

**COMMISSION OF SILICON VALLEY CLEAN WATER  
JOINT POWERS AUTHORITY  
SPECIAL MEETING – Thursday, January 18, 2018  
8:00 a.m.**

Place: Pelican Conference Room  
Silicon Valley Clean Water  
1400 Radio Road, 2<sup>nd</sup> Floor  
Redwood City, California

**COMMISSIONERS**

COUNCIL MEMBER JOHN SEYBERT, REDWOOD CITY – CHAIR  
COUNCIL MEMBER WARREN LIEBERMAN, PhD., BELMONT – VICE CHAIR  
BOARD MEMBER GEORGE S. OTTE, P.E., WEST BAY SANITARY DISTRICT – MEMBER  
MAYOR ROBERT GRASSILLI, SAN CARLOS – SECRETARY

**MANAGER:** DANIEL T. CHILD

**ATTORNEY FOR THE AUTHORITY:** CHRISTINE C. FITZGERALD

**CONTROLLER/TREASURER:** KIMBRA MCCARTHY

**AMERICANS WITH DISABILITIES ACT**

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact SVCW (650) 591-7121. Notification in advance of the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting.

**AGENDA**

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. PUBLIC COMMENT

Any member of the public may address and ask questions of the Chair under this item relating to any matter within the Commission's jurisdiction that does not appear as a separate item on the Agenda. An opportunity will be provided for members of the public to address the Chair and ask questions about any item that is listed on the agenda at the time the Commission considers the item and before action is taken. If you address the Commission on a non-agenda item, please be aware that the Ralph M. Brown Act (Gov. C. § 54950 et seq.) prohibits the Commission from acting on or discussing such matters at this meeting. Any such item may be referred to staff for a decision with regard to placing it on a future agenda for discussion, action or a report.

5. SAFETY MOMENT and REPORTS

- A. Safety Moment
- B. Manager's Report (verbal)
- C. Financial Reports
  - 1. Investment Report November 30, 2017
- D. Engineering Projects Status Update December 2017
- E. Commission Requested Staff-Level Action Items
- F. RESCU Program Design-Build Project Status Update Presentation

6. MATTERS OF COMMISSION MEMBER'S INTEREST

7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR

8. BUSINESS ITEMS

- A. CONSIDERATION OF RESOLUTION AUTHORIZING ISSUANCE AND SALE OF 2018 WASTEWATER REVENUE BONDS TO PROVIDE FINANCING FOR THE SVCW CAPITAL IMPROVEMENT PROGRAM

Proposed Action: Move adoption of RESOLUTION OF THE COMMISSION OF SILICON VALLEY CLEAN WATER AUTHORIZING THE ISSUANCE AND SALE OF 2018 WASTEWATER REVENUE BONDS TO PROVIDE ADDITIONAL FINANCING FOR WASTEWATER TREATMENT PROJECT AND APPROVING RELATED FINANCING DOCUMENTS AND OFFICIAL ACTIONS

9. CLOSED SESSION

- A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property Description: 930 Governor's Bay, Redwood City, CA (APN: 095-380-210)

SVCW Negotiators: Lillian Jewell, Kevin Thorne (Hamner, Jewell & Associates);

SVCW Manager, Daniel T. Child

Negotiating Parties: Young/Leung

Under Negotiation: Price and terms

- B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property Description: 928 Governor's Bay, Redwood City, CA (APN: 095-380-220)

SVCW Negotiators: Lillian Jewell, Kevin Thorne (Hamner, Jewell & Associates);

SVCW Manager, Daniel T. Child

Negotiating Parties: Lau/Chang

Under Negotiation: Price and terms

C. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property Description: Lots B, F and Governor's Bays Drive of Redwood Shores Owners Association in Governor's Bay, Redwood City, CA

SVCW Negotiators: Lillian Jewell, Kevin Thorne (Hamner, Jewell & Associates);

SVCW Manager, Daniel T. Child

Negotiating Parties: Greenbriar Partners, A California general partnership

Under Negotiation: Price and terms

D. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property Description: 999 Skyway Road, San Carlos, CA (APN: 046-081-780)

SVCW Negotiators: Lillian Jewell, Kevin Thorne (Hamner, Jewell & Associates);

SVCW Manager, Daniel T. Child

Negotiating Parties: Hudson Skyway Landing, LLC, a Delaware limited liability company

Under Negotiation: Price and terms

10. RECONVENE IN OPEN SESSION – Announce action taken in Closed Session, if any.

11. ADJOURN

## CONSENT CALENDAR

### **NOTICE TO PUBLIC**

All matters listed under CONSENT CALENDAR are considered to be routine. There may be discussion on items on the CONSENT CALENDAR. All items will be enacted by one motion with a roll call vote unless members of the Commission, staff, or public request specific items be removed from the CONSENT CALENDAR for separate action.

7. A. APPROVAL OF MINUTES – December 14, 2017 Meeting
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED DECEMBER 2, 2017 AND NECESSARY PAYMENTS THROUGH DECEMBER 29, 2017
- C. CONSIDERATION OF RESOLUTION IN SUPPORT OF THE STATE’S RECYCLED WATER GOALS AND TO PROMOTE DEVELOPMENT OF RECYCLED WATER SUPPLIES  
  
Proposed Action: Move adoption of RESOLUTION OF SILICON VALLEY CLEAN WATER SUPPORTING THE STATE’S GOALS FOR RECYCLED WATER USE AND PROMOTING THE DEVELOPMENT OF RECYCLED WATER SUPPLIES TO PROVIDE MAXIMUM BENEFIT TO SILICON VALLEY CLEAN WATER’S SERVICE AREA
- D. CONSIDERATION OF RESOLUTION AMENDING AND APPROVING SILICON VALLEY CLEAN WATER’S CONFLICT OF INTEREST CODE  
  
Proposed Action: Move adoption of RESOLUTION AMENDING AND APPROVING THE 2018 CONFLICT OF INTEREST CODE UPDATE FOR SILICON VALLEY CLEAN WATER
- E. CONSIDERATION OF MOTION APPROVING REMOVAL OF FIXED ASSETS FROM THE FINANCIAL RECORDS OF SVCW  
  
Proposed Action: Move approval to REMOVE FIXED ASSET NUMBERS 12647, 12648, 12649, and 12763 WITH A TOTAL REMAINING BOOK VALUE OF \$95,275.00 FROM SVCW FINANCIAL RECORDS



G5 : 9HMACA9BH

# Smoke Alarms at Home

**SMOKE ALARMS ARE A KEY PART** of a home fire escape plan. When there is a fire, smoke spreads fast. Working smoke alarms give you early warning so you can get outside quickly.



## SAFETY TIPS

- Install smoke alarms in every bedroom. They should also be outside each sleeping area and on every level of the home. Install alarms in the basement.
- Large homes may need extra smoke alarms.
- It is best to use interconnected smoke alarms. When one smoke alarm sounds, they all sound.
- Test all smoke alarms at least once a month. Press the test button to be sure the alarm is working.
- There are two kinds of alarms. Ionization smoke alarms are quicker to warn about flaming fires. Photoelectric alarms are quicker to warn about smoldering fires. It is best to use both types of alarms in the home.
- A smoke alarm should be on the ceiling or high on a wall. Keep smoke alarms away from the kitchen to reduce false alarms. They should be at least 10 feet (3 meters) from the stove.
- People who are hard-of-hearing or deaf can use special alarms. These alarms have strobe lights and bed shakers.
- Replace all smoke alarms when they are 10 years old.

## FACTS

- ❗ A closed door may slow the spread of smoke, heat, and fire.
- ❗ Smoke alarms should be installed inside every sleeping room, outside each separate sleeping area, and on every level. Smoke alarms should be connected so when one sounds, they all sound. Most homes do not have this level of protection.
- ❗ Roughly 3 out of 5 fire deaths happen in homes with no smoke alarms or no working smoke alarms.



## SILICON VALLEY CLEAN WATER

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SILICON VALLEY CLEAN WATER  
INVESTMENT LISTING  
November 30, 2017

Broker/Dealer Investment Name	Composite Credit	Maturity	Coupon Rate	Yield to Maturity	Par Value	Market Value	Cost	Estimated Annual \$ Yield Earnings
<b>Annual OPS and CAP Budget Reserve</b>								
FEDERAL HOME LN MTG CORP PARTN CTF	N.A.	03/01/2018	5.000%	1.83	11,923	11,949	12,352	219
FEDERAL HOME LN MTG CORP PARTN GOLD	N.A.	02/01/2020	5.000%	2.18	41,582	42,520	43,869	927
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2019	2.375%	1.88	60,000	60,585	61,842	1,136
FEDERAL HOME LOAN BKS CONS BDS	AA+	02/18/2021	1.375%	1.97	30,000	29,426	30,366	579
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/08/2017	3.125%	1.09	85,000	85,034	85,940	924
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/17/2018	1.950%	1.74	100,000	100,311	100,962	1,743
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/09/2018	1.289%	1.24	50,000	50,036	49,959	621
FEDERAL HOME LOAN BKS CONS BDS	AA+	03/09/2018	4.625%	1.55	125,000	126,150	127,245	1,952
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/01/2019	4.375%	1.81	50,000	51,976	52,543	940
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/13/2019	4.500%	1.84	100,000	104,688	106,584	1,929
FEDERAL NATL MTG ASSN	AA+	06/22/2020	1.500%	1.91	30,000	29,692	30,378	567
FEDERAL NATL MTG ASSN	AA+	11/30/2020	1.500%	1.94	100,000	98,712	99,839	1,916
FEDERAL NATL MTG ASSN	AA+	02/26/2021	1.375%	1.98	100,000	98,169	99,637	1,946
FEDERAL NATL MTG ASSN	AA+	11/27/2018	1.625%	1.67	60,000	59,984	60,458	1,002
FEDERAL NATL MTG ASSN GTD REMIC	NR	09/25/2019	2.171%	2.03	135,540	135,721	137,319	2,751
FEDERAL NATL MTG ASSN	AA+	09/25/2020	1.750%	2.07	100,000	99,529	100,707	2,064
FEDERAL HOME LN MTG CORP MULTICLASS	NR	11/25/2019	1.869%	1.97	128,018	127,542	127,838	2,509
FEDERAL HOME LN MTG CORP	AA+	05/30/2019	1.750%	1.77	30,000	29,988	30,380	531
FEDERAL HOME LN MTG CORP	AA+	10/02/2019	1.250%	1.83	30,000	29,680	30,155	542
FEDERAL HOME LN MTG CORP MULTICLASS	N.A.	04/15/2020	4.000%	2.02	23,160	23,413	23,854	473
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	12/01/2019	5.500%	2.06	30,228	30,867	31,966	636
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	03/01/2020	5.500%	2.02	5,167	5,184	5,354	105
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	04/01/2020	5.000%	2.19	20,517	21,002	21,658	460
GNMA II PASSTHRU CTF POOL #003421	N.A.	08/20/2018	4.500%	2.45	5,450	5,445	5,710	133
GENERAL ELEC CAP CORP MTN	A+	08/07/2018	1.662%	1.64	75,000	75,083	74,771	1,230
IOWA FIN AUTH REV ST REVOLVING FD	AAA	08/01/2018	3.280%	1.65	50,000	50,539	50,857	834
NORTH ST PAUL MAPLEWOOD MINN I GO	AA	02/01/2018	5.000%	1.52	50,000	50,266	50,798	766
SMALL BUSINESS ADMIN GTD LN POOL	N.A.	02/25/2019	4.075%	2.97	25,124	25,322	26,070	751
U S BANCORP MTNS BK ENT FR	AA-	11/15/2018	1.950%	1.80	50,000	50,078	50,051	899
UNIVERSITY CALIF REVS FOR PREV GEN	AA	07/01/2019	1.796%	2.01	50,000	49,937	49,712	1,004
WELLS FARGO & CO NEW SR GLBL NT	A	12/11/2017	5.625%	2.34	50,000	50,040	50,997	1,171
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	10/26/2018	1.010%	1.77	80,000	79,242	80,000	1,399
MONTGOMERY CNTY MD CTF PARTN COPS	N.A.	11/01/2019	1.200%	2.16	100,000	98,262	100,039	2,120
RICHMOND VA GO PUB IMPT BDS C	AA	07/15/2021	2.599%	2.15	100,000	101,142	104,648	2,178
PORT MORROW ORE TRANSMISSION F REV	AA	09/01/2021	2.737%	2.36	100,000	101,507	104,309	2,393
WACO TEX INDPT SCH DIST REF BDS	N.A.	02/15/2020	4.000%	2.17	110,000	114,759	117,215	2,486
FEDERAL HOME LN MTG CORP	AA+	12/30/2019	1.500%	1.87	80,000	79,268	80,000	1,485
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2021	2.030%	2.20	60,000	59,221	60,000	1,303
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	01/24/2022	2.050%	2.29	40,000	39,508	40,000	903
FEDERAL HOME LN MTG CORP MEDIUM	AA+	07/27/2020	1.625%	1.97	80,000	79,269	80,000	1,560
FEDERAL HOME LN MTG CORP	AA+	05/15/2020	1.600%	1.97	150,000	148,836	150,000	2,925
FEDERAL HOME LN MTG CORP	AA+	05/01/2020	1.375%	1.87	70,000	69,157	69,604	1,296
FEDERAL NATL MTG ASSN	AA+	10/07/2021	1.375%	2.06	70,000	68,207	69,098	1,406
FEDERAL HOME LN MTG CORP	AA+	01/13/2022	2.375%	2.11	35,000	35,346	36,075	746
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/29/2020	1.830%	1.96	140,000	139,201	141,135	2,733
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/12/2020	1.750%	1.92	140,000	139,415	140,918	2,670
FEDERAL NATL MTG ASSN	AA+	05/06/2021	1.250%	1.99	90,000	87,775	88,906	1,748
FEDERAL NATL MTG ASSN	AA+	08/17/2021	1.250%	2.04	90,000	87,398	88,633	1,781
FEDERAL NATL MTG ASSN	AA+	09/28/2020	1.750%	2.00	30,000	29,796	30,000	596
ALTRIA GROUP INC SR NT	A-	08/09/2022	2.850%	2.69	30,000	30,153	30,269	812
CASH & EQUIVALENTS	-	-	-	0.99	-	98,753	98,753	978
<b>Annual OPS and CAP Budget Reserve Total</b>					<b>\$ 3,495,077</b>	<b>\$ 3,539,771</b>	<b>\$ 66,775</b>	



