

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 18-

**AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX-EXEMPT TAX AND
REVENUE ANTICIPATION NOTE AND A TAXABLE TAX AND REVENUE
ANTICIPATION NOTE TO SUPPORT A COMMERCIAL PAPER PROGRAM IN A
COMBINED AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$225 MILLION**

WHEREAS, the Board of Directors of the Santa Clara Valley Water District (the "District"), a flood control and water district duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "State"), has previously undertaken a commercial paper program; and

WHEREAS, in order to continue the commercial paper program, the District has determined to issue in fiscal year 2018-2019 tax-exempt tax and revenue anticipation notes (the "Tax-Exempt Notes") and taxable tax and revenue anticipation notes (the "Taxable Notes," and together with the Tax-Exempt Notes, the "Notes") in a combined aggregate principal amount not to exceed \$325,000,000 pursuant to Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code on the terms set forth herein.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District:

SECTION 1. DEFINITIONS

Unless the context otherwise requires, the terms defined in this Section have the meanings herein specified.

"Authorizing Law" means Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the California Government Code.

"Bonds" means all revenue bonds or notes of the District authorized, executed, issued and delivered by the District, which are secured by a pledge of and lien on the Water Utility System Revenues in accordance with Section 2.1 and are payable from Net Water Utility System Revenues in accordance with Section 2.2(b) of the Master Resolution.

"Chief Executive Officer" means the duly appointed Interim Chief Executive Officer of the District.

"Chief Financial Officer" means the duly appointed Chief Financial Officer of the District.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder.

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“Contract” means all installment purchase agreements or other contracts of the District authorized and executed by the District, which are secured by a pledge and lien on the Water Utility System Revenues in accordance with Section 2.1 and are payable from Net Water Utility System Revenues in accordance with Section 2.2(b) of the Master Resolution.

“District” means the Santa Clara Valley Water District.

“Master Resolution” means the Water Utility Parity System Master Resolution No. 16-10 adopted by the Board of Directors of the Santa Clara Valley Water District on February 23, 2016.

“Net Water Utility System Revenues” has the meaning set forth in the Master Resolution.

“Notes” means the Tax-Exempt Notes and the Taxable Notes.

“Regulations” means the income tax regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time, including temporary regulations, to the extent applicable.

“Tax-Exempt Notes” means the Santa Clara Valley Water District 2018-2019 Tax-Exempt Tax and Revenue Anticipation Notes to be issued hereunder.

“Taxable Notes” means the Santa Clara Valley Water District 2018-2019 Taxable Tax and Revenue Anticipation Notes to be issued hereunder.

SECTION 2. ISSUANCE OF THE NOTES; AMOUNT; TERMS; INTEREST RATE; PLACE OF PAYMENT; USE OF PROCEEDS

Pursuant to the Authorizing Law, the Tax-Exempt Notes and the Taxable Notes shall be issued in a combined aggregate principal amount not to exceed \$325,000,000, which when added to the interest payable thereon, will not exceed 85 percent of the estimated amount of the then uncollected taxes, income, revenue, cash receipts, and other moneys of the District which will be available for the payment therefor. A certificate of the Chief Executive Officer or Chief Financial Officer certifying to such effect, in the form attached hereto as “Exhibit B”, shall be completed on or prior and as a condition to, the delivery of the Notes. The Tax-Exempt Notes shall be designated “Santa Clara Valley Water District 2018-2019 Tax-Exempt Tax and Revenue Anticipation Notes” and the Taxable Notes shall be designated “Santa Clara Valley Water District 2018-2019 Taxable Tax and Revenue Anticipation Notes”. The Notes shall be dated the date of issuance thereof. The Notes shall be payable at the office of the District at such times and in such amounts as set forth in the respective Notes. The Notes shall mature and be payable no later than October 1, 2019. The Notes shall bear a rate of interest which shall be determined on the date of issuance of the commercial paper notes or other short term obligations to which

such Notes are pledged and shall be a rate which when multiplied by the principal amount of such Notes outstanding on such day will be equal to the interest accruing with respect to the commercial paper or other short-term obligations to which such Notes are pledged outstanding on such date and shall be payable in accordance with the terms thereof. Each Note shall be prepayable in whole or in part on any day on which the commercial paper or other short-term obligations to which such Note is pledged is due and payable in the event that the District declines to cause additional commercial paper or other short-term obligations to be sold to repay such maturing commercial paper or other short-term obligations.

