLE III

Directors

Section 3.01. Number of. The Board of Directors shall consist of three (3) persons. The number of directors may be changed by amendment of the Articles of Incorporation. The names and addresses of the persons who are appointed to act as the first directors of the Corporation, until the selection of their successors, are as follows:

<u>Name</u>	<u>Address</u>
R. Jack Sturla	7270 Holsclaw Road Gilroy, CA 95020
Douglas Graham	984 Ilima Way Palo Alto, CA 94306
Joseph A. Guerra, Jr.	1110 Brace Avenue San Jose, CA 95125

Section 3.02. Qualifications. Directors must be residents of the Santa Clara Valley Water District. Neither District Directors nor employees may be appointed directors of this Corporation. No person shall be eligible to serve as a director who has not been initially approved as a director by resolution of the Board of Directors of the Santa Clara Valley Water District.

Section 3.03. Duties. It shall be the duty of the directors to:

Perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation, by these Bylaws, or by resolution of the Board of Directors of the Santa Clara Valley Water District.

Directors will meet at such times and places as are required by these Bylaws.

Directors will register their addresses with the Secretary of the Corporation. Notices of meetings mailed to them at said addresses shall be valid.

Section 3.04. Manner of Appointment. Directors shall be appointed by action of the Board of Directors of the Santa Clara Valley Water District.

Section 3.05. Term of Office. Each of the three (3) directors shall hold office until the selection and qualification of his or her successor or until his or her death, resignation or removal, whichever occurs earlier.

Section 3.06. Removal of Directors. Any director may be removed by the Board of Directors of the Santa Clara Valley Water District for cause.

Section 3.07. Resignations and Vacancies. Any director of the Corporation may resign at any time by giving written notice to the President or to the Board of Directors and, where such resignation would leave the Corporation without a duly elected director or directors in charge of its affairs, to the Attorney General of the State of California. Such resignation shall take effect at the time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in the event of the death, resignation or removal of any director. Any vacancy in the Board of Directors shall be filled by appointment by the Board of Directors of the Santa Clara Valley Water District. Each director so selected shall hold office until his or her death, resignation or removal.

Section 3.08. Compensation of Directors. No director shall be entitled to receive any compensation for serving as a director or as an officer of the Corporation.

ARTICLE IV

Powers of Board of Directors

Section 4.01. General Powers of Board of Directors. All corporate powers shall be exercised by or under the authority of, and the business, property and affairs of the Corporation shall be controlled by, the Board of Directors.

Section 4.02. Indemnification. To the full extent permitted by law, the Board of Directors may authorize indemnification by the Corporation of any person who is or was a director, officer, employee or other agent of the Corporation, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was an agent of the Corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding (including attorneys' fees), if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful and, in the case of an action by or in the right of the Corporation, acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Section 4.03. Incurring of Indebtedness. The Board of Directors, on behalf of the Corporation, may incur such indebtedness for the proper purposes of the Corporation as the Board of Directors may deem necessary or appropriate, may issue bonds, notes, debentures and other evidences of indebtedness of the Corporation, may secure the same by mortgage, transfer in trust, pledge or other encumbrance of the whole or any part of the assets of the Corporation, and may establish funds and make other provisions for the payment of such indebtedness and interest thereon.

ARTICLE V

Officers

Section 5.01. Number and Qualifications. The officers of the Corporation shall be a President, a Vice President, a Chief Financial Officer, a Secretary, and such subordinate officers, including one or more assistant secretaries and assistant financial officers, as the Board of Directors may elect.

Section 5.02. Qualifications. Only directors shall be qualified to hold the office of President, Vice President, and Chief Financial Officer, but the Board of Directors may elect any person, whether or not a director of the Corporation, to hold the office of Secretary or any subordinate office.

Section 5.03. Election, Term of Office. Each officer shall be elected by the Board of Directors and shall hold office until his or her successor shall have been elected and qualified, or until the death, resignation or removal of such officer.

Section 5.04. President. The President shall be the chief executive officer of the Corporation and shall have general supervision over the business of the Corporation, subject, however, to the control of the Board of Directors. The President shall preside at all meetings of the Board of Directors. The President may sign and execute, in the name of the Corporation, deeds, mortgages, leases, bonds, contracts and other instruments duly authorized by the Board of Directors, and generally shall perform all duties as may from time to time be assigned to such office by the Board of Directors.

Section 5.05. Vice President. At the request of the President or in case of his or her absence or disability, the Vice President shall perform all duties of the President and, when so acting, shall have all the powers of, and be subject to all restrictions upon, the President. In addition, the Vice President shall perform such other duties as may from time to time be assigned to that office by the Board of Directors or the President.

Section 5.06. Chief Financial Officer. The Chief Financial Officer shall 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.

Section 5.07. Secretary. The Secretary shall:

- (a) Certify and keep at the office of the Corporation, or at such other place as the Board of Directors may order, the original or a copy of the Bylaws, as amended or otherwise altered;
- (b) Keep at the office of the Corporation, or at such other place as the Board of Directors may order, a book of minutes of all meetings of the directors, recording therein the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, and the proceedings thereat;
- (c) See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;
- (d) Be custodian of the records and seal of the Corporation;
- (e) Exhibit at all reasonable times to any director, upon application, the Bylaws and minutes of the meetings and proceedings of the directors of the Corporation; and
- (f) In general, perform all duties of the office of Secretary and such other duties as may from time to time be assigned to such office by the Board of Directors or the President.

Section 5.08. Subordinate Officers. Subordinate officers shall perform such duties as shall be prescribed from time to time by the Board of Directors or the President.

Section 5.09. Resignations. Any officer may resign at any time by giving written notice to the President or to the Board of Directors of the Corporation. Any such resignation shall take effect at the time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.10. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular election to such office.

ARTICLE VI

Meetings

Section 6.01. Organization Meeting. The first Board of Directors may at any time hold an organizational meeting at which time the directors shall organize by electing officers.

Section 6.02. Regular Meetings. The Board of Directors by resolution may provide for the holding of regular meetings and may fix the time and place of holding such meetings. Notice of regular meetings need not be given.

Section 6.03. Special Meetings. A special meeting of the Board of Directors shall be held whenever called by the President, by the Vice President, or by any two (2) directors.

Section 6.04. Notice to Directors. Special meetings shall be held upon notice by first class mail posted at least forty-eight (48) hours before the day on which the meeting is to be held or upon notice delivered personally or by telephone or telegraph, charges prepaid, at least twenty-four (24) hours before the day on which the meeting is to be held. Notice of adjournment of a meeting need not be given to absent directors if the time and place are fixed at the adjourned meeting.

Section 6.05. Notice to Santa Clara Valley Water District. Notice of all meetings of the Board of Directors of the Corporation shall be given by the Secretary of the Corporation to the Chairman of the Board of Directors and the Clerk of the Board of Directors of the Santa Clara Valley Water District. Representatives of the Santa Clara Valley Water District may attend and may make comments at all such meetings.

Section 6.06. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if each of the directors either signs a written waiver of notice or a written consent to the holding of such meeting or an approval of the minutes thereof, whether before or after the meeting, or attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents or approvals, protests, and record of attendance shall be filed with the corporate records and made a part of the minutes of the meetings of the Board of Directors.

Section 6.07. Action by Written Consent. Any action required or permitted to be taken by the Board of Directors under any provisions of law or these Bylaws may be taken without a meeting if all members of the Board of Directors shall individually or collectively consent in writing to such action. All such consents shall be filed with the corporate records and made a part of the minutes of the proceedings of the Board of Directors. Such action by written consent shall have the same force and effect as a unanimous vote of such directors. Any certificate or other document filed under any

provision of law which relates to action so taken shall state that the action was taken by unanimous written consent of the Board of Directors without a meeting and that the Bylaws of this Corporation authorize the directors to so act and such statement shall be prima facie evidence of such authority.

Section 6.08. Quorum. At all meetings of the Board of Directors, a majority of the directors in office at the time, present in person at such meeting, shall be sufficient to constitute a quorum.

Section 6.09. Authority of Actions Taken in Meetings. Unless a greater number is expressly required by statute or by these Bylaws, every act or decision done or made by a majority of the directors present at a meeting duly held, at which a quorum is present and acting, shall be regarded as the act of the Board of Directors.

Section 6.10. Conduct of Meetings. The President or, in his or her absence, the Vice President shall preside.

Section 6.11. Place of Directors' Meetings. Meetings of the directors shall be held at such place in the Santa Clara Valley Water District, or elsewhere, as may be designated in the notice of meeting or by resolution of the Board of Directors.

Section 6.12. Public Meetings. To the extent required by law, the Corporation shall comply with the provisions of the Ralph M. Brown Act, Chapter 9 of Part 1 of Division 2 of Title 5 of the California Government Code (commenting with Section 54950).

ARTICLE VII

Dissolution

Section 6.01. The Corporation shall not be voluntarily dissolved except by approval of the Board of Directors of the Santa Clara Valley Water District. In the event of dissolution of the Corporation in any manner and for any cause, after the payment or adequate provision for the payment of all of its debts and liabilities, all of the remaining funds, assets and properties of the Corporation shall be paid or distributed to the Santa Clara Valley Water District.

ARTICLE VIII

Amendment of Bylaws and Articles of Incorporation

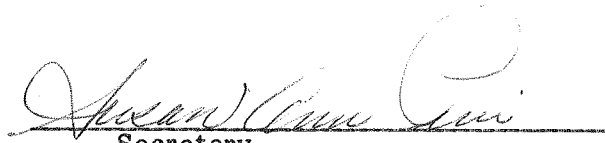
Section 8.01. Amendment of Bylaws. With the written consent of the Board of Directors of the Santa Clara Valley Water District, any of these Bylaws may be amended or repealed and new Bylaws may be adopted by vote or written consent of the Board of Directors.