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									Estimated
Broker/Dealer	Composite		Coupon	Yield to					Annual \$
Investment Name	Credit	Maturity	Rate	Maturity	Par Value	Market Value	Cost		Yield
Capital Improvement Program Reserve									
APPLE INC SR FLT NT	AA+	02/07/2020	1.653%	1.53	100,000	100,368	99,821	1,532	
BERGEN CNTY N J TAXABLE GO BDS 2008	N.A.	11/01/2019	6.000%	1.88	100,000	103,785	104,349	1,949	
BERKSHIRE HATHAWAY FIN CORP GTD SR	AA	05/15/2018	5.400%	1.79	100,000	101,613	101,953	1,819	
CALIFORNIA ST GO BDS TAXABLE	AA-	10/01/2019	6.200%	1.86	100,000	107,630	108,091	1,999	
CHEVRON CORPORATION SR NT	AA-	03/03/2019	4.950%	1.96	100,000	103,618	104,407	2,027	
CISCO SYS INC SR GLBL NT	A+	01/15/2020	4.450%	2.08	125,000	131,010	132,768	2,729	
COLGATE PALMOLIVE CO MTNS FR	AA-	11/01/2018	1.500%	1.74	100,000	99,857	100,162	1,734	
EXXON MOBIL CORP SR FLT NT	AA+	03/15/2019	1.470%	1.55	100,000	100,158	99,935	1,548	
FEDERAL HOME LN MTG CORP PARTN CTF	N.A.	03/01/2018	5.000%	1.83	4,009	4,017	4,153	74	
FEDERAL HOME LN MTG CORP PARTN GOLD	N.A.	02/01/2019	5.000%	2.27	28,339	28,902	29,880	656	
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2019	2.375%	1.88	340,000	343,315	345,416	6,437	
FEDERAL HOME LOAN BKS CONS BDS	AA+	02/18/2021	1.375%	1.97	100,000	98,087	101,220	1,930	
FEDERAL FARM CR BKS CONS SYSTEMWIDE	NR	12/01/2017	2.500%	1.51	500,000	500,000	503,890	7,545	
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	01/05/2018	4.500%	1.52	500,000	501,635	508,785	7,620	
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/22/2018	5.050%	1.78	20,000	20,397	20,717	363	
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/06/2020	5.300%	2.03	450,000	484,884	489,834	9,838	
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/03/2019	5.320%	1.90	50,000	53,015	53,685	1,006	
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	02/27/2018	4.670%	1.49	450,000	453,722	458,177	6,765	
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/11/2020	2.875%	1.96	60,000	61,480	62,506	1,203	
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/08/2017	2.625%	1.10	500,000	500,150	504,220	5,497	
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/08/2017	3.125%	1.09	25,000	25,010	25,277	272	
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/24/2019	1.520%	1.83	250,000	249,018	250,000	4,567	
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/15/2019	5.125%	1.86	60,000	63,343	64,257	1,176	
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/12/2020	4.625%	1.96	200,000	213,362	216,520	4,190	
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/14/2018	3.750%	1.74	250,000	255,248	259,088	4,441	
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/01/2019	4.375%	1.81	25,000	25,988	26,272	470	
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2019	4.125%	1.87	125,000	130,534	134,414	2,434	
FEDERAL HOME LOAN BKS CONS BDS	AA+	03/13/2020	4.125%	1.89	700,000	734,629	742,418	13,907	
FEDERAL NATL MTG ASSN	AA+	01/21/2020	1.625%	1.86	100,000	99,513	101,676	1,853	
FEDERAL NATL MTG ASSN	AA+	06/22/2020	1.500%	1.91	50,000	49,486	50,630	945	
FEDERAL NATL MTG ASSN	AA+	11/30/2020	1.500%	1.94	170,000	167,810	169,711	3,257	
FEDERAL NATL MTG ASSN	AA+	12/28/2020	1.875%	1.96	325,000	324,123	332,137	6,356	
FEDERAL NATL MTG ASSN	AA+	02/26/2021	1.375%	1.98	240,000	235,606	239,652	4,670	
FEDERAL NATL MTG ASSN	AA+	11/27/2018	1.625%	1.67	150,000	149,960	151,146	2,506	
FEDERAL HOME LN MTG CORP MULTICLASS	NR	06/25/2020	3.531%	2.22	100,000	103,036	106,188	2,290	
FEDERAL HOME LN MTG CORP	AA+	06/13/2018	4.875%	1.53	115,000	117,038	119,370	1,793	
FEDERAL HOME LN MTG CORP	AA+	03/27/2019	3.750%	1.76	500,000	513,080	517,065	9,010	
FEDERAL HOME LN MTG CORP	AA+	05/30/2019	1.750%	1.77	50,000	49,980	50,633	886	
FEDERAL HOME LN MTG CORP	AA+	10/02/2019	1.250%	1.83	50,000	49,467	50,259	903	
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	05/01/2018	3.840%	3.15	250,000	249,760	266,641	7,867	
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	04/01/2019	2.680%	2.16	467,282	469,964	486,703	10,151	
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	07/01/2019	1.940%	1.93	459,131	458,323	463,435	8,846	
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	04/01/2019	5.000%	2.04	37,340	38,030	39,359	776	
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	07/01/2019	4.821%	2.74	204,056	212,192	226,375	5,814	
INTERNATIONAL BUSINESS MACHS SR GLBL	A+	02/06/2018	1.581%	1.49	100,000	100,020	99,977	1,490	
IOWA FIN AUTH REV ST REVOLVING FD	AAA	08/01/2018	3.280%	1.65	25,000	25,269	25,428	417	
MICROSOFT CORP NT	AAA	06/01/2019	4.200%	1.84	100,000	103,358	104,647	1,899	
MONONA WIS TAXABLE PROM NTS 2015B	N.A.	06/01/2020	3.250%	2.79	100,000	101,106	101,838	2,820	
NEW YORK N Y GOBDS 2011 C TAXABLE	AA	10/01/2018	3.480%	2.11	100,000	101,372	101,510	2,135	
OHIO ST GO BDS 2009 C TAXABLE	AA+	03/01/2018	4.371%	1.42	100,000	100,690	101,426	1,434	
PASADENA CALIF PUB FING AUTH L LEASE	AA	03/01/2018	4.224%	1.45	25,000	25,126	25,249	364	
TENNESSEE VALLEY AUTH PWR BD 2008 B	AA+	04/01/2018	4.500%	1.43	500,000	504,975	508,335	7,196	
WELLS FARGO & CO NEW SR GLBL NT	A	12/11/2017	5.625%	2.34	25,000	25,020	25,498	586	
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	10/26/2018	1.010%	1.77	100,000	99,052	100,000	1,748	
MONTGOMERY CNTY MD CTFs PARTN COPS	N.A.	11/01/2019	1.200%	2.16	100,000	98,262	100,039	2,120	
RICHMOND VA GO PUB IMPT BDS C	AA	07/15/2021	2.599%	2.15	100,000	101,142	104,648	2,178	
BANK NEW YORK MTN BK ENT FR	A+	11/27/2020	2.450%	2.28	100,000	100,497	102,565	2,288	
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	11/01/2020	3.410%	2.36	116,539	119,969	124,843	2,831	
GILEAD SCIENCES INC SR NT	A-	09/01/2020	2.550%	2.21	100,000	100,918	103,208	2,228	
WISCONSIN ST GEN FD ANNUAL APP REV	AA-	05/01/2021	1.616%	2.34	100,000	97,569	100,111	2,287	
PORT MORROW ORE TRANSMISSION F REV	AA	09/01/2021	2.737%	2.36	225,000	228,391	234,695	5,383	
WACO TEX INDPT SCH DIST REF BDS	N.A.	02/15/2020	4.000%	2.17	165,000	172,138	175,822	3,729	



