

May 1, 2020

**RE: Santa Clara Valley Water District
Request for Proposals: Revolving Line of Credit**

The Santa Clara Valley Water District (“District”) is soliciting proposals from banks to provide credit support for up to \$200 million of taxable and tax-exempt line of credit that can be accessed on a revolving basis (“Revolver”) to reimburse the District for capital expenditures, fund current capital expenditures, or fund working capital on a short-term basis, if necessary, serving as a flexible source of liquidity, similar to a commercial paper program. The District anticipates that the Revolver would be structured in an Index Mode as certificates with pricing for utilized amounts based on either SIFMA or as a percent of LIBOR, plus a spread (in basis points). It is also anticipated that the District will be able to draw down funds on an as-needed basis and repay the drawn amounts when desired. Although ratings may not be required by the provider of the Revolver, any events of default under any related documentation must conform to the rating agency guidelines on these types of structures with no exceptions.

The District Board of Directors encourages local banking institutions to participate in this solicitation. Of the total stated amount of the line(s) of credit, 10% of the up to \$200 million credit shall be reserved for financial institutions with headquarters located in the County of Santa Clara each having total assets less than \$1 billion. Local financial institutions are encouraged to submit a line of credit proposal on a secured or unsecured basis pursuant to the Term Sheet (see table below).

Currently the District can issue up to \$150 million in short-term debt with its authorized commercial paper certificates which are secured by a direct-pay letter of credit from MUFG Bank, Ltd.. The total credit capacity of the District’s short-term financing program would be increased to \$350 million with the addition of the maximum \$200 million per this solicitation.

The District anticipates entering into a Revolving Credit Agreement with each selected proposer. Proposers should review the Sample Agreement (Attachment 1) and provide any exceptions to the Term Sheet.

Financial institutions wishing to respond to this Request for Proposals (“RFP”) are invited to complete and return the information requested in the Pricing/Information Matrix after review of Sample Agreement and attached documents. *In addition, please provide a statement that, if selected, your firm will be able to comply with the expected timing requirements as outlined below. The District requests that financial institutions propose separately and reserves the right to enter into agreements with more than one bank.*

Schedule for Revolving Line of Credit Solicitation:

Timing Requirements	Deadline
1) Proposal and Information/Pricing Matrix Due	May 22, 2020
2) District Board Confirmation	June 9, 2020
3) Financial Institution Selection	June 16, 2020
4) Distribute 1 st Draft Documents	June 30, 2020
5) Bank Credit Approval	July 7, 2020
6) Final Documents	July 23, 2020
7) Closing	July 30, 2020

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Responses to this RFP should be delivered via email to Charlene Sun, Treasury and Debt Officer (csun@valleywater.org) and its municipal advisor Ed Soong (esoong@pragadvisors.com) of Public Resources Advisory Group ("PRAG") no later than **2:00 p.m. (California time) on May 22, 2020.**

The District and PRAG are not responsible for any expense of respondents related to the preparation or presentation of their proposals. The District reserves the right to reject any and all proposals, to waive irregularities, and to accept proposals that are not specifically requested or do not conform to the terms of this RFP. Nothing in this RFP, the responses, or the District's acceptance of any response in whole or in part shall obligate the District to complete negotiations with the related respondent. The District will not provide any engagement letter to any respondent. The District reserves the right to end, in its sole discretion, negotiation with a respondent at any time up to the consummation of the transaction arising from this RFP. Any and all costs incurred responding to this RFP will be borne by the proposer.

For your reference, the District's most recent Water Utility System Official Statement is available on EMMA at:

<https://emma.msrb.org/Security/Details/A27DF7974ECE7C91E038752A82F9C9BFC>

Additional information regarding the District's financial information, budget and planning, rates and charges and debt and investment management are available at:

<https://www.valleywater.org/how-we-operate/financebudget/investor-relations>

If you have any questions, don't hesitate to contact Ed Soong of PRAG at 310-477-1453 or esoong@pragadvisors.com or Charlene Sun at 408-630-2528 or csun@valleywater.org