Section 8.02. Amendment of Articles of Incorporation. The Articles of Incorporation may be amended only with the written consent of the Board of Directors of the Santa Clara Valley Water District and by approval of the Board of Directors.

SECRETARY'S CERTIFICATE

The undersigned hereby certifies that the undersigned is the Secretary of the Santa Clara Valley Water District Public Facilities Financing Corporation, a California Nonprofit Public Benefit Corporation; that the foregoing is a full, true and correct copy of the Bylaws of said Corporation; and that said Bylaws are in full force and effect as of the date hereof.

Date: January 26, 1988


Secretary

(SEAL)

**CERTIFICATE OF FIRST AMENDMENT TO THE BYLAWS OF SANTA CLARA VALLEY
WATER DISTRICT PUBLIC FACILITIES FINANCING CORPORATION**

EFFECTIVE: September 9th, 2008

I, Lauren Keller, hereby certify that I am the duly elected and acting Secretary of the Santa Clara Valley Water District Public Facilities Financing Corporation, a California corporation ("PFFC"). I further certify on August 28th, 2008, the Board of Directors of the PFFC unanimously amended the bylaws of the PFFC ("Bylaws"), subject to the written consent of the Board of Directors of the Santa Clara Valley Water District, and that the Board of Directors of the Santa Clara Valley Water District provided such written consent on September 9th, 2008. I further certify that the Certificate of Amendment of the Articles of Incorporation amending the Articles of Incorporation to increase the number of PFFC directors from 3 to 5 directors was filed with the Secretary of State of California on October 2nd, 2008. I further certify that the following is the amendment to the Bylaws, and is in effect as of the date noted above:

In Article III of the Bylaws, Section 3.01, delete "The Board of Directors shall consist of three (3) persons." and replace with "The Board of Directors shall consist of five (5) persons."

IN WITNESS WHEREOF, I sign this Certificate as of November 7th, 2008.



Lauren Keller, Secretary



Santa Clara Valley Water District

File No.: 25-0929

Agenda Date: 11/10/2025
Item No.: 4.2.

AGENDA MEMORANDUM **Public Facilities Financing Corporation**

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Receive an Overview of the Public Facilities Financing Corporation (PFFC) Roles and Responsibilities and Information Regarding Valley Water's Financial Status as of Fiscal Year Ending June 30, 2025, Recent Debt Issuances, and Upcoming Financing Plans.

RECOMMENDATION:

Receive an overview of the PFFC's roles and responsibilities and information regarding Valley Water's financial status as of fiscal year ending June 30, 2025, recent debt issuances, and upcoming financing plans.

SUMMARY:

Staff has prepared a PowerPoint presentation (Attachment 1) to provide the Santa Clara Valley Water District Public Facilities Financing Corporation (PFFC) Board with (1) an overview of the PFFC's roles and responsibilities and (2) information on Valley Water's financial status as of June 30, 2025, the results of the most recent debt financing, a review of outstanding WIFIA loan agreements, and recent and planned upcoming debt management activities.

ENVIRONMENTAL JUSTICE IMPACT:

The program update is not subject to environmental justice analysis.

ATTACHMENTS:

Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068



Valley Water

Clean Water • Healthy Environment • Flood Protection

PFFC Overview and 2025 Debt Management Program Update

Santa Clara Valley Water District Public Facilities Financing Corporation (PFFC)

November 10, 2025 (Regular Annual Meeting)

Disclaimer: Information presented herein not intended to be used by investors or potential investors

The FY 2024-25 unaudited information contained herein have been prepared by Valley Water for information only and have not been audited by the external auditor. These financial statements remain subject to change by Valley Water and remain subject to review by external auditor. Changes made by the external auditor, including changes in response to the outsider auditor's review, could be material. No party is authorized to disseminate these unaudited financial statements to the State Comptroller or any nationally recognized rating agency nor post these statements on EMMA or any similar financial reporting outlets or redistribute the information without the express written authorization of the Chief Financial Officer of Valley Water. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale Valley Water bonds, notes or other obligations and investors and potential investors should rely on information filed by Valley Water on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the World Wide Web at <https://emma.msrb.org/>.

Agenda

- PFFC Overview
- 2025 Debt Management Program Update
 - Financial Status as of June 30, 2025 (unaudited)
 - Cash and Investments
 - Outstanding Debt
 - Short-Term Debt Credit Facilities
 - Results of Recent Water Utility System Debt Financing
 - WIFIA Agreements Review
 - Upcoming Debt Management Activities

Santa Clara Valley Water District Public Facilities Financing Corporation (PFFC) Overview

REASONS FOR USING A FINANCING CORPORATION (PFFC) TO ACQUIRE WATER UTILITY AND WATERSHED FACILITIES

- ▶ District may issue or incur debt under various provisions of the District Act and California Government Code.
- ▶ Long term debt can be issued under the District Act including:
 - 1) General obligation bonds supported by property taxes (voter approval required)
 - 2) Revenue bonds (voter approval required)
 - 3) Refunding revenue bonds (no voter approval required)
 - 4) Installment purchase agreements issued to PFFC who issues Certificates of Participation (no voter approval required)
- ▶ The District has generally used installment purchase agreements for long term new money projects for water utility and watershed systems.
- ▶ The creation of a financing corporation (the PFFC) was a necessary step to allow Certificates of Participation payable from the installment payments to be sold in public credit markets.
- ▶ PFFC Board meets to approve documents for a Certificate of Participation financing to which it is a party.
- ▶ Using of financing corporations by special districts is quite common and has been upheld by the state of California courts.
- ▶ The Santa Clara Valley Water District Public Facilities Financing Corporation (PFFC) is a separate legal entity, with its own employer identification number (EID), but it does not have any physical assets, liabilities, revenues or expenses. The PFFC is governed by 5 board members who are appointed by the District Board of Directors through a competitive application process; the PFFC board members do not have any term limitations.

ROLES OF PFFC OFFICERS

▶ President:

- Serves as the Chief Executive Officer of the PFFC and presides over meetings of the Board of Directors.
- Execute documents as authorized by the Board of Directors.

▶ Vice President:

- Perform duties of the President in the President's absence.
- Perform such other duties at the direction of the Board of Directors.

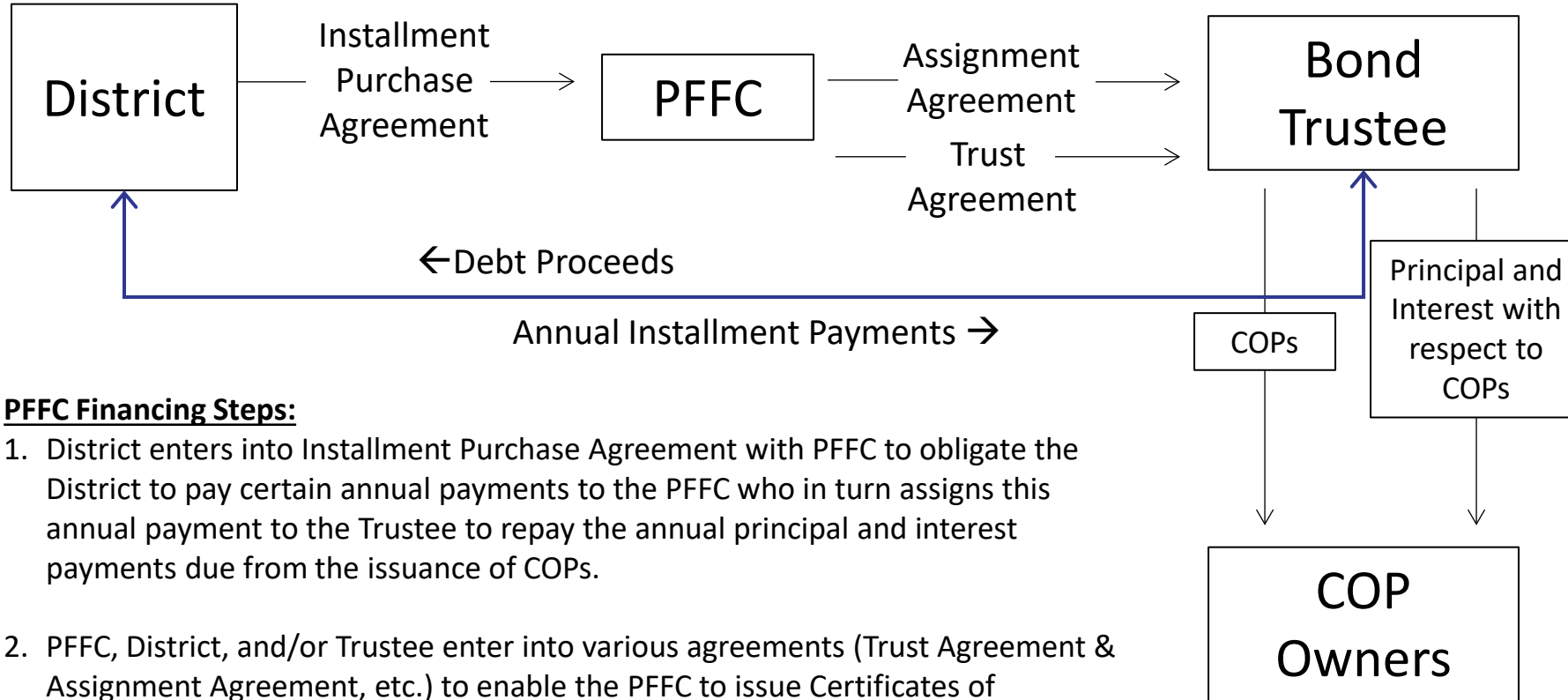
▶ Chief Financial Officer:

- Receive and have charge of PFFC funds, if any (PFFC generally does not hold funds or assets).
- Perform such other duties at the direction of the Board of Directors.