# SILICON VALLEY CLEAN WATER

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								Estimated
Broker/Dealer	Composite	Coupon	Yield to					Annual \$
Investment Name	Credit	Maturity	Rate	Maturity	Par Value	Market Value	Cost	Yield Earnings
FEDERAL NATL MTG ASSN	AA+	05/26/2021	1.800%	2.14	260,000	256,428	260,000	5,490
FEDERAL HOME LN MTG CORP	AA+	12/30/2019	1.500%	1.87	260,000	257,621	260,000	4,825
FEDERAL HOME LN MTG CORP	AA+	12/30/2020	1.750%	2.08	340,000	336,019	340,000	6,989
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2021	2.030%	2.20	80,000	78,962	80,000	1,738
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	01/24/2022	2.050%	2.29	120,000	118,523	120,000	2,708
FEDERAL HOME LN MTG CORP MEDIUM	AA+	07/27/2020	1.625%	1.97	80,000	79,269	80,000	1,560
FEDERAL HOME LN MTG CORP	AA+	05/15/2020	1.600%	1.97	220,000	218,293	220,000	4,289
FEDERAL HOME LN MTG CORP	AA+	10/26/2021	2.000%	2.17	220,000	217,268	220,000	4,721
FEDERAL HOME LOAN BKS CONS BDS	AA+	04/27/2022	1.250%	2.31	220,000	219,635	219,505	5,080
FEDERAL HOME LN MTG CORP	AA+	05/01/2020	1.375%	1.87	290,000	286,508	288,650	5,369
FEDERAL NATL MTG ASSN	AA+	10/07/2021	1.375%	2.06	140,000	136,415	138,196	2,812
FEDERAL HOME LN MTG CORP	AA+	01/13/2022	2.375%	2.11	310,000	313,066	317,712	6,606
FEDERAL NATL MTG ASSN	AA+	01/05/2022	2.000%	2.11	310,000	308,658	311,600	6,522
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/12/2020	1.750%	1.92	170,000	169,289	171,115	3,242
FEDERAL NATL MTG ASSN	AA+	05/06/2021	1.250%	1.99	170,000	165,798	167,933	3,301
FEDERAL NATL MTG ASSN	AA+	08/17/2021	1.250%	2.04	170,000	165,085	167,418	3,364
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2022	1.900%	2.16	165,000	162,761	165,772	3,516
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	08/03/2022	1.900%	2.17	165,000	162,735	165,427	3,533
FEDERAL NATL MTG ASSN	AA+	04/05/2022	1.875%	2.12	170,000	168,064	170,636	3,566
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/15/2022	1.850%	2.17	130,000	128,163	131,022	2,782
FEDERAL NATL MTG ASSN	AA+	09/28/2020	1.750%	2.00	120,000	119,184	120,000	2,385
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/04/2022	2.100%	2.32	220,000	217,921	220,000	5,049
FEDERAL HOME LN MTG CORP	AA+	10/12/2021	2.000%	2.24	120,000	119,023	120,000	2,664
BANK AMER CORP FR	A-	05/13/2021	5.000%	2.56	75,000	81,011	81,361	2,072
CONSTELLATION BRANDS INC SR GLBL NT	BBB-	11/06/2020	2.250%	2.50	25,000	24,804	24,942	619
HOME DEPOT INC SR GLBL NT	A	04/01/2021	2.000%	2.26	80,000	79,219	79,838	1,787
LORILLARD TOB CO SR NT	BBB	05/01/2020	6.875%	3.03	25,000	27,497	27,666	833
MORGAN STANLEY SR NT	A-	01/27/2020	2.650%	2.35	80,000	80,498	80,837	1,888
ORACLE CORP SR GLBL	A+	05/15/2022	2.500%	2.48	80,000	80,112	80,090	1,985
PHILIP MORRIS INTL INC SR NT	A	03/26/2020	4.500%	2.29	25,000	26,227	26,443	601
STARBUCKS CORP SR GLBL	A-	02/04/2021	2.100%	2.24	80,000	79,534	79,979	1,780
3M CO FR	A+	06/26/2022	2.000%	2.37	100,000	98,413	98,778	2,327
CASH & EQUIVALENTS	-	-	-	0.99	-	430,724	430,724	4,264
Capital Improvement Program Reserve Total						\$ 16,499,738	\$ 16,728,674	\$ 317,052

## Stage 2 Capacity Reserve

BERKSHIRE HATHAWAY FIN CORP GTD SR	AA	05/15/2018	5.400%	1.79	100,000	101,613	101,949	1,819
CEDAR PARK TEX CTFB OBLIG TAXABLE	AA	08/15/2018	5.280%	2.34	50,000	51,153	51,654	1,195
CISCO SYS INC SR GLBL NT	A+	01/15/2020	4.450%	2.08	75,000	78,606	79,661	1,637
FEDERAL HOME LN MTG CORP PARTN GOLD	N.A.	02/01/2019	5.000%	2.27	28,339	28,902	29,880	656
FEDERAL HOME LN MTG CORP PARTN GOLD	N.A.	11/01/2020	4.500%	2.06	30,054	30,566	31,331	630
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2019	2.375%	1.88	100,000	100,975	103,070	1,893
FEDERAL HOME LOAN BKS CONS BDS	AA+	02/18/2021	1.375%	1.97	100,000	98,087	101,220	1,930
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/29/2018	0.875%	1.50	100,000	99,649	100,070	1,494
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	05/15/2018	4.500%	1.74	100,000	101,422	101,549	1,768
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/28/2018	4.780%	1.88	55,000	56,444	56,813	1,058
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/11/2020	2.875%	1.96	60,000	61,480	62,506	1,203
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/08/2017	3.125%	1.09	100,000	100,040	101,106	1,087
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/24/2019	1.520%	1.83	200,000	199,214	200,000	3,654
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/09/2018	1.289%	1.24	50,000	50,036	49,959	621
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/15/2019	5.125%	1.86	50,000	52,786	53,548	980
FEDERAL HOME LOAN BKS CONS BDS	AA+	03/09/2018	4.625%	1.55	75,000	75,690	76,347	1,171
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/01/2019	4.375%	1.81	100,000	103,951	105,086	1,880
FEDERAL HOME LOAN BKS CONS BDS	AA+	03/13/2020	4.125%	1.89	125,000	131,184	132,474	2,483
FEDERAL NATL MTG ASSN	AA+	01/21/2020	1.625%	1.86	100,000	99,513	101,676	1,853
FEDERAL NATL MTG ASSN	AA+	06/22/2020	1.500%	1.91	100,000	98,972	101,260	1,889
FEDERAL NATL MTG ASSN	AA+	11/30/2020	1.500%	1.94	100,000	98,712	100,893	1,916
FEDERAL NATL MTG ASSN	AA+	12/28/2020	1.875%	1.96	175,000	174,528	178,843	3,422
FEDERAL NATL MTG ASSN	AA+	02/26/2021	1.375%	1.98	180,000	176,704	180,206	3,502
FEDERAL NATL MTG ASSN	AA+	01/14/2019	3.275%	1.82	100,000	101,709	102,562	1,853
FEDERAL HOME LN MTG CORP MULTICLASS	NR	10/25/2020	2.788%	2.07	55,158	55,590	56,537	1,152
FEDERAL HOME LN MTG CORP	AA+	03/27/2019	3.750%	1.76	250,000	256,540	258,487	4,505
FEDERAL HOME LN MTG CORP	AA+	05/30/2019	1.750%	1.77	100,000	99,959	101,266	1,771
FEDERAL HOME LN MTG CORP	AA+	08/01/2019	1.250%	1.81	100,000	99,041	100,881	1,794
FEDERAL HOME LN MTG CORP	AA+	10/02/2019	1.250%	1.83	100,000	98,934	100,517	1,807
FEDERAL HOME LN MTG CORP	AA+	04/09/2018	0.750%	1.39	100,000	99,766	99,836	1,390
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	05/01/2018	3.840%	3.15	200,000	199,808	213,313	6,294
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	12/01/2020	4.000%	2.22	60,307	62,132	63,191	1,379
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	07/01/2019	4.821%	2.74	170,674	177,478	189,341	4,863

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Broker/Dealer Investment Name	Composite Credit	Maturity	Coupon Rate	Yield to Maturity	Par Value	Market Value	Cost	Estimated Annual \$ Yield Earnings
GARNER N C GO PUB IMPT BDS TAXABLE	AA+	02/01/2018	3.050%	1.51	50,000	50,108	50,397	757
GENERAL ELEC CAP CORP MTN	A+	08/07/2018	1.662%	1.64	100,000	100,110	99,695	1,640
IOWA FIN AUTH REV ST REVOLVING FD	AAA	08/01/2018	3.280%	1.65	100,000	101,077	101,713	1,668
JPMORGAN CHASE & CO SR NT	A-	03/01/2021	2.550%	2.46	50,000	50,084	50,944	1,231
LANCASTER CNTY NEB SCH DIST NO SCH	AA	01/15/2021	4.550%	2.86	50,000	52,838	54,457	1,512
NORFOLK VA GO CAP IMPT BDS 2010 B	AA	03/01/2019	4.650%	2.32	100,000	102,924	103,952	2,390
NORTH ST PAUL MAPLEWOOD MINN I GO	AA	02/01/2018	5.000%	1.52	100,000	100,531	101,595	1,531
TENNESSEE VALLEY AUTH PWR BD 2008 B	AA+	04/01/2018	4.500%	1.43	200,000	201,990	203,274	2,878
U S BANCORP MTNS BK ENT FR	AA-	11/15/2018	1.950%	1.80	100,000	100,155	100,101	1,798
UNIVERSITY CALIF REVS FOR PREV GEN	AA	07/01/2019	1.796%	2.01	50,000	49,937	49,712	1,004
WELLS FARGO & CO NEW SR GLBL NT	A	12/11/2017	5.625%	2.34	100,000	100,080	101,993	2,343
XTO ENERGY INC SR NT	AA+	06/15/2018	5.500%	1.88	100,000	101,989	104,092	1,912
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	10/26/2018	1.010%	1.77	200,000	198,104	200,000	3,497
MONTGOMERY CNTY MD CTFB PARTN COPS	N.A.	11/01/2019	1.200%	2.16	100,000	98,262	100,039	2,120
BANK NEW YORK MTN BK ENT FR	A+	11/27/2020	2.450%	2.28	150,000	150,746	153,848	3,432
GILEAD SCIENCES INC SR NT	A-	09/01/2020	2.550%	2.21	150,000	151,377	154,812	3,342
WISCONSIN ST GEN FD ANNUAL APP REV	AA-	05/01/2021	1.616%	2.34	100,000	97,569	100,111	2,287
FEDERAL HOME LN MTG CORP	AA+	08/25/2021	1.375%	2.24	90,000	88,323	90,000	1,978
METRO WASTEWTR RECLAMATION DIS REV	AA+	04/01/2019	4.718%	2.09	100,000	103,649	105,398	2,167
WACO TEX INDPT SCH DIST REF BDS	N.A.	02/15/2020	4.000%	2.17	55,000	57,379	58,607	1,243
FEDERAL HOME LN MTG CORP	AA+	03/30/2021	1.500%	2.10	60,000	58,637	60,000	1,231
FEDERAL HOME LN MTG CORP	AA+	09/30/2021	1.050%	2.80	100,000	97,672	99,900	2,736
FEDERAL NATL MTG ASSN	AA+	09/30/2019	1.250%	1.86	60,000	59,275	59,985	1,105
FEDERAL NATL MTG ASSN	AA+	05/26/2021	1.800%	2.14	60,000	59,176	60,000	1,267
FEDERAL HOME LN MTG CORP	AA+	12/30/2020	1.750%	2.08	100,000	98,829	100,000	2,056
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2021	2.030%	2.20	80,000	78,962	80,000	1,738
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	01/24/2022	2.050%	2.29	60,000	59,261	60,000	1,354
FEDERAL HOME LN MTG CORP MEDIUM	AA+	07/27/2020	1.625%	1.97	40,000	39,634	40,000	780
FEDERAL HOME LN MTG CORP	AA+	10/26/2021	2.000%	2.17	150,000	148,137	150,000	3,219
FEDERAL HOME LOAN BKS CONS BDS	AA+	04/27/2022	1.250%	2.31	150,000	149,751	149,663	3,464
FEDERAL HOME LN MTG CORP	AA+	05/01/2020	1.375%	1.87	260,000	256,870	258,975	4,814
FEDERAL NATL MTG ASSN	AA+	10/07/2021	1.375%	2.06	80,000	77,951	78,969	1,607
FEDERAL HOME LN MTG CORP	AA+	01/13/2022	2.375%	2.11	120,000	121,187	122,985	2,557
FEDERAL NATL MTG ASSN	AA+	01/05/2022	2.000%	2.11	120,000	119,480	120,619	2,525
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/12/2020	1.750%	1.92	260,000	258,913	261,706	4,958
FEDERAL NATL MTG ASSN	AA+	05/06/2021	1.250%	1.99	260,000	253,573	256,839	5,049
FEDERAL NATL MTG ASSN	AA+	08/17/2021	1.250%	2.04	260,000	252,483	256,051	5,146
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2022	1.900%	2.16	290,000	286,065	291,357	6,179
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	08/03/2022	1.900%	2.17	290,000	286,018	290,751	6,209
FEDERAL NATL MTG ASSN	AA+	04/05/2022	1.875%	2.12	300,000	296,583	301,122	6,293
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/15/2022	1.850%	2.17	85,000	83,799	85,668	1,819
FEDERAL NATL MTG ASSN	AA+	09/28/2020	1.750%	2.00	180,000	178,776	180,000	3,577
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/04/2022	2.100%	2.32	280,000	277,354	280,000	6,426
FEDERAL HOME LN MTG CORP	AA+	10/12/2021	2.000%	2.24	180,000	178,535	180,000	3,996
HOME DEPOT INC SR GLBL NT	A	04/01/2021	2.000%	2.26	60,000	59,414	59,879	1,340
ORACLE CORP SR GLBL	A+	05/15/2022	2.500%	2.48	120,000	120,168	120,134	2,978
PHILIP MORRIS INTL INC SR NT	A	03/26/2020	4.500%	2.29	55,000	57,699	58,174	1,323
STARBUCKS CORP SR GLBL	A-	02/04/2021	2.100%	2.24	60,000	59,651	59,984	1,335
CASH & EQUIVALENTS	-	-	-	0.99	-	200,167	200,167	1,982
Stage 2 Capacity Reserve Total						\$ 9,752,434	\$ 9,894,697	\$ 196,344
Subtotal, Bank of the West						\$ 29,747,249	\$ 30,163,142	\$ 580,171



