

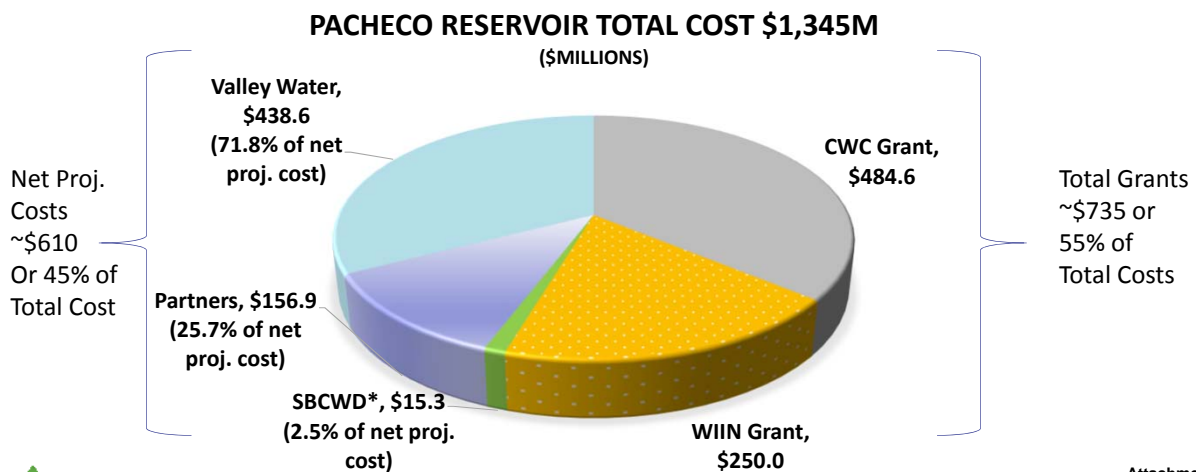
# Pacheco Reservoir Preliminary Financing and Cost Allocation Plans



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## FY 2020-2024 Capital Improvement Program Approved by Board in May 2019

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\* Assumes San Benito County Water District (SBCWD) participates at 2.5% of the capital cost net of grants

## Key Terms for SBCWD Participation: 2.5% - 10% 3

1. Valley Water is the owner/operator/administrator of the project and future JPA.
2. Project costs are allocated net of all grants the project receives.
3. "Take-or-pay" contract – SBCWD makes annual payments irrespective of usage
4. SBCWD may reserve up to 10% participation prior to construction start, at an option fee of 8% of the cumulative deferred annual payments
5. Liability associated with the project is allocated proportionate to project participation percentage.
6. Other standard terms and conditions for water storage project and District payment terms apply.

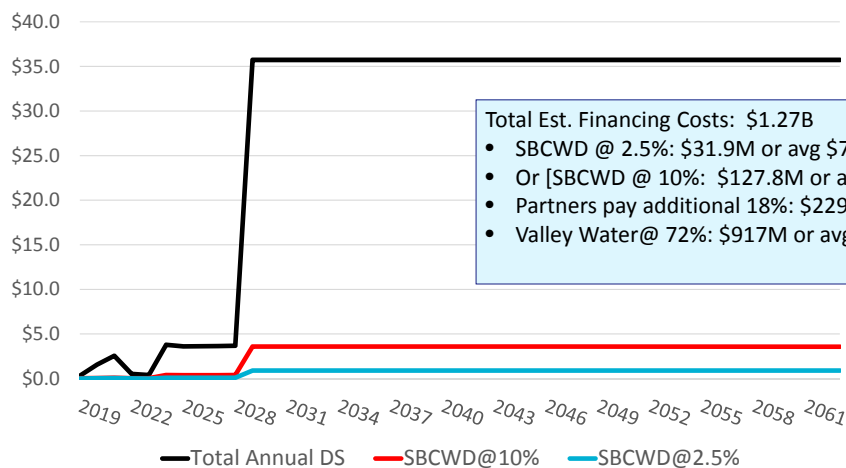


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## Projected Financing Costs 4

Pacheco Reservoir Financing Projection  
(\$millions)



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# Key Financing Assumptions

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Key Assumptions	
Total Project Cost Estimate	\$1.3B with 3% inflation
CWC Grant (Prop 1 Grant)	\$484.5M
WIIN/Other Federal Grant	\$250.0M
WIFIA Loan Amount	49%
WIFIA Interest Rate	3.7%; 35-yr. amortization
Commercial Paper Interest Rate	3.2% - 5.0%
Debt Service Structure	Level; principal repayment starts after construction completion (~ 2028)
Debt Service Reserve Fund	1 x maximum annual debt service
Issuer	Santa Clara Valley Water District (or future JPA)
SBCWD Participation %	2.5% - 10% of net project costs
Option Pricing	(1) Non-refundable fee 8%/yr. of cumulative debt service allocated to optioned participation level; (2) option period ends at construction start date; and (3) upon exercise of option, deferred debt service during option period shall be amortized over 30-years.

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# Valley Water

Clean Water • Healthy Environment • Flood Protection

Attachment 1  
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