AMENDMENTS TO DISTRICT ACT EFFECTIVE IN 2024

- ▶ With respect to debt financing, the following amendments to the District Act went into effect on January 1, 2024:
 - Authorizes District to use revenues from ad valorem taxes or assessments to pay debt service on bonds (i.e. general obligation bonds).
 - Voter approval required.
 - Authorizes the District to issue bonds secured by *net* water utility system revenues (previously, bonds were required to be secured by *gross* water utility system revenues)
 - Authorizes the District to issue short-term debt without an election with no limit on principal amount (previously principal was limited to \$8,000,000).
 - Limitation to 85% of estimated District revenues still applies.

PFFC FINANCING FLOWCHART



PFFC Financing Steps:

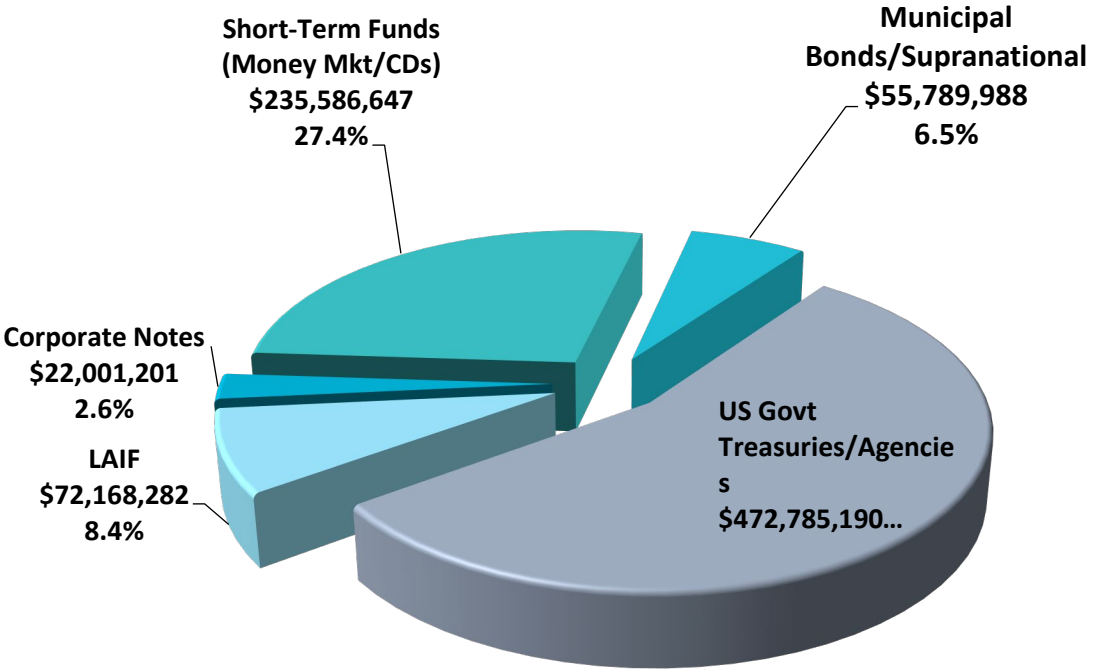
1. District enters into Installment Purchase Agreement with PFFC to obligate the District to pay certain annual payments to the PFFC who in turn assigns this annual payment to the Trustee to repay the annual principal and interest payments due from the issuance of COPs.
2. PFFC, District, and/or Trustee enter into various agreements (Trust Agreement & Assignment Agreement, etc.) to enable the PFFC to issue Certificates of Participation (COPs) to COP Owners 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.

2025 Debt Management Program Update

Financial Status Update – Cash & Investments

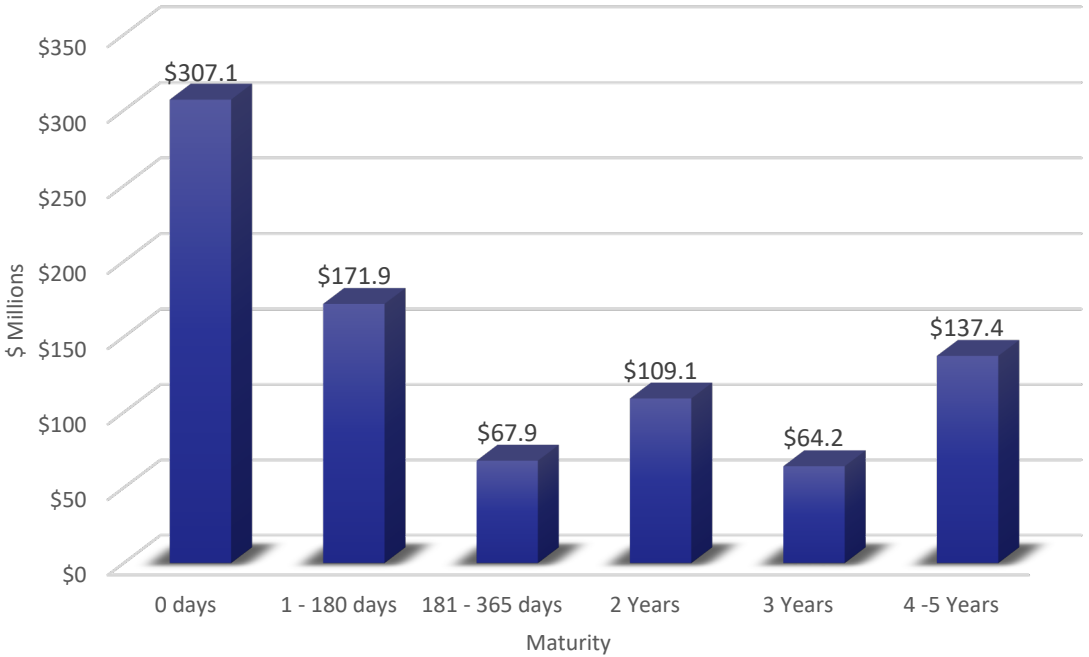
\$547M or 64% of portfolio very liquid (<=1-year maturity)

SCVWD Investment Portfolio Composition



SCVWD Portfolio Book Value as of June 30, 2025: \$857.6 Million

Valley Water Portfolio Aging Report June 30, 2025 Portfolio Book Value: \$857.6 Million

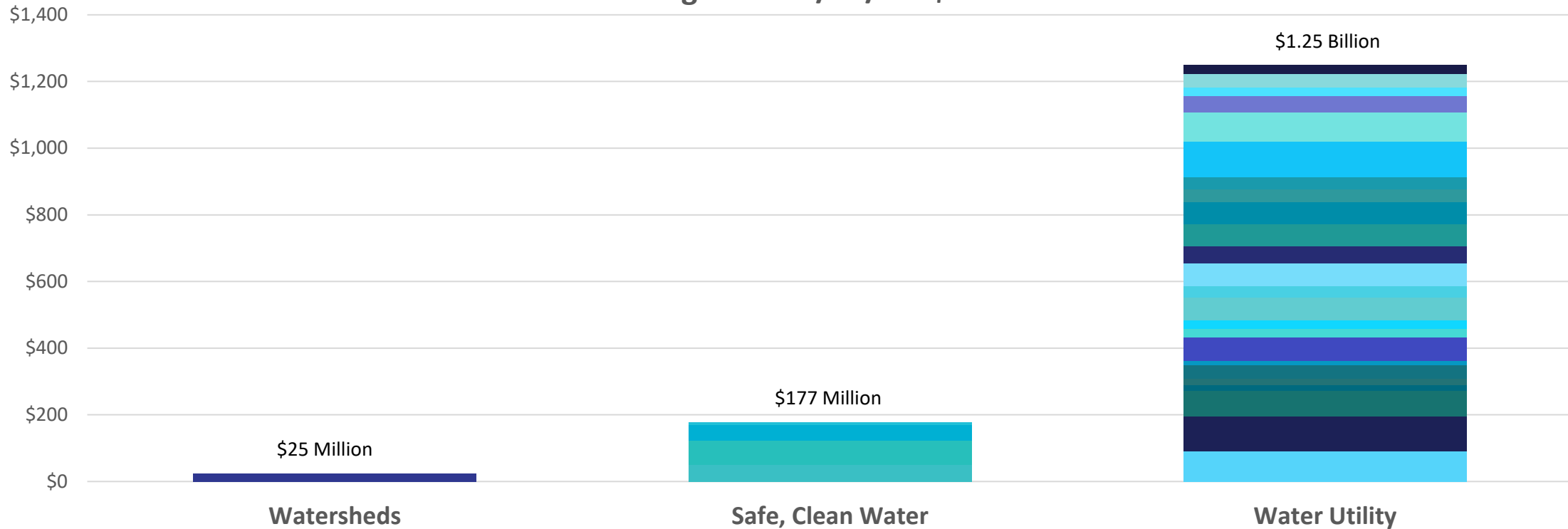


valleywater.org

Financial Status Update – Outstanding Debt

12

Outstanding Debt 06/30/25: \$1.45 Billion



- 2017A COPs
 SCW CP
 2022A Bonds
 2022B COPs
 SCW WIFIA
 WU Revolver
 2016A Bonds
 2016B Bonds
 2016C COPs
 2016D COPs
- 2017A Bonds
 2019A Bonds
 2019B Bonds
 2019C Bonds
 2020A Bonds
 2020B Bonds
 2020C COPs
 2020D COPs
 2023A Bonds
 2023B Bonds
- 2023C1 COPs
 2023C2 COPs
 2023D COPs
 2024A1 Bonds
 2024B1 Bonds
 2024A2 Notes
 2024B2 Notes
 2024C Bonds
 WU WIFIA