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Broker/Dealer Investment Name	Composite Credit	Maturity	Coupon Rate	Yield to Maturity	Par Value	Market Value	Cost	Estimated Annual \$ Yield Earnings
<u>California Local Agency Investment Fund</u>		LAIF	-	1.172	\$	777,121	\$ 777,121	9,108
<b>TOTAL UNRESTRICTED INVESTMENTS</b>						<b>\$ 30,524,370</b>	<b>\$ 30,940,263</b>	<b>\$ 589,279</b>
<b>Bank of New York (Trustee)</b>								
2009 Reserve Account - Federal National Mortgage Assn 3136G3Q73	Aaa	7/26/2019	1.150%	1.16		4,727,324	4,780,000	54,837
2009 Reserve Account - BMW BK North Amer Salt Lake 05580ACK8	Aa	7/24/2019	2.000%	2.00		150,139	150,000	3,003
2009 Reserve Account - Morgan Stanley Treas Sec X9USDMORS	-	-	0.000%	-		100,819	100,819	-
2009 Reserve Account - Morgan Stanley Treas Sec X9USDMORS	-	-	0.000%	-		62,656	62,656	-
2009 Revenue FD Account - Morgan Stanley Treas Sec X9USDMORS	-	-	0.000%	-		1,349	1,349	-
2014 Revenue Account - Goldman Sachs Fin Sq Instl X9USDGLD4	-	-	0.000%	-		425	425	-
2014 Revenue Account - Cash	-	-	0.000%	-		4	4	-
2014 Interest Account - Goldman Sachs Fin Sq Instl X9USDGLD4	-	-	0.000%	-		13	13	-
2014 Principal Account - Goldman Sachs Fin Sq Instl X9USDGLD4	-	-	0.000%	-		7	7	-
2014 Project Account - Cash	-	-	0.000%	-		5,193	5,193	-
2015 Project Account - Cash	-	-	0.000%	-		752	752	-
2015 Revenue Account - JP Morgan Prime MMKT Instl X9USDJPMP	-	-	0.000%	-		163	163	-
2015 Revenue Account - Cash	-	-	0.000%	-		2	2	-
2009 Escrow - United States Treasury 912828UJ7	Aaa	1/31/2018	0.875%	0.88		598,623	599,629	5,268
2009 Escrow - Resolution Funding Corp Interest Strip 76116EFS4	Aaa	7/15/2018	0.000%	-		334,309	329,183	-
2009 Escrow - United States Treasury 912828VQ0	Aaa	7/31/2018	1.375%	1.38		262,713	265,978	3,625
2009 Escrow - United States Treasury 912828B33	Aaa	1/31/2019	1.500%	1.50		601,444	610,349	9,022
2009 Escrow - Tunisia Government Aid Bonds 066716AG6	Aaa	7/16/2019	1.686%	1.69		40,261,381	40,944,692	680,417
2009 Escrow - Cash	-	-	0.000%	-		3,154	3,154	-
Subtotal, Bank of New York (Trustee)						<b>\$ 47,110,470</b>	<b>\$ 47,854,367</b>	<b>\$ 756,172</b>
Less Amounts held in Escrow for 2009 Bond Defeasance						<b>\$ (42,061,624)</b>	<b>\$ (42,752,985)</b>	<b>\$ (698,332)</b>
Net Total, Bank of New York (Trustee)						<b>\$ 5,048,846</b>	<b>\$ 5,101,382</b>	<b>\$ 57,840</b>
Uninvested Operating Cash						<b>2,729,426</b>	<b>2,729,426</b>	<b>-</b>
<b>TOTAL CASH &amp; INVESTMENTS, UNRESTRICTED AND WITH TRUSTEE</b>						<b>\$ 38,302,642</b>	<b>\$ 38,771,071</b>	<b>647,119</b>
						<b>Weighted Average Yield to Maturity %</b>		<b>1.69%</b>

Summary by Investment Type:	Market Value
US Treasuries	\$ 164,823
Agencies	27,262,849
Commercial Paper / Corporate Bonds	3,230,937
Municipal Bonds / Notes	3,401,282
Money Market / Certificates of Deposit	3,465,629
Local Agency Investment Fund	777,121
<b>TOTAL</b>	<b>\$ 38,302,642</b>
Summary by Purpose / Restriction Level	Market Value
Working Capital	\$ 3,506,547
Operations & Capital Budget Reserve	3,495,077
Capital Improvement Program Reserve	16,499,738
Stage 2 Capacity Reserve	9,752,434
Debt Reserve	5,047,929
Debt Proceeds	917
<b>TOTAL</b>	<b>\$ 38,302,642</b>
Summary by Liquidity:	Market Value
0-1 years	\$ 10,935,680
1-2 years	10,246,498
2-3 years	7,256,206
3-5 years	9,864,258
<b>TOTAL</b>	<b>\$ 38,302,642</b>

SVCW has sufficient liquid resources available to meet expenditure requirements per SVCW's investment policy.  
All SVCW investments are in compliance with SVCW's Investment Policy.

M. Anderson

**ENGINEERING REPORT: JANUARY 2018  
CAPITAL IMPROVEMENT PROGRAM IMPLEMENTATION**

**Front of Plant Site Civil Project:** Prepare Front of Plant site for RESCU Program by stabilizing the soil and providing roads, parking, and utilities.

This is the first construction project of the RESCU program. Freyer & Laureta prepared design documents for this project, which includes lime stabilization of the soil and grading at the front of the plant. It also adds a new access road and employee parking, lighting, and conduits for future utilities to support the construction.

Planned Commission Actions: Accept Project/File Notice of Completion – Feb 2018

**Primary Sedimentation Tank Rehabilitation Project (CIP #9080, 9128)** Rehabilitate Primary Sedimentation tanks with new equipment and controls.

On August 13, 2015 the Commission approved a contract with ERS and BC to rehabilitate the Primary Sedimentation Tanks. The four Primary Sedimentation Tanks were constructed as part of the original plant in 1978. These tanks provide the first stage of treatment to the incoming wastewater. In the tanks' interiors, there are longitudinal collectors that run the entire length of the tanks, cross collectors that run at the head-end of the tanks across the width, each of the collector mechanisms having motor drives on the top of the tanks. The collector mechanisms scrape along the top and bottom of the tanks to remove the solids.

The Primary Sedimentation Rehabilitation Project replaces all existing mechanical equipment inside of four tanks including their associated motor drives and concrete anchoring systems, structural concrete was repaired, coatings were applied above the low-level water line and monitoring sensors were installed with associated electrical work and instrumentation programming.

Planned Commission Actions: Accept Project/File Notice of Completion – Feb 2018

**Solids Handling Building HVAC Duct Repair (9169):** Replacement of Damaged HVAC Duct work.

On September 14, 2017, the Commission approved a contract with Blocka Construction to replace damaged SHB ducting inside the Solids Handling Building. Blocka Construction has completed dismantling the existing ductwork. The material submittals are approved and equipment is being manufactured. Installation of new duct work began in late December.

Planned Commission Actions: Accept Project/File Notice of Completion – April 2018

**Wastewater Treatment Plant Improvements Phase 2 (9169, 9173, 9186, 9189, 9197, 9220, 9224):** Rehabilitation and/or replacement of seven treatment plant mechanical processes.

SVCW received and evaluated two Design-Build (DB) firms' Statements of Qualifications in accordance with criteria outlined in the Request for Qualifications. Both firms were deemed qualified and received Requests for Proposals (RFP). The RFP's were issued on December 7, 2017 and are due on February 9, 2018. Staff will interview both DB firms in March 2018 and make a recommendation for contract award at the April Commission meeting. The RFP included Procurement Documents by which the Respondents will need to assess and provide a lump sum price to complete the entire project (design and construction).

**Planned Commission Actions:** Award Fixed Price Design-Build Contract – Apr 2018

**New 12kV Switchgear Project (9807):** Construct new 12kV switchgear equipment.

On October 5, 2017, the Commission approved Task Orders with Beecher Engineering and Kennedy/Jenks to begin design for a new 12kV Switchgear. The new 12kV equipment is needed to supply power to the new front of plant facilities, the equipment also provides SVCW the ability to export power back to P.G.&E. The 90% review for this project was held on January 10, 2018. Staff anticipates release of bid documents in February 2018.

