



# Santa Clara Valley Water District

**File No.:** 20-0490

**Agenda Date:** 6/9/2020

**Item No.:** \*8.1.

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## BOARD AGENDA MEMORANDUM

### **SUBJECT:**

Results of Solicitation of Bank Line(s) of Credit with Aggregate Stated Amount Not-To-Exceed \$200 Million.

### **RECOMMENDATION:**

- A. Receive information regarding bank line(s) of credit solicitation;
- B. Provide staff with direction on the bank(s) with which to proceed with negotiations and execution of line(s) of credit; and
- C. \*Reserve \$20 million of the \$200 million Line of Credit capacity for local financial institutions headquartered in the Bay Area each having total assets not to exceed One Billion Dollars.

### **SUMMARY:**

On April 28, 2020, the Santa Clara Valley Water District's Board of Directors approved the Resolution Authorizing the Solicitation and Negotiation of and Execution and Delivery of One or More Lines of Credit, Credit Agreement, Fee Letter and Related Documents and Actions, with the additional requirement that staff present the results of the solicitation to the Board prior to negotiations, and require 10% of the up to \$200 million credit capacity be reserved for local banks.

On May 1, 2020, staff launched a multi-prong outreach campaign to promote the solicitation to local, regional, national and international banks to maximize the number of proposals. Staff directly emailed and/or called 64 financial institutions as well as advertised in The Bond Buyer (an independent information resource serving the municipal finance community) and the Small Business Exchange (a business information hub for small, disadvantaged, and minority-, woman-, and disabled veteran-owned businesses).

To encourage participation by local banks, the solicitation included the following statement:

"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 not to exceed One Billion Dollars (\$1,000,000,000)." and "...local banks may propose line of credit with a lower stated amount (minimum size of \$250,000 preferred) on a secured or unsecured basis."

The list of institutions staff directly contacted is provided in Attachment One and summarized below.

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Staff identified the list of eligible local banks with under \$1 billion in assets by analyzing data downloaded from the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) web portals which maintain the national databases for all banks and credit unions.

<b>Financial Institution Located in:</b>	<b>#</b>
Santa Clara County (<\$1B Assets)	10
Counties of Alameda, San Mateo, and San Francisco (<\$1B Assets)	37
Regional/National/International	17
<b>Total Institutions</b>	<b>64</b>

The proposal deadline was May 22, 2020. Staff will provide the results of the solicitation and a summary of the responses in a Supplemental Memorandum to be posted by June 5, 2020 for the June 9, 2020 Board meeting. Staff is seeking Board direction on the selection of bank(s) to proceed with the negotiations phase of the solicitation to establish bank line(s) of credit not to exceed \$200 million in aggregate.

**FINANCIAL IMPACT:**

Detailed cost estimates of the bank lines of credit will be provided in the Supplemental Memorandum.

**CEQA:**

The recommended action does not constitute a project under CEQA because it does not have the potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

**ATTACHMENTS:**

- \*Original Board Agenda Memo
- \*Original Attachment 1: Distribution List
- \*Supplemental Board Agenda Memo
- \*Supplemental Attachment 1: Bank Proposals Summary
- \*Supplemental Attachment 2: Small Local Bank Contact Log
- \*Supplemental Attachment 3: RFP for Bank Line of Credit

**UNCLASSIFIED MANAGER:**

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