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Financial Status Update – Credit Facilities

\$400 million in combined credit capacity for short-term borrowings

- \$250 million commercial paper program
 - Supported by Sumitomo Mitsui Banking Corporation letter of credit
- \$150 million bank revolving line of credit
 - U.S. Bank

September 2025 Water Utility Financing

14

Series:	2025A	2025B	Total
Tax Status:	Tax-Exempt	Taxable	
Purpose:	Refund 2016AC Debt for Savings	Refund Revolving Certificate	
<u>Sources</u>			
Proceeds	\$ 122,557,051	\$ 90,520,068	\$ 213,077,119
12/1/25 Interest Payment	<u>3,084,375</u>	-	<u>3,084,375</u>
	<u>\$ 125,641,426</u>	<u>\$ 90,520,068</u>	<u>\$ 216,161,494</u>
<u>Uses</u>			
Escrow Deposit	\$ 125,238,285	\$ -	\$ 125,238,285
Repay Short-Term Debt	-	90,000,000	90,000,000
Costs of Issuance	<u>403,141</u>	<u>520,068</u>	<u>923,209</u>
Total	<u>\$ 125,641,426</u>	<u>\$ 90,520,068</u>	<u>\$ 216,161,494</u>
<u>Debt Information</u>			
Maturity Date (June 1)	2046	2055	
All-In True Interest Cost	3.69%	5.47%	4.56%
Net Present Value (NPV) Savings	\$12,964,725	-	-
NPV % of Refunded Bonds	10.51%	-	-

WIFIA Loan Program

- PFFC and Valley Water Board Approvals (October – December 2022)
- EPA Water Infrastructure and Finance Innovation Act (WIFIA) Loans provide for up to 49% of total project costs
- Flexible Financial Terms, including:
 - Loan interest rates set at U.S. Treasury rate plus 0.01% based on life of loan
 - Long repayment period
 - Up to 35 years after substantial completion
 - Cost prohibitive to issue > 30-year debt in the public markets
 - Long-lived assets / intergenerational equity

WIFIA Agreements

1. Anderson Dam Seismic Retrofit and Coyote Percolation Dam Replacement (Water Utility project)

- \$1.2 billion prior estimated cost
- \$579 million Master Agreement loan program
 - 10 individual loans can be entered into through February 14, 2031
- \$74 million initial Loan Agreement
 - Design/Planning costs only
 - 3.77% annual interest rate
 - \$41.2 million drawn
- Agreements executed February 14, 2023

WIFIA Agreements

2. Sunnyvale East-West Channels, Coyote Creek, and Upper Penitencia Creek flood protection (SCW project)

- \$299 million prior estimated cost
- \$147 million Master Agreement loan program
 - 5 individual loans can be entered into through February 14, 2028
- \$41 million initial Loan Agreement
 - Design/Planning costs – all projects
 - Construction costs - Sunnyvale East-West Channels only
 - 3.77% annual interest rate
 - \$14.4 million drawn
- Agreements executed February 14, 2023

WIFIA Agreements

3. Pacheco Reservoir Expansion (Water Utility project)

- \$3.0 billion prior estimated cost
- \$1.5 billion Master Agreement loan program
 - 10 individual loans can be entered into through October 30, 2031
- \$92 million initial Loan Agreement
 - Design/Planning costs only
 - 5.08% annual interest rate
 - \$0 drawn
- Agreements executed October 30, 2023
- **Valley Water's Board directed staff to terminate Pacheco WIFIA agreements at its meeting on August 26, 2025. Staff is requesting approval of termination of the Pacheco WIFIA agreements by the PFFC Board separately at its November 10, 2025, regular meeting.**

Recent/Upcoming Debt Management Activities

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- Anderson Dam Seismic Retrofit WIFIA Loan Commitment Upsizing [March 2025]
 - Amend existing Master Agreement to upsize loan commitment to \$1.2 billion
 - Awaiting approval from OMB
- SCW WIFIA Loan Agreement #2 [August 2025]
 - Coyote Creek and Sunnyvale East-West Channels flood protection – \$105 million construction loan
 - Awaiting approval from OMB
- CWIFP Valley Water Board Approval [September 2025]
 - \$1 billion for Calero, Guadalupe, Almaden and Coyote dam seismic retrofit projects
 - Army Corps approval package awaiting transmittal to OMB

Recent/Upcoming Debt Management Activities

20

- Water Utility Bonds Issuance [\[May - September 2026\]](#)
 - FY 2026 Budgeted New-Money Debt Proceeds
 - Water Utility: \$220 million
 - SCW: \$45 million
 - Water Utility Refundings
 - Water Utility interim notes maturing June 1, 2026
 - 2023C-1, 2023D, 2024A-2, 2024B-2 (\$177 million)
 - 2017A bonds callable December 1, 2026 (\$37 million)
 - Only for economic savings
- PFFC Approved Debt [\[Future\]](#)
 - Safe, Clean Water new-money COPs; WIFIA Agreement amendments; new tax-supported debt

QUESTIONS





Valley Water

Clean Water • Healthy Environment • Flood Protection



Santa Clara Valley Water District

File No.: 25-0930

Agenda Date: 11/10/2025

Item No.: 4.3.

AGENDA MEMORANDUM

Public Facilities Financing Corporation

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Approve the Termination Agreement for the WIFIA Master Agreement and Related Agreements for the Pacheco Reservoir Expansion Project.

RECOMMENDATION:

Approve the Termination Agreement for the WIFIA Master Agreement and related Agreements for the Pacheco Reservoir Expansion Project.

SUMMARY:

On August 26, 2025, the Board of Directors of the Santa Clara Valley Water District (Valley Water) voted unanimously to suspend all efforts in the development of the Pacheco Reservoir Expansion Project (Pacheco) and direct the Interim Chief Executive Officer to develop a project closure plan, including terminating the Pacheco Water Infrastructure Finance and Innovation Act (WIFIA) master agreement and the related loan agreement, installment purchase agreement and term sheet (the "agreements"). The agreements are each dated as of October 30, 2023, and were entered into by and among the United States Environmental Protection Agency (EPA), the Santa Clara Valley Water District Public Facilities Financing Corporation (Corporation), and Valley Water.

At the meeting, prior to the Valley Water Board's vote, the project team provided a project update guided by a PowerPoint presentation (Attachment 1). In its report, the project team concluded that Pacheco continues to face significant challenges, particularly in securing several key approvals from the federal Bureau of Reclamation and the anticipated significant increase in estimated costs. These challenges are also causes of concern for the California Water Commission, which had selected the project for a \$504 million conditional grant under its Water Storage Investment Program.

The Corporation Board previously adopted Resolution No. 22-04 on December 6, 2022, which authorized obtaining loans of up to \$2.5 billion for the Anderson Dam Seismic Retrofit and Coyote Percolation Dam Projects (Anderson Projects) and the Pacheco Reservoir Expansion Project. The resolution does not include language authorizing termination of the agreements, so staff is bringing this recommendation to the Corporation Board for approval.

The Pacheco master agreement provided for loans totaling \$1.4 billion and the sole loan agreement (for design and planning costs) provided for \$91.6 million in available loan funding. No loan draws have been made, and no amounts are currently owed.

Staff notified the EPA of Valley Water's intention to terminate the agreements on August 29, 2025 (Attachment 2). A termination agreement was developed in consultation with EPA (Attachment 3) and, pending approval by the Corporation Board, will be executed by the Chief Financial Officer as authorized representative of the Corporation and Valley Water.

ENVIRONMENTAL JUSTICE IMPACT:

There are no environmental justice impacts associated with terminating the WIFIA agreements. This action is unlikely to or will not result in disproportionate impacts on any specific community(ies) relative to the general population from the termination of the agreements.

ATTACHMENTS:

- Attachment 1: Project Update
- Attachment 2: Termination Request Letter
- Attachment 3: Termination Agreement

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068



Update on Pacheco Reservoir Expansion Project

Valley Water Board of Directors
August 26, 2025



*Supplemental Attachment 1
Page 1 of 14

California Water Commission Concerns (May 21, 2025)