**Planned Commission Actions:** Award Construction Contract – April/May 2018

**Emergency Repair of the 12kV Vault (9808):** Respond to emergency condition of existing 12 kV service.

On September 14, 2017 the Commission approved the emergency expenditure of funds for the repair of essential facilities. On November 9, 2017, the Commission approved a total budget amount of \$2,347,412. Beecher Engineering, Power Engineering and DW Nicholson designed a permanent repair for the Plant's main 12 kV feeder system.

The current status of work includes temporary electrical power supplying electricity to the three main Plant transformers. A new concrete vault was constructed adjacent to the main structure and a new conduit run completed along the main structure to the new vault. The new vault and conduits are connected to pile-supported structures which provide the most stable pathway between the main structure and the Solids Handling Building, thus ensuring the new conduits and vault will not subside in the future.

**Planned Commission Actions:** Accept Project and File Notice of Completion - TBD

**Gravity Pipeline (6008) and Front of Plant Projects (6013, 6014, 9160):** Deliver these two RESCU projects using a Progressive Design Build delivery method.



On October 5, 2017 the Commission awarded a contract to Barnard/Bessac Joint Venture (BBJV) for the Stage 1 Progressive Design Build contract on the Gravity Pipeline project. On November 9, 2017 the Commission awarded a contract to Shea/Parsons Joint Venture for the Stage 1 Progressive Design Build contract on the Front of Plant project.

The JV teams, SVCW staff and consultants meet many times weekly to coordinate and discuss proposed designs, O&M options and coordinate efforts between the construction teams.

Staff provided direction to the JV teams on the launch location of the Tunnel Boring Machine and asked for cost comparisons on several design alternatives for the Receiving Lift Station.

Planned Commission Actions: Approve Stage 2 Design Build Contracts – July 2018 for Gravity Pipeline and August 2018 for Front of Plant

**SVCW Capital Improvement Program**  
**Actual Expenditure vs. Plan**  
**Through November 30, 2017**

Project Phase	Project Count	Amended 2015 CIP Update	Actual Spent thru November 2017	\$ Unspent/ Remaining	% Unspent/ Remaining
Completed	100	\$ 138,476,806	\$ 136,636,101	\$ 1,840,705	1.3%
In Construction	30	76,767,255	69,444,224	7,323,031	9.5%
Planning & Design	35	461,021,145	36,453,104	424,568,041	92.1%
Other	37	136,873,865	5,123,767	131,750,098	96.3%
<b>TOTAL</b>	<b>202</b>	<b>* \$ 813,139,071</b>	<b>\$ 247,657,195</b>	<b>\$ 565,481,876</b>	<b>69.5%</b>

\* Consistent with the January 2017 Long Range Financial Plan, project cost estimates were increased by the construction cost index as provided by Engineering News Record.

**SVCW Capital Improvement Program  
CIP Project Status - COMPLETED**

28-Nov-17

Project Phase	Project No.	Project Name	Project Description/Status	2008 CIP (Original, 2007 \$s)	2013 CIP Update (2010 \$s)	2015 CIP Update (2015 \$s)	Actual Spent thru November 2017
Complete	6001	48-inch Force Main Reliability Improvement	Replace the entire length of 48-inch diameter section of force main from RCPS to SCPS. This project incorporated CIP #6005 which was deleted in the CIP Update.	\$ 2,539,400	\$ 43,060,000	\$ 40,000,000	\$ 41,204,050
Complete	6002	Conveyance System Master Plan (CSMP)	Planning for replacement and/or repair of force main and all five pump stations, including screening at the treatment plant.	1,250,000	2,386,483	2,374,494	0
Complete	7010	Pump Stations Preliminary Design and CEQA	Prepare preliminary design (up to 30% design) for all pump station work including support for CEQA and SRF loan application	-	3,000,000	3,128,769	3,084,427
Complete	7013	Pump Stations Secondary Communications	Provide secondary communications for remote monitoring and control	-	-	51,900	33,289
Complete	8001	Central Data Acquisition Unit PLC System Upgrade	Central Data Acquisition Unit PLC System Upgrade; Replacement for Automation Program.	127,700	32,592	32,592	25,220
Complete	8002	Auto-reset of Effluent Pumps	Remote reset of effluent pumps after a power outage.	38,900	15,266	15,266	-
Complete	8003	Disinfection Area SCADA	Tie-in disinfection area to the SCADA network in conjunction with Hypochlorite proejct (9015)	16,100	-	-	-
Complete	8004	Install SCADA Servers	Purchase and install and program independent servers for SCADA use only.	170,200	163,002	91,040	91,040
Complete	8005	Install MCC PLC	Installation of MCC PLC in support of the Automation Program	214,900	209,226	209,225	202,370
Complete	8006	Turbine #1A-4B Air Flow Monitor	Combined with Activated Sludge Automation (CIP 8017)	160,900	-	-	-
Complete	8008	Aeration Basins #1-4 Motorized Effluent Gate Controls	Combined with Activated Sludge Automation (CIP 8017)	201,100	-	-	-
Complete	8009	Aeration Basins #1-4 Mudvalve Operation	Combined with Activated Sludge Automation (CIP 8017)	80,500	-	-	-
Complete	8010	WAS Flow Controls	Combined with Activated Sludge Automation (CIP 8017)	20,200	-	-	-
Complete	8011	RAS Pump #1-6 Speed Adjust	Combined with Activated Sludge Automation (CIP 8017)	360,600	-	-	-
Complete	8012	Secondary Clarifier Inner / Outer Gates Motorized Controls	Combined with Activated Sludge Automation (CIP 8017)	80,500	-	-	-
Complete	8013	WAS Pump #1-4 Speed Adjust	Combined with Activated Sludge Automation (CIP 8017)	244,400	-	-	-
Complete	8015	CCT Weir Sluice Gate Operator	Combined with Activated Sludge Automation (CIP 8017)	128,500	-	-	-
Complete	8017	Activated Sludge Process Automation (Aeration and Secondary Clarifiers).	Combine automation projects for processes related to Activated Sludge; this project is complete. Automates the activated sludge process.	4,411,400	8,428,965	7,637,390	7,636,947
Complete	8019	Aeration Basin Gate Actuators	Combined with Activated Sludge Automation (CIP 8017)	278,836	6,569	6,569	-
Complete	8020	Aeration Basin #1-4 Inlet Gate Controls	Combined with Activated Sludge Automation (CIP 8017)	80,500	-	-	-
Complete	8022	SCADA Process Graphics on Information Management System	Enable SCADA view and data across IMS Network to allow data views from remote locations (offsite)	103,500	107,041	62,936	62,936
Complete	8026	Septic System (Grease Receiving) Auto Controls and Level Measurement	Automatic controls tied into SCADA system for monitoring grease receiving station operation. Expenditures charged to CIP #9021	47,600	19,019	-	19,588
Complete	8027	Drying Bed Feed Flow Measurement	Install a new magnetic flow meter for measuring the amount of sludge discharged to drying beds.	54,100	6,232	6,232	0
Complete	9005	Primary Scum Grinders	Purchase and install 3 new grinders. Work was completed in house and via maintenance budget.	265,700	-	-	-
Complete	9006	Purchase Integrated Tool Vehicle	Eliminate need for rental. Purchase vehicle to facilitate access to decks with large equipment	104,000	79,502	81,992	81,992
Complete	9008	Centrifuge Motor Drive Replacement	Replace motor drive on centrifuge.	161,500	71,808	71,808	(0)
Complete	9010	Real-time Wind Direction Information	Monitor wind direction & speed; download to SCADA. Use for odor complaint documentation. Project complete.	19,000	1,633	1,633	-
Complete	9011	Portable Trash Pump	Replaces need to rent portable pump in response to flooding, overflows, and routine dewatering. Trailer-mounted, diesel driven 6" pump. Project complete.	-	-	37,859	37,859
Complete	9012	Digester #3 Rehabilitation and Upgrade	Repair digester for use as a primary digester. Clean digester, repair dome and skirt, slip-line bottom mix line.	1,811,400	3,415,426	4,024,258	4,024,258
Complete	9013	Waste Gas Burner Rehabilitation	Rehabilitate existing burners, including pilot and air flow monitoring equipment. Air permit required. Complete before re-roofing SHB	999,800	649,231	726,141	725,594
Complete	9016	High Pressure Air Piping and Instrument Air	Replace galvanized piping throughout the Plant used for compressed air delivery.	273,000	474,200	468,552	468,552
Complete	9018	Recycled Water For In-Plant Use	Utilize recycled water for sprinkler system in new administration buildng as well as other in-plant uses.	807,300	556,934	585,790	585,790
Complete	9019	Bisulfite Injector System Improvements	Alternate dechlorination injection system for reliability improvement.	225,900	16,740	16,740	6,231