Sincerely,

CHARLENE SUN

Treasury and Debt Officer

Office of the Chief Executive Officer

Tel. (408) 630-2528 / csun@valleywater.org

Cell: (408) 912-0066

Fax (408) 979-5685

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Request for Proposals

Term Sheet

The Issuer:	<p>The Santa Clara Valley Water District is a special district organized and existing in accordance with the Santa Clara Valley Water District Act, Chapter 1405 of Statutes 1951 of the State of California, as amended (the “Law”). The District is authorized to supply water and provide flood protection services in Santa Clara County, California (the “County”). The District encompasses all of the territory within the County, one of the nine counties which make up the San Francisco Bay Area and constitutes a major portion of “Silicon Valley.”</p> <p>The District has broad powers relating to the management of flood and storm waters within the District. The District is also authorized to import, store, treat and distribute water within its jurisdictional boundaries to provide water in sufficient quantity and quality for present and future beneficial use by the lands and population within the District.</p>
Structure:	<p>Structure shall follow in substantial form as the attached Sample Agreement. Future renewals are subject to both the District’s and the bank’s mutual agreement pursuant to the District resolution and the Sample Agreement.</p>
Size:	<p>Up to \$200 million outstanding at any one time for all line(s) of credit; local banks may propose line of credit with a lower stated amount (minimum size of \$250,000 preferred) on a secured or unsecured basis.</p>
Security:	<p>The principal and interest on the Revolver will be payable from TRANs issued by the District to the Corporation. The TRANs payments made by the District to the Corporation will be assigned to the Trustee (U.S. Bank National Association) for the benefit of the provider of the Revolver. The payment of interest and principal on the TRANs is a general obligation of the District. The District will additionally pledge Net Water Utility System Revenues, on a subordinate basis to outstanding Senior Obligations (closed lien with \$18.2 million currently outstanding) and outstanding Parity Obligations for any Revolver proposed (open lien with \$452.9 million currently outstanding).</p> <p>If the Revolver is proposed to be on an unsecured basis, there will be no pledge of Net Water Utility System Revenues and all amounts due on such unsecured Revolver will be paid after all Senior obligations, Parity obligations and other obligations secured by a pledge of Net Water Utility System Revenues pursuant to Section 2.2(f) of the attached Water Utility Parity System Master Resolution .</p>
Ratings:	<p>Water System Revenue Bonds’ parity lien ratings are currently AA+/Aa1 by Fitch and Moody’s, respectively.</p>

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Product Requested: Revolving Line of Credit

Municipal Advisor: Public Resources Advisory Group

Bond Counsel: Stradling Yocca Carlson & Rauth

Paying Agent: U.S. Bank National Association

Pricing/Information Matrix

Revolving Line of Credit	
Name of Institution:	
Contact Person:	
Mailing Address:	
E-Mail Address:	
Telephone Number:	
Moody's Ratings (LT/ST, including outlook/watch):	
S&P Ratings (LT/ST, including outlook/watch):	
Fitch Ratings (LT/ST, including outlook/watch):	

- A. The pricing information requested does not need to be in the exact format below; however, all "Requested Information" must be provided for each period offered.
- B. Fees (in basis points on a 360-day year basis) per annum payable quarterly in arrears.

Revolving Line of Credit

Please provide the following information regarding the terms of your proposed Revolving Credit Agreement. **Please propose fees for both Tax-Exempt and Taxable Line of Credit.** The information requested does not need to be in the exact format below; however, all "Requested Information" in the table below must be provided with each offer. In addition, any fees expressed in basis points must be on a 360-day year and should assume quarterly payments in arrears. Please note that the District will evaluate both the utilized and unutilized fee proposals carefully with a greater emphasis placed on the level of the unutilized fee.

	<u>Revolver Size, Fees and Select Terms</u>		
Period	One Year	Two Years	Three Years
Maximum Principal Amount			
Utilized Amount: Spread to SIFMA/LIBOR (indicate index)			
Unutilized Amount: Commitment Fee (basis points)			

	<u>Revolver Size, Fees and Select Terms</u>		
Period	One Year	Two Years	Three Years
Maximum Principal Amount			
Term Out Period	Five years, semi-annual	Five years, semi-annual	Five years, semi-annual
Termination Fee / Terms			
Other Bank Fees (if any, specify)			
Bank Counsel, including Fees and Expenses			

- 1) **What disclosure documentation would your firm require the District to prepare prior to closing the Revolver?**
- 2) **Will your firm require the District to obtain ratings associated with your Revolving Credit Agreement?**
- 3) **Does your firm have any other requirements as conditions for credit approval of a Revolver as described herein for the District? Please be specific.**
- 4) **What comments if any, do you have on the attached forms of the Revolving Credit Agreement and/or Fee Letter?**

Attachments

The following attachments can be downloaded from the District's secure file sharing portal:

<https://fta.valleywater.org/fl/xwwWpshqjf>

Password: QfyUfwmR

1. Sample Revolving Line of Credit Agreement for Secured Revolver
2. The Resolutions of the Santa Clara Valley Water District and the Santa Clara Valley Water District Public Facilities Financing Corporation authorizing the Revolving Line of Credit
3. Resolution of the Board of Directors of the Santa Clara Valley Water District Authorizing the Execution and Delivery of a Tax-Exempt Tax and Revenue Anticipation Note and a Taxable Tax and Revenue Anticipation Note ("TRANS") to Support a Commercial Paper Program
4. The Water Utility System Master Resolution
5. The Water Utility Parity System Master Resolution

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