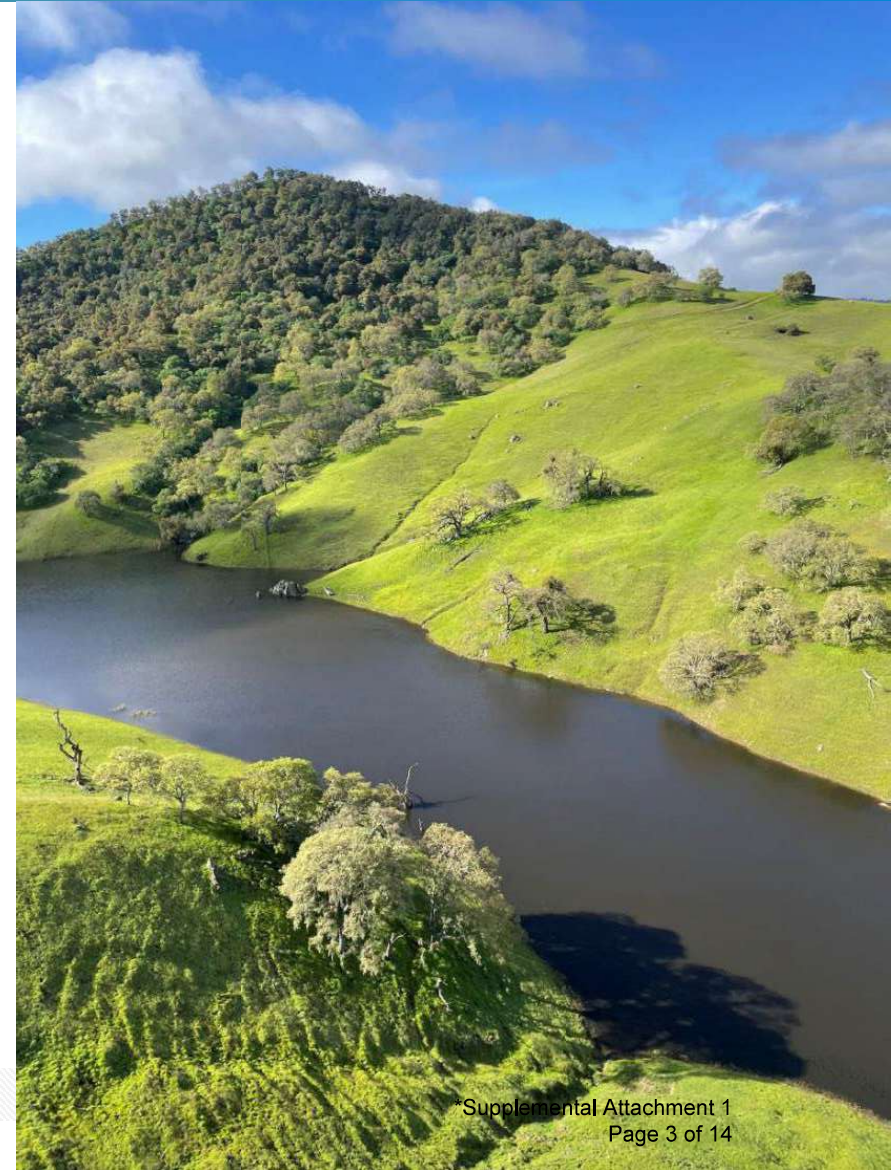
- Environmental review timeline
- Project affordability
- Securing approvals required from the Bureau of Reclamation
- Priority of the Pacheco Reservoir Expansion Project (PREP)



*Supplemental Attachment 1
Page 2 of 14

PREP Environmental Review Status Planning, Permitting, and Design Update

- Draft EIR (DEIR) released in November 2021
- Recirculation due to substantial project changes and new analysis
- Recirculated DEIR (RDEIR) scheduled to be released for public comment in December 2026
- Anticipate Board Consideration of Final EIR certification by December 2027



Permitting Overview: State and Federal Coordination

Planning, Permitting, and Design Update

- Permitting requires collaboration with state and federal regulatory agencies
- Valley Water hosted 26 interagency project workshops
- Meetings held with individual regulatory agencies
- Permit applications will be submitted after RDEIR is released and as Valley Water progresses toward Final EIR



PREP Design Completion Timeline

Planning, Permitting, and Design Update

60% Design Milestone

- Completed 30% design in August 2022
- Completion of 60% design depends on completion of Design Level Geotechnical Investigations (DLGI)
- Investigations are currently on hold pending completion and certification of DLGI EIR
- If resumed in 2025, Valley Water expects to complete 60% design milestone by late 2026



PREP Design Completion Timeline

Planning, Permitting, and Design Update

Full Design Completion

- 100% design anticipated by late 2028
- Timeline reflects extensive coordination, technical requirements, and review and approval by Division of Safety of Dams (DSOD)
- Design timeline has been shared with DSOD
- Ongoing discussions aim to explore opportunities to expedite DSOD's review once design is submitted



PREP Estimated Timing Summary

Planning, Permitting, and Design Update

Milestone	Target Date
RDEIR Release (CEQA)	December 2026
Final EIR Certification (CEQA)	December 2027
Permit Application Submissions	2027–2028 (after RDEIR release)
Permit Approvals	2028+ (dependent on agency timelines and NEPA progress)
60% Design Completion	Late 2026 (pending DLGI EIR certification and completion of investigations)
100% Design Completion	Late 2028
DSOD Approval of 100% Design	Late 2028 (concurrent with final design)
Estimated Construction Start Date	Mid 2029 (best case scenario)

*Supplemental Attachment 1

Page 7 of 14

PREP Affordability Overview

Total Estimated Cost:

- \$2.732 billion (with inflation)

Secured Funding:

- \$1.4 billion **Water Infrastructure Finance and Innovation Act (WIFIA) Loan** – covers up to 49% of planning and design costs
- \$504 million conditional grant from **California Water Commission's Water Storage Investment Program (WSIP)** – includes \$24.2M early funding for planning and permitting

Additional Funding:

- Still exploring cost-sharing opportunities with external partners
- Groundwater charges – remaining cost after WSIP grant and any partner share

*Supplemental Attachment 1
Page 8 of 14

Bureau of Reclamation: Required Approvals for PREP

PREP requires multiple federal approvals from Bureau of Reclamation:

- Permission to construct a turnout on Pacheco Conduit
- Permission to use Bureau facilities to convey State Water Project (SWP) or local water to and from Pacheco Reservoir
- Permission to store CVP water in Pacheco Reservoir
- Permission to construct electrical transmission facilities on Bureau Land to power newly constructed pumping plant



Commission Concern and Bureau Follow Up – July 2025

- **Valley Water Executive Outreach:** Valley Water’s executive staff had two meetings with the Bureau
- **Bureau’s Position:**
 - Storing CVP water in Pacheco Reservoir: NO
 - Constructing electrical transmission facilities on Bureau land: POSSIBLE, but difficult
 - Constructing a turnout on Pacheco Conduit: POSSIBLE, but likely a long process
 - Using Bureau facilities to convey SWP and local water to/from Pacheco Reservoir: POSSIBLE, but likely a long process
- **Implications for Project:**
 - Project may still proceed using non-CVP supplies, such as SWP water
 - NEPA compliance and formal contract negotiation could take over two years

PREP: Strategic Priority and Other Options

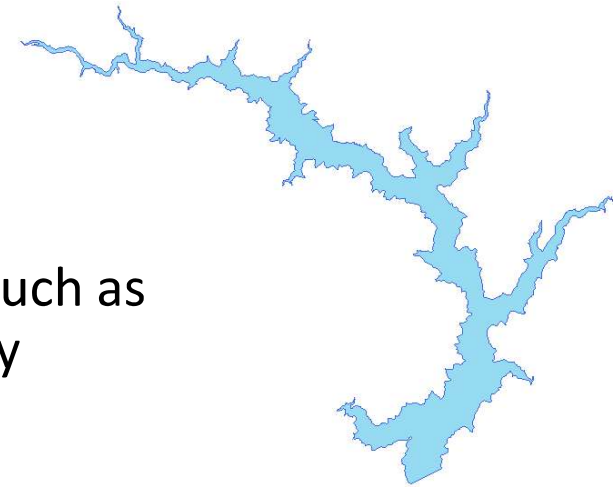
- **Long-Term Water Supply Planning:** PREP is not included in the staff-recommended Lower Cost Portfolio in the Water Supply Master Plan 2050
- **PREP's Continued Relevance:** PREP remains a valuable alternative to projects identified in the Lower Cost Portfolio as some of those projects may have uncertain outcomes
- **Options Under Evaluation:** Staff is conducting additional analysis to identify other water supply or water storage projects that could provide similar water supply benefits to PREP

Options to be Evaluated

- Expand one or more local reservoirs
- Increase participation in:
 - Sites Reservoir Project
 - Delta Conveyance Project
- Pursue a smaller-sized Pacheco Project
- Pursue PREP to store SWP/local water only

Summary

- **Progress to Date:** Advancements in environmental review, permitting coordination, and preliminary design
- **Significant Challenges:** Addressing high project costs and securing necessary approvals from the Bureau
- **Long-Term Planning Alignment:** Water storage projects, such as PREP, remain critical to ensure Valley Water's water supply resiliency
- **Next Steps:** Staff is undertaking analysis and will provide additional information on alternatives to PREP consistent with the Water Supply Master Plan's adaptive management approach



QUESTIONS



*Supplemental Attachment 1
Page 13 of 14



Valley Water

Clean Water • Healthy Environment • Flood Protection

*Supplemental Attachment 1
Page 14 of 14



August 29, 2025

United States Environmental Protection Agency
WJC-E 7334A
1200 Pennsylvania Avenue NW
Washington, D.C. 20460
Via Email: WIFIA_Portfolio@epa.gov

Re: *WIFIA Master Agreement - SCVWD Master Program for the Pacheco Reservoir Expansion*

WIFIA Director,

On August 26, 2025, the Board of Directors (the “Board”) of the Santa Clara Valley Water District (“Valley Water”) voted unanimously to suspend development of the Pacheco Reservoir Expansion Project for the reasons stated in the attached. The Board directed Valley Water staff to take the appropriate steps to terminate the WIFIA Master Agreement and the WIFIA Loan Agreement (WIFIA ID – 20114CA) (SCVWD Master Program for the Pacheco Reservoir Expansion), each dated as of October 30, 2023, by and among the United States Environmental Protection Agency (the “EPA”), the Santa Clara Valley Water District Public Facilities Financing Corporation (the “Corporation”) and Valley Water (together, the “Loan Agreements”). No amounts have been drawn under the Loan Documents and no amounts are currently owed by the Corporation or Valley Water thereunder.

Valley Water hereby requests the termination of the Loan Agreements effective immediately. We respectfully request that the EPA advise as to the steps necessary to terminate the Loan Agreements. If you require any additional information, please feel free to contact the undersigned.

Sincerely,

DocuSigned by:

9CB8A1450C2B497...