The proceeds of the Notes will be used for any District purpose, including, but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of the District.

SECTION 3. EXECUTION OF THE NOTES

The Chief Executive Officer and Chief Financial Officer are hereby authorized and directed to sign the Notes, by such officer's manual, printed, lithographed or facsimile signatures.

SECTION 4. FORM OF THE NOTES

The Notes shall be issued in substantially the form set forth in "Exhibit A" attached hereto and incorporated herein and may be issued in typewritten form.

SECTION 5. PAYABLE FROM NET WATER UTILITY SYSTEM REVENUES

The obligation of the District to make payments of principal of and interest on the Notes is a general obligation of the District. The District hereby pledges Net Water Utility System Revenues of the District on a subordinate basis to all payment of Bonds and Contracts of the District to additionally secure the payment of the principal of and interest on the Notes, all in accordance with the Master Resolution. The Notes do not constitute a debt of the District or the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

SECTION 6. CERTIFIED COPIES

The District Clerk of the Board shall provide a certified copy of this document to the Chief Executive Officer who shall take such action as shall be necessary to assure compliance by the District with the terms and conditions hereof.

SECTION 7. EFFECTIVE DATE

This resolution shall take effect immediately.

Authorizing the Execution and Delivery of a Tax-Exempt Tax and Revenue Anticipation Note and a Taxable Tax and Revenue Anticipation Note to Support a Commercial Paper Program in a Combined Aggregate Principal Amount Not to Exceed \$225 Million

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PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on May 8, 2018:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

By: _____
RICHARD P. SANTOS
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC

Clerk/Board of Directors

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CLERK'S CERTIFICATE

STATE OF CALIFORNIA)
) SS
COUNTY OF SANTA CLARA)

I, _____, Clerk of the Board of Directors of Santa Clara Valley Water District, Santa Clara County, California, hereby certify as follows:

The foregoing is a full, true, and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors of said District duly and regularly and legally held at the regular meeting place thereof on May 8, 2018, of which meeting all of the members of said Board of Directors had due notice and at which a majority thereof were present.

At said meeting said resolution was adopted by the following vote:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

I have carefully compared the same with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true, and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified, or rescinded since the date of its adoption, and same is now in full force and effect.

Dated: May 8, 2018

SANTA CLARA VALLEY WATER DISTRICT

By: _____
MICHELE L. KING, CMC
Clerk/Board of Directors

(Seal)

EXHIBIT A

SANTA CLARA VALLEY WATER DISTRICT 2018-2019 TAX-EXEMPT TAX AND REVENUE ANTICIPATION NOTE

FOR VALUE RECEIVED, the Santa Clara Valley Water District acknowledges itself indebted to and promises to pay to Santa Clara Valley Water District Public Facilities Financing Corporation \$190,000,000 in lawful money of the United States of America, on October 1, 2019, together with interest thereon at the offices of the District in like lawful money from the date hereof until payment in full of said principal sum. Interest on the Note shall be determined on a daily basis and shall be a rate which when multiplied by the principal amount of the Note outstanding on such day will be equal to the interest accruing with respect to the commercial paper or other short-term obligations to which the Note is pledged outstanding on such day. Interest on the Note shall be payable on any date on which interest is payable with respect to the commercial paper or other short-term obligations to which the Note is pledged. The Note shall be prepayable in whole or in part on any day on which the Corporation notifies the District that the principal with respect to the commercial paper or other short-term obligations to which the Note is pledged is due and payable in the event that the District declines to cause additional commercial paper or other short-term obligations to be sold to repay such maturing commercial paper or other short-term obligations.

The proceeds of the Note will be used for any District purpose, including, but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of the District.

It is hereby certified, recited and declared that this Note is issued by authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or laws of the State.