**SVCW Capital Improvement Program  
CIP Project Status - COMPLETED**

28-Nov-17

Project Phase	Project No.	Project Name	Project Description/Status	2008 CIP (Original, 2007 \$s)	2013 CIP Update (2010 \$s)	2015 CIP Update (2015 \$s)	Actual Spent thru November 2017
Complete	9021	Grease Receiving Station Reliability Improvements and Odor Control	Convert station to two pits, allowing for expanded volume storage. Improvements to controls, pumping, mixing.	320,200	1,698,002	1,730,417	1,730,417
Complete	9022	Existing Freight Elevator Modernization	Bring passenger and freight elevators up to modern standards; replaces controls. Passenger elevator deleted from this project and included with Administration/Plant Control Building project.	496,700	1,080,137	1,092,137	1,092,137
Complete	9023	Odor & Corrosion Control Master Plan	Address overall plant odor control and corrosion control needs.	148,500	95,182	95,182	-
Complete	9028	Laboratory Building Roof Rehabilitation	Rehabilitate laboratory building roof.	23,400	80,000	106,978	106,978
Complete	9029	Solids Handling Building Control Room HVAC/Scrubber	Air scrubbing to protect sensitive equipment, includes new breaker in (E) MCC, disconnect switch, conduit & wire for air handling unit.	473,400	349,334	390,681	390,764
Complete	9030	Secondary Clarifier Collector Drive Rehabilitation	Project complete. Work done in conjunction with	251,200	435,000	471,182	471,182
Complete	9032	Wireless Network Access Expansion	Extend wireless network throughout plant.	185,900	250,000	-	-
Complete	9035	Effluent Pipe Access Hatch	Install an access hatch to the effluent pipe to facilitate inspection, cleaning, and repairs.	215,300	215,300	123,508	123,508
Complete	9036	Primary Sludge Piping Rehabilitation	Combined with Bilge Pit and Pumping project (221)	136,300	541,152	559,131	559,131
Complete	9038	Moyno Progressive Cavity Pump Replacement	Replace all Moyno pumps throughout the plant; replacement parts no longer available.	814,600	-	-	-
Complete	9040	Digester #2 Cleaning	Clean D2; 1 digester every 5 years	269,100	162,630	162,630	162,630
Complete	9075	IMS System Equipment Replacement	Purchase replacement and additional servers for overall Plant computer information management system.	572,800	572,800	67,517	52,474
Complete	9076	Digester Mix Pump Rehabilitation	Rebuild one pump every three years; purchase a spare pump.	275,000	-	-	-
Complete	9095	Digester #2 Cover Repair	Scheduled repair and recoat of D2; expect to replace 15-20 years out	788,200	3,000,000	3,303,733	3,303,733
Complete	9099	Solids Handling Building HVAC Air Scrubber-Implementation	Implement odor and corrosion control for entire SHB	1,673,100	1,911,100	2,152,400	2,340,918
Complete	9101	Fresh Water Lagoon Cleaning	Clean fresh water lagoon to provide necessary volume for stormwater runoff.	1,123,200	711,618	795,845	795,845
Complete	9104	Septage Receiving Area Odor Control	2nd grease pump, in-line grinder and local control panel. Odor control pulls negative pressure in pit to eliminate foul odors. Delete and combine with 9021.	1,115,400	71,602	71,602	71,602
Complete	9106	Laboratory Information Management System (LIMS)	Plan and proceed with implementation of LIMS for laboratory data and process information.	490,100	156,939	116,083	152,667
Complete	9114	Historian Software	Software purchase and installation to facilitate historical tracking of SCADA data.	34,100	2,366	2,366	-
Complete	9125	Plant Service Road Resurfacing-Phase 1	Phase 1 of overall Plant resurfacing project; repairs or expansion of paved areas in anticipation of upcoming construction activities. Project complete. Transfer funds from 9131 to cover overage.	182,200	448,890	734,796	734,796
Complete	9154	Cogeneration Engine Replacement	Upgrade cogeneration engine to enable full utilization of biogas produced.	7,227,900	10,005,000	13,500,000	17,554,800
Complete	9155	Natural Gas to Plant	Pipe natural gas from front entrance to enable its use as fuel blending for the cogeneration engines and in administration building.	181,500	401,042	419,640	419,640
Complete	9156	Administration and Plant Control Building Replacement	Build a new administration and control building at existing location.	11,408,900	20,000,000	21,247,355	21,236,430
Complete	9157	Solids Handling Building Roof Replacement	Replace the roof on SHB; leaks occurring.	226,200	70,203	70,203	70,203
Complete	9163	Demolition of Abandoned Equipment in Solids Handling Building	Demolish/remove equipment in SHB that has not been in operation for over 25 years.	-	1,469,383	1,557,091	0
Complete	9167	Boiler Replacement	Replace boilers due to age and undersized for future use. Includes replacement of piping. Project is being constructed as a CCO to the Cogen Project.	-	400,000	108,050	-
Complete	9178	Levee Repair behind Warehouse	Levee leaks when the stormwater retention basin fills to a certain level; this project repairs the levee.	-	375,000	10,782	-
Complete	9179	Pretreatment Program Sample Room	Provide a wet lab receiving area for source control to prepare samples prior to analysis and also storage of equipment.	-	389,000	575,000	633,142
Complete	9180	Maintenance Shop Reconfiguration	Reconfigure maintenance spaces that have been displaced by other projects.	-	1,372,800	228,038	280,541
Complete	9183	Stage 1 Screening at Plant Influent	Construct a screening facility at influent end of plant. Originally to be funded partially via CIP and partially from Operating budget in approximately 25/75 split.	-	858,000	4,844,000	4,224,826

**SVCW Capital Improvement Program  
CIP Project Status - COMPLETED**

28-Nov-17

Project Phase	Project No.	Project Name	Project Description/Status	2008 CIP (Original, 2007 \$s)	2013 CIP Update (2010 \$s)	2015 CIP Update (2015 \$s)	Actual Spent thru November 2017
Complete	9193	T1 and T2 Replacement	Replace Transformers T1 and T2. Do work as CCO to 9801 - 9804 (Power Reliability). Transfer project budget.	-	1,029,600	-	-
Complete	9194	T3 Replacement	Replace Transformer T3. Do work as CCO to 9801 - 9804 (Power Reliability). Transfer project budget.	-	514,800	-	-
Complete	9195	Wetside Power	Installs new PDP-2 and replaces old transformers, T1, T2, and T3. Adds new T4. Do work as CCO to 9801 - 9804 (Power Reliability). Transfer project budget.	-	1,716,000	111,831	-
Complete	9198	Hot Water Piping Improvements - Phase I	Provide pumps and piping to allow the hot water loop to serve the new Plant Control and Lab Buildings.	-	171,600	31,738	-
Complete	9199	Hot Water Piping Improvements - Phase II	Add primary and secondary pumping to connect new cogeneration engines to the Plant hot water loop. Do work as CCO to 9154, Cogen. Transfer project budget	-	669,200	1,542	-
Complete	9202	DMF Valve Replacement	Replace old valves in the DMF gallery. Valves are high in the air and scaffolding will be required for access.	-	915,749	962,654	997,139
Complete	9207	Maintenance Building Roof Replacement	Replaces the roof atop the maintenance building, including drainage improvements at the electrical room	-	18,749	18,949	-
Complete	9208	Solids Handling Building Demolition and Improvements - Phase II	Ready the SHB for new Cogeneration and dewatering equipment, and seismic bracing and column repairs. Do project in conjunction with CIP #9099.	-	1,900,000	2,759,901	2,772,117
Complete	9216	3W System Improvements	Make improvements to Plant Water system to assure adequate flow to all processes	-	171,600	314,600	312,088
Complete	9127	PEC & PST 1 & 2 Protective Coatings	Do SSC #3 with CIP #9014; also replace SSC drive.	-	-	946,092	946,092
Complete	8032	Final Effluent Pumping Control System (FEP) Upgrade	Combine w/CIP #8017; Existing PLC-5 equipment is aging and not up to latest Automation Standards and best practices dictate decoupling controls from other distinct process systems for reliability. Add new SCADA View at existing FEP Platform. Includes programming needed to decouple existing scheme and enhance new controls. Construction completed as a CCO to ASA and CCO funds deleted from this project.	-	179,025	179,025	179,025
Complete	8033	Dechlorination Control System Upgrade	Combine w/CIP #8017; Existing PLC-5 equipment is aging and not up to latest Automation Standards and best practices dictate decoupling controls from other distinct process systems for reliability. Move new Dechlor Control Panel and the SCADA View above flood line to the newly provided platform at RAS/WAS gallery. Includes programming needed to decouple existing scheme and enhance new controls. Construction completed as a CCO to ASA and CCO funds deleted from this project.	-	179,026	179,026	179,026
Complete	8034	Tertiary Filter Feed Pump Control System Upgrade	Combine w/CIP #8017; Existing PLC-5 equipment is aging and not up to latest Automation Standards and, best practices dictate decoupling controls from other distinct process systems for reliability. Add new SCADA View to the existing platform. Includes programming needed to decouple existing scheme and enhance new controls. Construction completed as a CCO to ASA and CCO funds deleted from this project.	-	224,130	224,130	224,130
Complete	8035	Chlorination Control System Upgrade	Combine w/CIP #8017; Existing PLC-5 equipment is aging and not up to latest Automation Standards and best practices dictate decoupling controls from other distinct process systems for reliability. Includes programming needed to decouple existing scheme and enhance new controls. Construction completed as a CCO to ASA and CCO funds deleted from this project.	-	185,478	185,479	185,479
Complete	9007	Industrial Roll-up Doors for Warehouse	Combine with CIP #9132. Project complete	21,700	19,664	19,664	19,664
Complete	9077	Engine Generator #4 Complete Rebuild	Rebuild top end (valve job and associated parts; needed every 20,000 hrs) and lower end (cam shaft, main and rod bearings, rods, pistons and liners and ancillary parts and pieces; needed every 40,000 hrs).	561,000	246,213	246,212	246,212
Complete	9098	Shipping and Receiving Trailer	Combine with CIP #9132. Project complete	34,700	-	-	-
Complete	9119	RAS Discharge Line 36" Butterfly Valve Replacement	Project Completed w/CIP #8017; Replace existing 36-inch butterfly valve with a knife gate valve to resolve ragging problem.	143,200	-	-	-
Complete	9132	Storage and Purchasing Warehouse	Construct a new warehouse for secure storage of supplies, material, and equipment. Construct offices for Purchasing department staff. Replace existing warehouse siding and skylights. Install two new roll-up doors and one double door.	430,700	994,655	1,001,862	1,001,862

**SVCW Capital Improvement Program  
CIP Project Status - COMPLETED**

28-Nov-17

Project Phase	Project No.	Project Name	Project Description/Status	2008 CIP (Original, 2007 \$s)	2013 CIP Update (2010 \$s)	2015 CIP Update (2015 \$s)	Actual Spent thru November 2017
Complete	9150	Odor & Corrosion Control Program - General Support	Work completed to date satisfactory for moving forward. Provides support and funding for general requirements of projects contained within the Odor & Corrosion Control Program.	-	100,000	75,450	75,450
Complete	9153	High Pressure Pump Safety Cutout Switch Replacement	Work completed in-house. Project Complete.	28,700	11,233	11,233	-
Complete	9161	Digester #3 Cleaning	Combine w/CIP #9012; Clean Digester #3 to facilitate effective solids treatment and provide access for Digester #3 Rehabilitation and Upgrade project (CIP 9012). Includes purging of Digester #1, screened transfer of contents from Digester #3 to Digester #1, and disposal of screenings and Digester #3 residual contents.	-	-	-	-
Complete	9162	Digester Mix System Improvements	Combine w/CIP #9012; Replace three existing Digester Mixing Pumps with three screw centrifugal pumps and one spare to improve pumping and digester operation and reduce maintenance. The work is included with the Digester #3 Rehabilitation and Upgrade Project (CIP 9012).	-	-	-	-
Complete	9166	Digestion System Enhancements	Combine w/CIP #8021 and transfer budget. Upgrade existing digestion system to allow enhanced operation with three primary digesters in service. Enhancements include a third heat exchanger and replacement of the aging sludge recirculation pumps for all three digesters.	-	-	-	-
Complete	9182	Property Acquisition	Per Engin 7/16, Transfer costs to Proj 264	-	2,540,000	2,540,000	(0)
Complete	9191	Cathodic Protection at WWTP	This project replaces the worn out Plant rectifier for cathodic protection on the influent and effluent pipes. Delete project from CIP; work done in house.	-	130,000	-	-
Complete	9201	Dimminutor procurement and installation	Purchase and install 2 dimminutors for each MPPS and SCPS. Purchase 1 spare for emergency installation. Budget allocated out of 9152	-	334,814	374,323	374,442
Complete	9203	Central Chillers Replacement	Existing Chillers 1 and 2 are undersized and have reached the end of their useful lives and provide no redundancy. Chiller #1 has stopped functioning and is no longer serviceable. This project replaces the two chillers with three new chillers, providing one for redundancy and greatly enhancing reliability. Budget allocated out of 9152	-	996,448	1,109,003	1,109,003
Complete	9204	MPPS Concrete Repair	Severe corrosion and spalling concrete have been witnessed at the Menlo Park Pump Station, compromising the integrity of the structure and posing a safety hazard to SBSA Utility Workers. This project will also remove the chemical storage tanks, piping, and pumps that are no longer used. Budget allocated out of 9152	-	68,155	68,155	68,155
Complete	9211	Secondary Clarifier 6" Water Line Replacement	Replace the 6-inch water line situated on the eastern wall of the secondary clarifiers under the Activated Sludge Automation project. Project pulled from CIP #9152.	-	70,000	59,496	59,496
Complete	9213	Area Lighting	Replacement of Plant area lighting to LED lights by in-house staff and broken out from CIP #9152.	-	56,000	55,547	68,415
Complete	9227	Sodium Bisulfite Tank Alarms & Controls	Provide additional level indicating device, alarms for chemical loading, and controls for heat trace equipment. Currently the 4 tank system has only a single LIT; for safety and critical process control, a redundant LIT is needed. Project will also install visual and audible alarms.	-	-	-	-
Complete	9801	12 kV Primary Switchgear Replacement	Replace primary switchgear due to existing one's obsolescence. Project includes full enclosure and SCADA connection, cabling to T1&T2. Join CIP #s 9801 through 9804 into a larger Power Reliability Improvements project.	-	-	3,152,470	3,188,875
Complete	9802	Motor Control Center P-1,2,3, &4 Replacement	Replace all main Motor Control Center Panels P1 through P4 which have reached the end of their useful lives. Join CIP #s 9801 through 9804 into a larger Power Reliability Improvements project.	-	-	3,130,760	3,160,662
Complete	9803	Electrical System Redundancy	Replace Power Distribution Panels PD1 and PD2 due to obsolescence. Includes tie-breakers for flexibility between T1 and T2. Join CIP #s 9801 through 9804 into a larger Power Reliability Improvements project.	-	-	3,134,080	3,163,940
Complete	9805	Cogeneration System Connection to Primary Switchgear	Work completed under Power Reliability Improvements (9801 to 9804). Project Complete.	-	800,000	3,429	-