Darin Taylor
Chief Financial Officer

Enclosures





Estremera on decision to suspend development of the Pacheco Reservoir Expansion Project

August 26, 2025



Valley Water has been assessing the proposed expansion of Pacheco Reservoir for several years. Throughout this process, our Board of Directors has received regular updates from staff regarding the project, which has encountered several challenges.

After careful consideration and assessment, my fellow board members and I have determined that proceeding with the Pacheco project is not in Valley Water's best interest at this time. This was a difficult decision, but one we made with our community's long-term water affordability in mind.



moving forward with Pacheco would place too great a burden on our ratepayers without cost-effective benefits.

We are thankful to the California Water Commission for its trust in Valley Water for conditionally awarding us \$504 million through the Prop 1 Water Storage Investment Program (WSIP). Valley Water allocated a small portion of this funding for various evaluations, including geotechnical investigations and other assessments. However, in light of the decision today, our agency will be withdrawing from the WSIP. We hope that will enable the Water Commission to follow past practice and redirect the funds to other projects across the state.

Maintaining and rehabilitating our aging infrastructure is our priority to ensure safe and reliable water supply operations. Our agency will continue to evaluate numerous other water supply and infrastructure projects that could help meet Santa Clara County's future water needs. Through our agency's Water Supply Master Plan, we are studying the benefits and feasibility of these opportunities.

I want to thank the many Valley Water staff and consultants who worked diligently on the Pacheco Reservoir Expansion Project and kept us informed throughout the process. Their effort was key to keeping our board informed during the project's evaluation.

Valley Water manages an integrated water resources system that includes the supply of clean, safe water, flood protection and stewardship of streams on behalf of Santa Clara County's 2 million residents. The district effectively manages 10 dams and surface water reservoirs, three water treatment plants, an advanced recycled water purification center, a state-of-the-art water quality laboratory, nearly 285 acres of groundwater recharge ponds and 333 miles of waterways. We provide wholesale water and groundwater management services to local municipalities and private water retailers who deliver drinking water directly to homes and businesses in Santa Clara County.

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Recent News

August 26, 2025

[Valley Water Board of Directors suspends development of the Pacheco Reservoir Expansion Project \(/news-events/news-releases/valley-water-board-directors-suspends-development-pacheco-reservoir\)](/news-events/news-releases/valley-water-board-directors-suspends-development-pacheco-reservoir)

May 15, 2025

[Governor Gavin Newsom proposes a plan to fast-track critical water infrastructure project \(/news-events/news-releases/governor-gavin-newsom-proposes-plan-fast-track-critical-water\)](/news-events/news-releases/governor-gavin-newsom-proposes-plan-fast-track-critical-water)

April 04, 2025

[Near normal snowpack provides positive water supply outlook for 2025 \(/news-events/news-releases/near-normal-snowpack-provides-positive-water-supply-outlook-2025\)](/news-events/news-releases/near-normal-snowpack-provides-positive-water-supply-outlook-2025)

March 11, 2025

[Valley Water releases Draft Environmental Impact Report for the Design Level Geotechnical Investigations for the Pacheco Reservoir Expansion Project \(/news-events/news-releases/valley-water-releases-draft-environmental-impact-report-design-level\)](/news-events/news-releases/valley-water-releases-draft-environmental-impact-report-design-level)



development of the Pacheco Reservoir Expansion Project

August 26, 2025



SAN JOSE – On Aug. 26, 2025, the Valley Water Board of Directors voted to suspend development of the proposed Pacheco Reservoir Expansion Project. The Board also directed Interim CEO Melanie Richardson to prepare a plan to close out the project and withdraw the agency’s application for state funding through the Water Storage Investment Program (WSIP).

The decision followed a staff update that identified several challenges, including rising costs, longer timelines for environmental reviews, uncertainty in regulations, and complex permitting processes.



[releases/statement-valley-water-board-chair-tony-estermere-decision-suspend](#)). “This was a difficult decision, but one we made with our community’s long-term water affordability in mind.”

Since 2017, the estimated cost of the proposed project has risen sharply, reaching \$3.222 billion as reported to the Board on Aug. 26. Design changes also delayed the environmental review process, pushing release of the revised Draft Environmental Impact Report to late 2026 and final approval to late 2027.

Valley Water had secured \$484.5 million in conditional WSIP funding in 2017, which later increased to \$504 million. A portion of these funds supported planning and environmental permitting efforts that helped inform the Board’s decision. By withdrawing from the WSIP, Valley Water’s action is intended to allow the California Water Commission to redirect the funds to other projects across the state.

Looking ahead, Valley Water will continue evaluating other water supply, water storage and infrastructure projects outlined in its Water Supply Master Plan. Valley Water remains committed to meeting Santa Clara County’s future water supply needs at the lowest cost to ratepayers.

Photo caption: A view of the existing Pacheco Dam.

Valley Water manages an integrated water resources system that includes the supply of clean, safe water, flood protection and stewardship of streams on behalf of Santa Clara County's 2 million residents. The district effectively manages 10 dams and surface water reservoirs, three water treatment plants, an advanced recycled water purification center, a state-of-the-art water quality laboratory, nearly 285 acres of groundwater recharge ponds and 333 miles of waterways. We provide wholesale water and groundwater management services to local municipalities and private water retailers who deliver drinking water directly to homes and businesses in Santa Clara County.

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Recent News

August 26, 2025

[Statement from Valley Water Board Chair Tony Estremera on decision to suspend development of the Pacheco Reservoir Expansion Project \(/news-events/news-releases/statement-valley-water-board-chair-tony-estremera-decision-suspend\)](/news-events/news-releases/statement-valley-water-board-chair-tony-estremera-decision-suspend)

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Update on Pacheco Reservoir Expansion Project

Valley Water Board of Directors
August 26, 2025

California Water Commission Concerns (May 21, 2025)

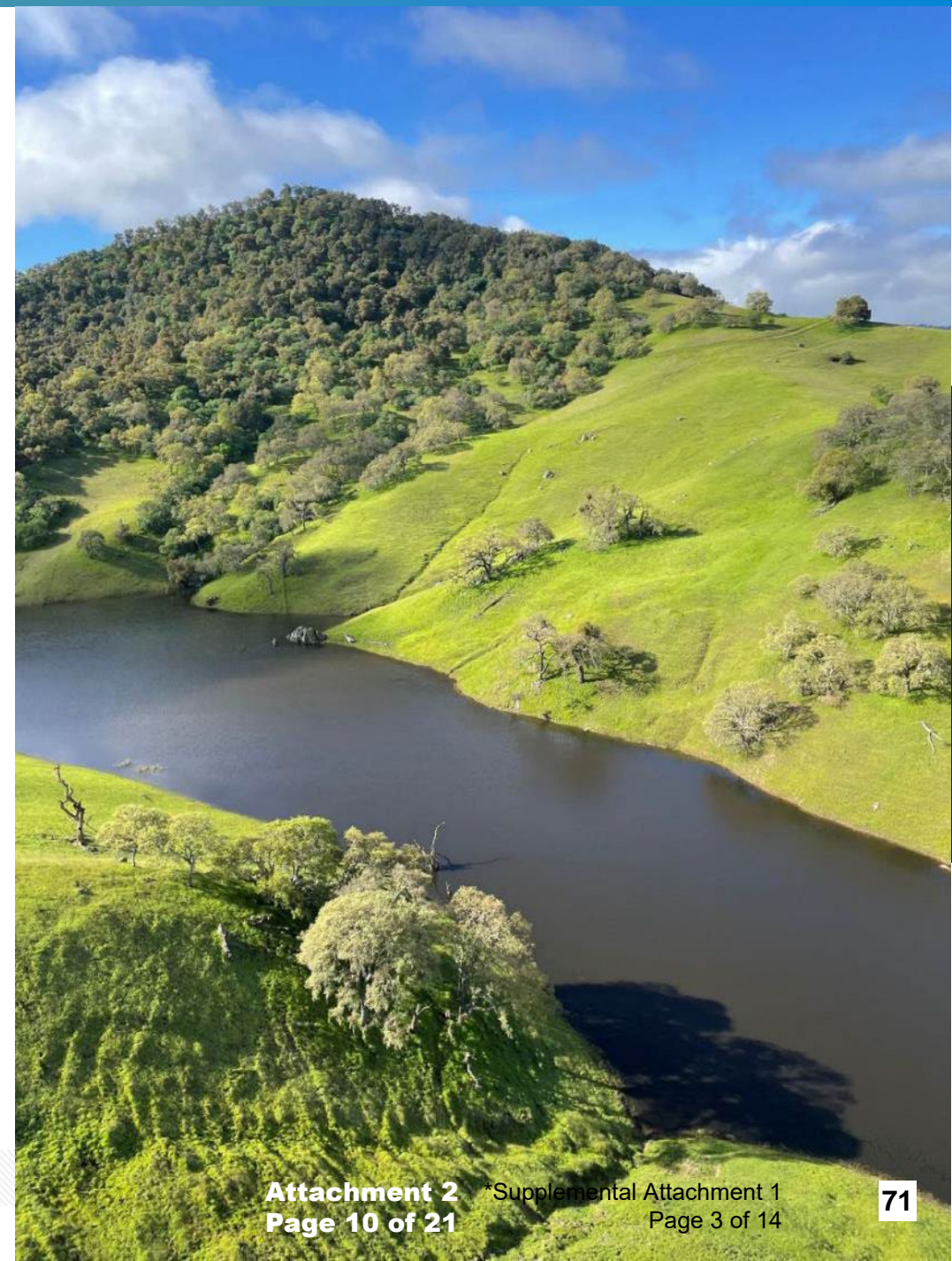
- Environmental review timeline
- Project affordability
- Securing approvals required from the Bureau of Reclamation
- Priority of the Pacheco Reservoir Expansion Project (PREP)