The Note shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the District for fiscal year 2018-2019 and which are lawfully available for the payment of current expenses and other obligations of the District. The obligation of the District to make payments of principal of and interest on the Note is a general obligation of the District and is additionally payable from Net Water Utility System Revenues, on a subordinate basis to all payment of Bonds and Contracts (as such terms are defined in the Resolution). The Note does not constitute a debt of the District or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

IN WITNESS WHEREOF, the Santa Clara Valley Water District has caused this Note to be executed by the manual or facsimile signature of its Chief Executive Officer or Chief Financial Officer and the General Counsel or the General Counsel's designee, all as of July 1, 2018.

SANTA CLARA VALLEY WATER DISTRICT

By: _____
Norma J. Camacho
Chief Executive Officer

APPROVED AS TO FORM:

By: _____
Stanly Yamamoto
District Counsel

**SANTA CLARA VALLEY WATER DISTRICT
2018-2019 TAXABLE TAX AND REVENUE ANTICIPATION NOTE**

FOR VALUE RECEIVED, the Santa Clara Valley Water District acknowledges itself indebted to and promises to pay to Santa Clara Valley Water District Public Facilities Financing Corporation \$135,000,000 in lawful money of the United States of America, on October 1, 2019, together with interest thereon at the offices of the District in like lawful money from the date hereof until payment in full of said principal sum. Interest on the Note shall be determined on a daily basis and shall be a rate which when multiplied by the principal amount of the Note outstanding on such day will be equal to the interest accruing with respect to the commercial paper or other short-term obligations to which the Note is pledged outstanding on such day. Interest on the Note shall be payable on any date on which interest is payable with respect to the commercial paper or other short-term obligations to which the Note is pledged. The Note shall be prepayable in whole or in part on any day on which the Corporation notifies the District that the principal with respect to the commercial paper or other short-term obligations to which the Note is pledged is due and payable in the event that the District declines to cause additional commercial paper or other short-term obligations to be sold to repay such maturing commercial paper or other short-term obligations.

The proceeds of the Note will be used for any District purpose, including, but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of the District.

It is hereby certified, recited and declared that this Note is issued by authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or laws of the State.

The Note shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the District for fiscal year 2018-2019 and which are lawfully available for the payment of current expenses and other obligations of the District. The obligation of the District to make payments of principal of and interest on the Note is a general obligation of the District and is additionally payable from Net Water Utility System Revenues, on a subordinate basis to all payment of Bonds and Contracts (as such terms are defined in the Resolution). The Note does not constitute a debt of the District or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

IN WITNESS WHEREOF, the Santa Clara Valley Water District has caused this Note to be executed by the manual or facsimile signature of its Chief Executive Officer or Chief Financial Officer, and the General Counsel or the General Counsel's designee, all as of July 1, 2018.

SANTA CLARA VALLEY WATER DISTRICT

By: _____
Norma J. Camacho
Chief Executive Officer

APPROVED AS TO FORM:

By: _____
Stanly Yamamoto
District Counsel

EXHIBIT B

\$225,000,000
SANTA CLARA VALLEY WATER DISTRICT
2018-2019 TAX AND REVENUE ANTICIPATION NOTES
CALCULATION OF 85% AMOUNT

Pursuant to the Authorizing Law, the Tax-Exempt Notes and the Taxable Notes shall be issued in a combined aggregate principal amount not to exceed \$325,000,000, which when added to the interest payable thereon, will not exceed 85 percent of the estimated amount of the then uncollected taxes, income, revenue, cash receipts, and other moneys of the District, as determined by the following calculation:

FY 2018-19 District-wide Estimated Uncollected Taxes, Income, Revenue, Cash Receipts and Other Money ¹ (A)	<u>\$448,028,326</u>
FY 2018-19 Tax and Revenue Anticipation Notes:	
Principal amount of the Notes ²	325,000,000
Interest on the Notes ³	<u>49,616,667</u>
Total (B)	374,616,667
Percentage (B)/(A)	83.61%

Dated: July 1, 2018

SANTA CLARA VALLEY WATER DISTRICT

By: _____
Darin Taylor
Chief Financial Officer

¹ Source: Proposed FY 2018-19 Budget

² Up to \$190 million in Tax-Exempt Notes and \$135 million of Taxable Notes may be issued to support a Commercial Paper Program in a combined aggregate principal amount not to exceed \$225 Million

³ Assumes maximum interest rate of 12% calculated based on actual/360-day basis