**SVCW Capital Improvement Program  
CIP Project Status - COMPLETED**

28-Nov-17

Project Phase	Project No.	Project Name	Project Description/Status	2008 CIP (Original, 2007 \$s)	2013 CIP Update (2010 \$s)	2015 CIP Update (2015 \$s)	Actual Spent thru November 2017
Complete	9804	Standby Power Upgrade	Install new standby bus for P1 through P5. Including new ATS's and cabling to P-6 and 2 new standby generators rated at 1MW each. Join CIP #s 9801 through 9804 into a larger Power Reliability Improvements project.	-	-	3,412,623	3,506,324
<b>TOTALS - COMPLETED PROJECTS</b>				<b>\$45,130,636</b>	<b>\$124,064,488</b>	<b>\$138,476,806</b>	<b>\$136,636,101</b>

**SVCW Capital Improvement Program  
CIP Project Status - IN CONSTRUCTION**

28-Nov-17

Project Phase	Project No.	Project Name	Project Description/Status	2008 CIP (Original, 2007 \$s)	2013 CIP Update (2010 \$s)	Amended 2015 CIP Update (2015 \$s)	Actual Spent thru November 2017
Constr	6003	Influent Force Main Emergency Repair	As-needed repairs if leaks in the influent force main occur.	\$ 2,145,000	\$ 3,645,000	\$ 3,840,157	2,751,562
Constr	6012	Effluent Pipeline and Outfall Reliability Improvement	Improve reliability of Effluent Pipeline and Outfall, which have historically experienced leaks	-	12,450,438	\$ 10,063,562	11,183,104
Constr	7012	Pump Stations Processor Upgrade & T-1 Transition for Primary Communications	Install new PLC processors for existing Pump Station Controls	-	-	\$ 298,151	174,835
Constr	8007	Primary Sedimentation Control System	Install basic PLC and Communication equipment, conduit and primary sensing devices for primary sedimentation tanks. Do as part of SPA project	3,245,100	2,899,640	\$ 5,592,029	6,520,861
Constr	8018	Gravity Thickener Process Automation	Install basic PLC and Communication equipment, conduit and primary sensing devices in thickener area. Part of SPA project.	2,105,800	4,285,314	\$ 6,425,219	8,095,415
Constr	8021	Anaerobic Digestion Process Automation	Automate digester process. Part of SPA project.	2,589,600	8,882,096	\$ 9,701,615	8,063,624
Constr	8023	SCADA/Auto Response to Plant Alarm Conditions	Planning and programming effort to maintain reliability while reducing labor demand. Requires Automation Program and Communications Upgrade to be completed.	1,446,700	1,255,286	\$ 744,749	226,449
Constr	8025	No. 3 Water Control System	Install basic PLC and Communication equipment, conduit and primary sensing devices for #3 water system.	111,700	225,000	\$ 231,430	44,006
Constr	8036	Automation System Integration - SRF Funded	Use funding for global automation tasks funded by SRF loan program	-	416,545	\$ 445,294	137,436
Constr	8038	Process Return Flow Meter and Sampler Installation	Install flow meters and samplers on small side streams to be able to monitor and track these flows. Project is being installed in-house.	-	357,500	\$ 382,370	188,440
Constr	9014	Process Tanks Concrete and Steel Protective Coatings Replacement	Replace coating in PEC and PST 1&2 (1st phase). Add FFR Wet Pit to project scope. Do with CIP #9127.	-	-	\$ 5,293,542	3,977,302
Constr	9015	Hypochlorite Dosing System Rehabilitation Automation	Replaces pipe, valves, pumps, manifold to allow chlorination for disinfection & odor control; work done in house. Current project replaces the two tanks with double-walled tanks.	372,900	1,350,000	\$ 820,044	616,146
Constr	9034	Electrical Conductor Replacement - MCC Room to Wetside/Dryside Loads	Multiple year project to replace old and corroded electrical cabling throughout the Plant.	4,903,500	2,400,000	\$ 2,791,033	308,844
Constr	9067	Dewatering Process Control System Upgrade	Work being completed under CIP #8021, SPA project. Adds new SCADA View at existing location, programming for cutover of new controls. Delete budget from this project.	108,400	-	\$ -	-
Constr	9080	Primary Sedimentation Tanks Collector System Replacement	Replace or rebuild collector drive system, including chains and filghts; one tank every 2 years.	1,929,100	1,929,100	\$ 4,309,732	3,680,088
Constr	9096	Plant Architectural Painting	Plant-wide painting including pumps, piping, equipment and structures. Painting necessary to prevent corrosion & for longevity of Plant's assets.	1,564,900	1,564,900	\$ 1,813,307	388,692
Constr	9118	SCADA Integration with Integrated Business Management System	Information Management System and SCADA to be tied together for asset management and maintenance scheduling.	481,000	2,168,560	\$ 2,458,093	2,026,758
Constr	9128	PST 3 & 4 Protective Coatings	Complete with 9080 - PST Collector System Replacement	714,150	714,150	\$ 2,869,160	2,688,254
Constr	9131	Plant Service Road Resurfacing- Phase 2	Plant site grading and paving.	1,089,000	821,310	\$ 1,066,488	309,083
Constr	9152	Small Capital Equipment Replacement	Ongoing replacement of equipment for maintenance needs throughout plant	3,714,000	1,954,500	\$ 2,238,071	1,233,502
Constr	9164	Dewatering and Solids Handling Improvements - Phase I	Recommendations from the Biosolids Master Plan for dewatering improvements.	-	3,897,253	\$ 5,565,212	6,381,768
Constr	9177	Implement Security Plan Enhancements	Implement enhancements outlined in Security Document; conjoin with capital improvements as they are being implemented.	-	1,920,000	\$ 1,165,990	526,952
Constr	9188	DMF Underdrain Access Hatches	There is no access point to the DMF underdrains. This project will provide such access.	-	105,600	\$ 116,871	2,307
Constr	9214	Alternate Bisulfite Injection Point	Provide an alternate bisulfite injection point in order to reduce the chance of permit violation	-	423,660	\$ 457,631	10,519
Constr	9222	Dual Media Filters 6A and 6B	Construct two new Dual Media Filters and associated valves and piping. Work is being performed as a CCO by ERS.	-	3,452,571	\$ 2,053,201	935,671
Constr	9226	DMF Platforms	Construct platforms for access to maintain valves in the DMF Gallery. Currently the valves are not accessible. Do work as a CCO to DMF 6A & 6B construction project (CIP #9222)	-	-	\$ 155,490	-
Constr	9228	Diesel Pump Upgrade	Relocate and replace diesel pumps and generator day tanks.	-	-	\$ 879,178	551,609
Constr	9231	BioforceTech Dryer System	Work with BioforceTech for half-scale biosolids drying Facility. SVCW to provide suitable site and utilities; Bioforce Tech to construct and operate. Tipping fee will be established based on this relationship.	-	-	\$ 2,048,637	1,091,430



**SVCW Capital Improvement Program  
CIP Project Status - IN CONSTRUCTION**

28-Nov-17

Project Phase	Project No.	Project Name	Project Description/Status	2008 CIP (Original, 2007 \$s)	2013 CIP Update (2010 \$s)	Amended 2015 CIP Update (2015 \$s)	Actual Spent thru November 2017
Constr	9806	Wetside Redundant Power Improvements	Addition of two standby power generators to PDP2 switchgear. In order to save monies, PDP2 was constructed to be completely ready for new generators and was originally proposed to allow existing generators to backfeed through existing primary transformers T1 and T2. Concerns raised during the Rule 21 process caused this plan to be superceded with standalone generators.	-	-	\$ 2,941,000	7,329,194
Constr	9808	In-Plant Power (12kV) Rehabilitation	Repair of 12 kV settling between Control Building and Solids Handling Building.	-	-	\$ -	373
<b>TOTALS - PROJECTS IN CONSTRUCTION</b>				<b>\$ 26,520,850</b>	<b>\$ 57,118,423</b>	<b>\$ 76,767,255</b>	<b>\$ 69,444,224</b>