PREP Environmental Review Status

Planning, Permitting, and Design Update

- Draft EIR (DEIR) released in November 2021
- Recirculation due to substantial project changes and new analysis
- Recirculated DEIR (RDEIR) scheduled to be released for public comment in December 2026
- Anticipate Board Consideration of Final EIR certification by December 2027



Permitting Overview: State and Federal Coordination

Planning, Permitting, and Design Update

- Permitting requires collaboration with state and federal regulatory agencies
- Valley Water hosted 26 interagency project workshops
- Meetings held with individual regulatory agencies
- Permit applications will be submitted after RDEIR is released and as Valley Water progresses toward Final EIR



PREP Design Completion Timeline

Planning, Permitting, and Design Update

60% Design Milestone

- Completed 30% design in August 2022
- Completion of 60% design depends on completion of Design Level Geotechnical Investigations (DLGI)
- Investigations are currently on hold pending completion and certification of DLGI EIR
- If resumed in 2025, Valley Water expects to complete 60% design milestone by late 2026



PREP Design Completion Timeline

Planning, Permitting, and Design Update

Full Design Completion

- 100% design anticipated by late 2028
- Timeline reflects extensive coordination, technical requirements, and review and approval by Division of Safety of Dams (DSOD)
- Design timeline has been shared with DSOD
- Ongoing discussions aim to explore opportunities to expedite DSOD's review once design is submitted



PREP Estimated Timing Summary

Planning, Permitting, and Design Update

Milestone	Target Date
RDEIR Release (CEQA)	December 2026
Final EIR Certification (CEQA)	December 2027
Permit Application Submissions	2027–2028 (after RDEIR release)
Permit Approvals	2028+ (dependent on agency timelines and NEPA progress)
60% Design Completion	Late 2026 (pending DLGI EIR certification and completion of investigations)
100% Design Completion	Late 2028
DSOD Approval of 100% Design	Late 2028 (concurrent with final design)
Estimated Construction Start Date	Mid 2029 (best case scenario)

PREP Affordability Overview

Total Estimated Cost:

- \$2.732 billion (with inflation)

Secured Funding:

- \$1.4 billion **Water Infrastructure Finance and Innovation Act (WIFIA) Loan** – covers up to 49% of planning and design costs
- \$504 million conditional grant from **California Water Commission's Water Storage Investment Program (WSIP)** – includes \$24.2M early funding for planning and permitting

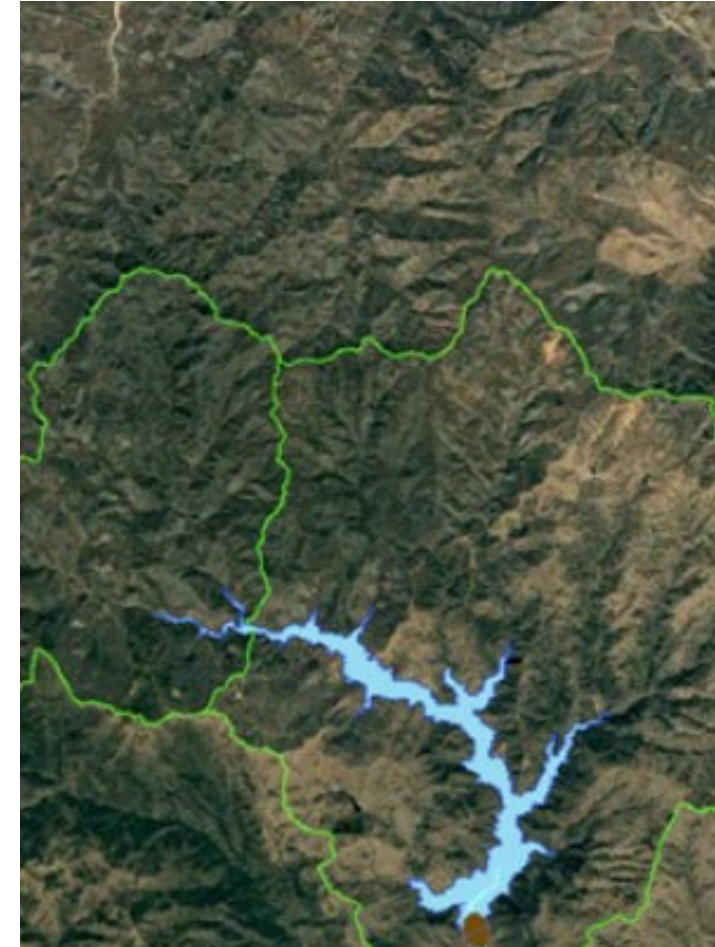
Additional Funding:

- Still exploring cost-sharing opportunities with external partners
- Groundwater charges – remaining cost after WSIP grant and any partner share

Bureau of Reclamation: Required Approvals for PREP

PREP requires multiple federal approvals from Bureau of Reclamation:

- Permission to construct a turnout on Pacheco Conduit
- Permission to use Bureau facilities to convey State Water Project (SWP) or local water to and from Pacheco Reservoir
- Permission to store CVP water in Pacheco Reservoir
- Permission to construct electrical transmission facilities on Bureau Land to power newly constructed pumping plant



Commission Concern and Bureau Follow Up – July 2025

- **Valley Water Executive Outreach:** Valley Water’s executive staff had two meetings with the Bureau
- **Bureau’s Position:**
 - Storing CVP water in Pacheco Reservoir: NO
 - Constructing electrical transmission facilities on Bureau land: POSSIBLE, but difficult
 - Constructing a turnout on Pacheco Conduit: POSSIBLE, but likely a long process
 - Using Bureau facilities to convey SWP and local water to/from Pacheco Reservoir: POSSIBLE, but likely a long process
- **Implications for Project:**
 - Project may still proceed using non-CVP supplies, such as SWP water
 - NEPA compliance and formal contract negotiation could take over two years

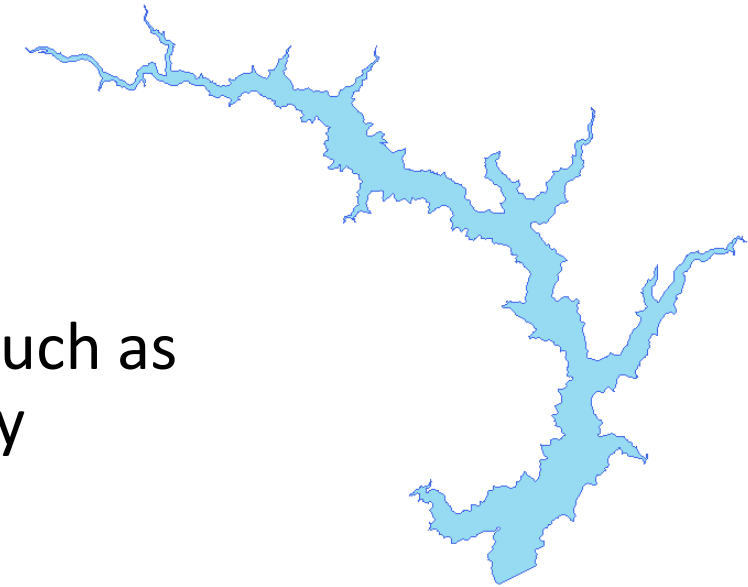
PREP: Strategic Priority and Other Options

- **Long-Term Water Supply Planning:** PREP is not included in the staff-recommended Lower Cost Portfolio in the Water Supply Master Plan 2050
- **PREP’s Continued Relevance:** PREP remains a valuable alternative to projects identified in the Lower Cost Portfolio as some of those projects may have uncertain outcomes
- **Options Under Evaluation:** Staff is conducting additional analysis to identify other water supply or water storage projects that could provide similar water supply benefits to PREP

