



Santa Clara Valley Water District

File No.: 20-0937

Agenda Date: 10/13/2020

Item No.: *2.9.

BOARD AGENDA MEMORANDUM

SUBJECT:

Receive Information and Authorize Staff to Proceed with Execution of Bank Line(s) of Credit with Aggregate Stated Amount Not to Exceed \$200 Million. *(Previously Listed as Item 2.7.)

RECOMMENDATION:

- A. Receive information regarding bank line(s) of credit solicitation;
- B. Authorize staff to proceed with execution of bank line(s) of credit with aggregate stated amount not to exceed \$200 Million.
- C. * Authorize a deposit of up to \$14 million in a Certificate of Deposit Account Registry Service (CDAR) account with Bank of San Francisco, earning 0.45% per year for three-years; and
- D. * Authorize staff to offer special incentives to California based small community banks to fully subscribe the \$20 million syndicated community banks loan capacity.

SUMMARY:

On July 28, 2020, the Santa Clara Valley Water District's (Valley Water) Board of Directors authorized staff to proceed with negotiations and execution of bank line(s) of credit for an amount up to \$180 million provided by a lead bank and an additional \$20 million syndicated loan reserved for small local banks/credit unions, for a total bank line(s) of credit amount not to exceed \$200 million.

With the Board's authorization, staff proceeded to negotiate with the three top ranked lead banks (MUFG Union Bank, JP Morgan, and US Bank) to ensure Valley Water obtains the best pricing and terms for the line of credit. Staff emphasized the importance of the \$20 million syndicated loan for small local banks/credit unions and incorporated this aspect as part of these negotiations.

Staff will provide further details regarding the selection of the lead bank, as well as the syndicated loan for small local banks/credit unions in a Supplemental Memorandum to be published on October 9, 2020. The bank line of credit agreement will also be provided in the Supplemental Memorandum for the Board's consideration and approval.

FINANCIAL IMPACT:

Funding for the bank fees are included in the Fiscal Year 2020-2021 Budget for the following projects:

26993001 Tax-Exempt Commercial Paper (Fund 26 Safe, Clean Water Program)

95993007 Tax-Exempt Commercial Paper (Fund 61 Water Utility)
95993008 Taxable Commercial Paper (Fund 61 Water Utility)

CEQA:

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

ATTACHMENTS:

- *Original Agenda Memorandum
- *Supplemental Agenda Memorandum
- *Supplemental Attachment 1: Best/Final Bank Proposals
- *Supplemental Attachment 2: Certificate Purchase/Reimbursement Agreement
- *Supplemental Attachment 3: Small Banks Outreach

UNCLASSIFIED MANAGER:

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