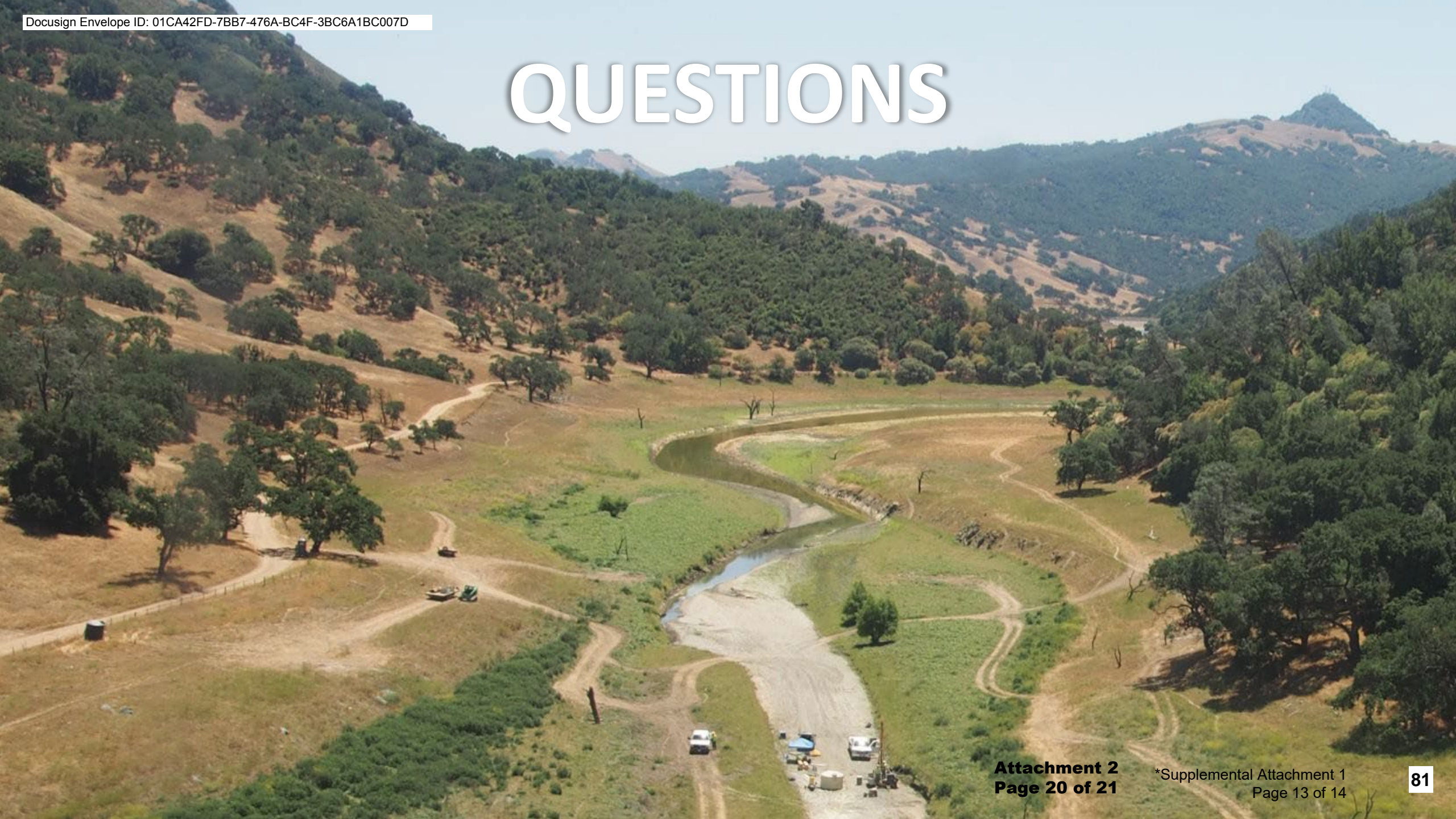
Options to be Evaluated
<ul style="list-style-type: none"> • Expand one or more local reservoirs • Increase participation in: <ul style="list-style-type: none"> • Sites Reservoir Project • Delta Conveyance Project • Pursue a smaller-sized Pacheco Project • Pursue PREP to store SWP/local water only

Summary

- **Progress to Date:** Advancements in environmental review, permitting coordination, and preliminary design
- **Significant Challenges:** Addressing high project costs and securing necessary approvals from the Bureau
- **Long-Term Planning Alignment:** Water storage projects, such as PREP, remain critical to ensure Valley Water's water supply resiliency
- **Next Steps:** Staff is undertaking analysis and will provide additional information on alternatives to PREP consistent with the Water Supply Master Plan's adaptive management approach



QUESTIONS





Valley Water

Clean Water • Healthy Environment • Flood Protection

TERMINATION AGREEMENT

THIS TERMINATION AGREEMENT (this “**Agreement**”), dated as of September 17, 2025 (the “**Effective Date**”), is by and between **SANTA CLARA VALLEY WATER DISTRICT PUBLIC FACILITIES FINANCING CORPORATION**, a nonprofit public benefit corporation duly organized and existing under the Nonprofit Public Benefit Corporation Law of the State of California (the “**State**”), with an address at 5750 Almaden Expressway, San Jose, CA 95118 (the “**Borrower**”), **SANTA CLARA VALLEY WATER DISTRICT**, a special district created by the State Legislature duly organized and existing under the laws of the State, with an address at 5750 Almaden Expressway, San Jose, CA 95118 (the “**District**”), and the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “**Administrator**”), with an address at 1200 Pennsylvania Avenue NW, Washington, DC 20460 (the “**WIFIA Lender**”).

RECITALS:

WHEREAS, pursuant to the Water Infrastructure Finance and Innovation Act (“**WIFIA**”), § 5021 *et seq.* of Public Law 113-121 (as amended, and as may be further amended from time to time, the “**Act**”), which is codified as 33 U.S.C. §§ 3901-3915, the WIFIA Lender is authorized to enter into agreements to provide financial assistance with one or more eligible entities to make secured loans with appropriate security features to finance a portion of the eligible costs of projects eligible for assistance;

WHEREAS, the Borrower, the District and the WIFIA Lender entered into that certain (a) WIFIA Master Agreement, dated as of October 30, 2023 (the “**WIFIA Master Agreement**”), for the SCVWD Master Program for the Pacheco Reservoir Expansion (the “**Master Program**”) and (b) WIFIA Loan Agreement (WIFIA ID – 20114CA), dated as of October 30, 2023 (the “**WIFIA Loan Agreement**”), for Project 1 under the Master Program, for the provision of a WIFIA Loan (as defined in the WIFIA Loan Agreement) in a principal amount not to exceed ninety-one million five hundred eighty-one thousand one hundred sixteen Dollars (\$91,581,116) (excluding interest that is capitalized in accordance with the terms thereof) to be used to pay a portion of the Eligible Project Costs (as defined in the WIFIA Master Agreement) related to the Project (as defined in the WIFIA Loan Agreement);

WHEREAS, Section 29 of the WIFIA Master Agreement provides that no termination of any WIFIA Loan Document shall be effective without the prior written consent of each of the parties thereto;

WHEREAS, pursuant to a letter dated August 29, 2025, the Borrower has requested to terminate the WIFIA Loan Agreement due to suspension of the Project and the Master Program for the reasons described therein;

WHEREAS, the parties hereto have agreed to terminate the WIFIA Master Agreement and the WIFIA Loan Agreement as set forth below; and

WHEREAS, the WIFIA Lender has entered into this Agreement in reliance upon, among other things, the information and representations of the Borrower set forth in this Agreement and the supporting information provided by the Borrower.

NOW THEREFORE, the parties to this Agreement hereby agree as follows:

Section 1. Definitions.

Except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined herein shall have the meanings specified in the WIFIA Loan Agreement.

Section 2. Termination.

As of the Effective Date, pursuant to Section 29 (*Amendments and Waivers*) of the WIFIA Master Agreement and Section 25 (*Miscellaneous*) of the WIFIA Loan Agreement, each of the parties hereto hereby agree to terminate each of the WIFIA Master Agreement, the WIFIA Loan Agreement, and the related Project Term Sheet and WIFIA IPA, in each case by its execution hereto and upon reimbursement of any outstanding fees and expenses of the WIFIA Lender relating to the WIFIA Loan Documents, and all rights and obligations thereunder are terminated and the WIFIA Note is cancelled; provided, however, that any indemnity obligations, provisions regarding limitations of actions, and any other terms and obligations contained in the WIFIA Loan Agreement or any WIFIA Loan Document which, by their terms, are intended to survive the termination of the WIFIA Loan Agreement, shall survive the termination of the WIFIA Loan Agreement. The WIFIA Lender acknowledges and agrees that all of the Borrower's and the District's respective obligations under the WIFIA Loan Documents with respect to principal, interest, and fees on the WIFIA Loan have been terminated and satisfied in full.

Section 3. Representations and Warranties.

The Borrower hereby represents and warrants that (a) the execution and delivery of this Agreement have been duly authorized; (b) this Agreement constitutes its legal, valid and binding obligation, enforceable in accordance with its terms; (c) the execution, delivery and performance of this Agreement do not conflict with any provision of its governing documents or applicable law; (d) the information it has provided to the WIFIA Lender in connection with this Agreement is true and correct in all material respects and does not omit any information related to the matters contemplated in this Agreement, the omission of which makes such information materially misleading in any respect; and (e) as of the date hereof, there is no Default or Event of Default, or any event that, with the giving of notice and/or the passage of time, would constitute a Default or Event of Default, that has occurred and is continuing.

Section 4. Miscellaneous.

(a) Each of the parties hereto agree that this Agreement shall be a WIFIA Loan Document.

(b) The provisions of Sections 22 (*Disclaimer of Warranty*) through (and including) Section 37 (*Indemnification*) of the WIFIA Master Agreement are incorporated herein and shall apply herein, *mutatis mutandis*, as if set out in this Agreement in full (and as if each reference therein to “this Agreement” were, or included (as applicable), a reference to this Agreement.

(c) This Agreement, the WIFIA Master Agreement, the WIFIA Loan Agreement and the other WIFIA Loan Documents, taken together, constitute the entire agreement amongst the parties hereto with respect to the subject matter hereof, and supersedes all previous agreements and understandings, whether oral or written, relating to the subject matter hereof. It is expressly understood and agreed that this Agreement may not be altered, amended or modified except in writing duly executed by an authorized representative of each of the parties hereto.

[Signature pages follow on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

**SANTA CLARA VALLEY WATER
DISTRICT PUBLIC FACILITIES
FINANCING CORPORATION**, by its
authorized representative

By: _____
Name: Darin Taylor
Title: Chief Financial Officer

**SANTA CLARA VALLEY WATER
DISTRICT**, by its authorized representative

By: _____
Name: Darin Taylor
Title: Chief Financial Officer

*[Signature Page to Termination Agreement to WIFIA Loan Agreement for Santa Clara Valley Water District -
Pacheco Reservoir Expansion and Project 1 (WIFIA ID – 20114CA)]*

**UNITED STATES ENVIRONMENTAL
PROTECTION AGENCY**, acting by and
through the Administrator of the Environmental
Protection Agency

By: _____
Name: Jorianne Jernberg
Title: Director, WIFIA Program

*[Signature Page to Termination Agreement to WIFIA Loan Agreement for Santa Clara Valley Water District -
Pacheco Reservoir Expansion and Project 1 (WIFIA ID – 20114CA)]*