**SVCW Capital Improvement Program  
CIP Project Status - PLANNING & DESIGN**

28-Nov-17

Project Phase	Project No.	Project Name	Project Description/Status	2008 CIP (Original, 2007 \$s)	2013 CIP Update (2010 \$s)	Amended 2015 CIP Update (2015 \$s)	Actual Spent thru November 2017
Planning	6004	Flow Equalization Facility	Build wet weather and diurnal storage facilities on plant property	\$8,981,300	\$28,600,000	\$ 18,171,592	654,720
Planning	6006	Conveyance System CEQA	Project Development, CEQA, and Planning for the Conveyance System Project Elements	-	839,000	\$ 5,100,580	4,471,052
Planning	6008	Tunnel and Gravity Pipeline	Installation of gravity pipeline, using tunneling construction methods for conveying wastewater to the plant.	-	63,190,000	\$ 220,007,111	11,404,010
Planning	6010	Force Main Conveyance System Program - General Support	Provides support and funding for general requirements of projects contained within the Conveyance System Program.	-	200,000	\$ 208,810	211,073
Planning	6013	Receiving Lift Station	Construct new pump station to lift flow out of the gravity pipeline and into headworks of the plant.	-	-	\$ 50,573,002	4,224,126
Planning	6014	Influent Connector Pipe	Install new pipeline that connects headworks process to current plant influent.	-	-	\$ 9,081,206	719,048
Planning	7004	Menlo Park Pump Station Rehabilitation	Replace Menlo Park Pump Station to accommodate future Conveyance System needs	5,454,200	10,900,000	\$ 23,847,974	197,993
Planning	7005	Redwood City Pump Station Rehabilitation	Replace Redwood City Pump Station to accommodate Conveyance System needs	23,400,000	25,140,000	\$ 30,216,325	3,822,787
Planning	7008	Belmont Pump Station Rehabilitation	The existing pump station is at the end of its useful life. This project will replace the pump station equipment at the same location with details to be identified upon completion of the Conveyance System Program planning under Alternative 4BE. In the interim, until new pump station is constructed or deemed unnecessary, this project will fund necessary maintenance.	14,872,000	-	\$ 10,106,624	33,725
Planning	7009	Pump Stations Program - General Support	Provide general support to the Program Manager and in support of the overall pump station program.	-	400,000	\$ 426,505	162,104
Planning	7011	Belmont Force Main	Construct Pipeline between Belmont Pump Station and San Carlos Pump Station location.	-	22,022,000	\$ 3,308,933	350,314
Planning	9017	Plant #1 Water System Pipe Repair and Supply Upgrade	Rehabilitate potable water system: replace air gap tank or install backflow preventer, hydropneumatic tank, and pumps.	148,400	365,474	\$ 456,925	467,458
Planning	9033	Future Plant Electrical System Panel Replacement	Complete replacement and addition of additional panels and subpanels	5,748,600	5,570,322	\$ 6,357,363	4,017,477
Planning	9097	Plant Deck Re-coating	Add painted walkway and H2O rated hatch covers for pedestrian/cart access under the Plant Control building. Some hatches replaced under other CIP projects.	179,400	179,400	\$ 209,376	2,685
Planning	9102	Storm Drain System Improvements and Maintenance Wash Rack	Replace the last existing stormwater pump with a submersible pump and install 400' of buried 6" C900 PVC pipe and control valves to deliver storm water to the influent junction box or storm lagoon. Construct new wash rack to facilitate ability to clean equipment for maintenance overhauls. Includes upgraded electrical and control system. These two items occur in the same Plant area; stormwater PS work complete; wash rack not complete.	482,100	482,100	\$ 211,947	108,287
Planning	9105	Document Management System	Phase 2 of the IMMS; use for CIP information management.	1,995,500	1,995,500	\$ 2,318,059	643,528
Planning	9107	CCT Concrete and Steel Protective Coating Replacement	Recoat walls and Ceiling of CCT	4,807,400	4,901,400	\$ 5,719,970	513,936
Planning	9120	RAS Pump Suction Pipe Replacement	Slip-line the in-slab pipe. The high content of solids in sludge piping wears the pipe out over time; the RAS piping is thin due to the continued abrasion of the sludge transported through it.	511,800	311,800	\$ 362,864	55,095
Planning	9144	Solids Handling Program - General Support	Project provides support and funding for general requirements of projects contained within the Solids Handling Program through the life of the CIP.	-	100,000	\$ 141,165	249,312
Planning	9145	Plant Energy System Program - General Support	Provides support and funding for general requirements of projects contained within the Plant Energy System Program.	-	75,000	\$ 87,192	64,082
Planning	9160	WWTP Headworks and Screening Facility	Project provides for a new headworks and screening facility at the WWTP. Pump station predesign efforts will take headworks needs into account.	-	16,422,000	\$ 43,011,190	1,265,471
Planning	9169	Dewatering and Solids Handling Improvements - Phase II	Implement the dewatering improvements recommended by the Biosolids Master Plan, including replacing the existing centrifuge with a third rotary press. Timing is dependent upon several projects currently being considered (Food Waste, Bioforce Tech, future Plant loadings) and when Operations require redundancy.	-	1,123,200	\$ 1,443,215	227,674

**SVCW Capital Improvement Program  
CIP Project Status - PLANNING & DESIGN**

28-Nov-17

Project Phase	Project No.	Project Name	Project Description/Status	2008 CIP (Original, 2007 \$s)	2013 CIP Update (2010 \$s)	Amended 2015 CIP Update (2015 \$s)	Actual Spent thru November 2017
Planning	9175	Security Program for New Conveyance System Pump Stations	Conduct an evaluation of the security and monitoring needs (required and optional) to be designed into the new conveyance system pump stations. The goal is to have a list of design criteria to give to the pump station design firm to ensure consistency of security equipment and controls. This project will investigate remote monitoring alternatives desired for operational needs. The project includes SVCW making decisions on security equipment, software and integration into the plant data system assuming this project will be conducted before the Plant Security Assessment and Plan project.	-	200,000	\$ 15,113	(0)
Planning	9176	Plant Vulnerability Assessment and Security Plan	Conduct a Site Vulnerability Security Assessment and prepare a Security Plan. This is to identify the security needs at the plant based on potential for vandalism and the planned elimination of night time staffing. This plan will incorporate the decisions made in the Pump Station Security Program (CIP #9175) for software, I/C, and overall network controls. Additional hardware and equipment specific to the plant will be evaluated.	-	250,000	\$ 66,986	-
Planning	9189	DMF Pump and Discharge Piping Replacement	Replace motors and drives on DMF Pumps.	-	858,000	\$ 1,793,236	22,973
Planning	9215	Digester #1 Rehabilitation	Repair of coatings and structural elements in Digester #1. Project includes replacement of the two mix nozzles, two wall penetrations and the upper and lower vertical mix pipe manifold as previously included in CIP #9170. Also include interior coating of 24-inch horizontal mix piping as previously included in CIP #9171.	-	2,000,000	\$ 2,161,884	45,162
Planning	9223	Final Effluent Pump Replacement	Increase the capacity of the final effluent pumps to be able to discharge 80 mgd	-	2,301,714	\$ 2,484,794	97,693
Planning	9224	FEP Connection to Chlorine Mix Box	Provide pipeline to connect effluent pumps to the chlorine mix box to improve plant hydraulics and chlorine contact time	-	200,000	\$ 216,219	2,349
Planning	9232	Long Term Strategic Recycled Water Planning	SVCW would begin collaboration with outside stakeholders for long-term planning of recycled water expansion as a drought proof water supply, explore IPR/DPR treatment requirements etc. Budget is for staff time to attend meetings and begin long-term planning, plus work with consultants on conceptual studies. No construction dollars are included. Large scale expansion of recycled water treatment may offset dollars spend on future nutrient removal compliance	-	-	\$ 532,137	202,150
Planning	9236	CEC-SAF-MBR	Build a pilot facility using CEC grant monies and in-kind services using a new treatment process developed at Stanford University. The process is called Staged Anaerobic Fluidized-Bed Membrane Bioreactor (SAF-MBR). This process could facilitate nutrient removal, recycled water production and, possibly, replace SVCW's secondary treatment processes. Up to \$500,000 was approved by the Commission for funding this project; monies will be allocated from CIP #9232, Long Term Strategic Recycled Water Planning.			\$ 500,000	2,628
Design	9168	Thickening Improvements - Phase I	Rehabilitate Thickeners 2 and 3	-	2,808,000	\$ 1,448,690	401,235
Design	9186	Replacement of Aeration Blowers	The 2010 FFR preliminary design report evaluated the existing blowers and indicated an additional 10 years life remain if the units are maintained well and ventilation is added to the room. Project added in 2012 Update; use project as a placeholder for future replacement and for change to mixers inside the ABs.	-	4,290,000	\$ 4,750,568	586,174
Design	9206	Site Waste Piping and Pump Replacement	Replace discharge piping and header and add one new pump due to significant number of leaks in the system.	-	99,528	\$ 109,901	9,172
Design	9220	Aeration Basin Venturi Removal	Remove a bottleneck to allow peak flow of 80 mgd	-	1,150,857	\$ 1,243,488	19,033
Design	9229	Food Waste: Receiving Station and Digester Improvements	Plan, Design and Construct Receiving Station for Accepting Food Waste from SBWMA. Project would include new receiving station and interconnection to Digesters	-	-	\$ 14,330,203	1,198,580
<b>TOTALS - PROJECTS IN PLANNING &amp; DESIGN</b>				<b>\$66,580,700</b>	<b>\$196,975,295</b>	<b>\$461,021,145</b>	<b>\$36,453,104</b>

Note - \$0 values where project did not yet exist in the identified CIP, was deleted, or was merged with another project

**SVCW Capital Improvement Program  
CIP Project Status - REMAINING**

28-Nov-17

Project Phase	Project No.	Project Name	Project Description/Status	2008 CIP (Original, 2007 \$s)	2013 CIP Update (2010 \$s)	Amended 2015 CIP Update (2015 \$s)	Actual Spent thru November 2017
Project On Hold	9071	Plant Gallery Floor and Wall Crack Sealing	Seal gallery floors to prevent infiltration of GW. Unplug in-slab drain pipes.	250,000	484,832	561,364	129,652
Project On Hold	9113	Evaluation of Plant Underslab Piping	TV or otherwise investigate various piping embedded in concrete throughout the Plant	371,800	371,800	434,129	-
Project On Hold	9192	Drying Beds Northern Expansion	Expands the drying bed to the north with a new 3-acre bed.	-	1,656,000	37,337	124,907
Project On Hold	9400	Nutrient Removal	Placeholder for facilities required to remove nutrients (nitrogen and phosphorous) to meet future regulations.	-	-	103,636,229	649,490
Project Not Started	8045	System Integrate: Pump Station Security into WWTP Controls	This project is for the system integration of the pump stations' security systems into the WWTP control system. The project budget assumes 1) that all the security costs associated with specific pump station design and installation of equipment will be included in specific pump station rehabilitation projects and 2) the costs for security control equipment at the WWTP is included in new CIP #9177.	-	150,000	175,146	-
Project Not Started	9041	Underground Fuel Tank Replacement	Future Underground Storage Tank regulations may require removal of this tank. Remove 15,000 gallon underground fuel (diesel) tank and replace with a tank that meets regulatory requirements when necessary. Electrical costs include conduit and wiring for new underground tank leak detection equipment necessitated by moving the tank.	458,000	458,000	534,779	-
Project Not Started	9084	Seismic Upgrade - DMF 42" Effluent Piping	Install lateral bracing on the DMF 42" effluent piping. (Seismic Improvement Program No. P14).	167,300	167,300	195,346	2,062
Project Not Started	9093	Headworks Odor Control	Cover grating and open areas, treat odorous air.	929,500	929,500	1,085,321	-
Project Not Started	9094	Thickener Overflow Line Butterfly Valve Replacement	The butterfly valve is worn and no longer working as it is intended.	28,300	28,300	-	-
Project Not Started	9171	Interior Coating of Horizontal Influent 24" Mix Pipes for Digester 3	The Horizontal 24" Mix Pipe Lines were inspected in 2009 and minimal reduction in pipe thickness was noted and the pipes were placed back into service. It was noted that the coating was peeling off in places so this project will inspect the pipes next time the digesters are taken down for maintenance and replace interior coating and corroded piping as needed. Digester 2 piping replaced under CIP #9095. D1 piping to be included with CIP #9215, Digester 1 Rehabilitation. D3 piping remains to be replaced.	-	100,000	116,764	-
Project Not Started	9172	Thickening Improvements - Phase II	Gravity Belt Thickeners were installed under CIP #8018, Thickening Automation in 2014-2015. If and when flows and loadings increase, Phase II will install one or more GBTs. This is a project placeholder and not currently funded.	-	2,808,000	-	9,118
Project Not Started	9173	Dewatering and Solids Handling Improvements - Phase III	Implement the dewatering improvements recommended by the Biosolids Master Plan, including installation of a fourth rotary press.	-	1,123,200	1,311,493	-
Project Not Started	9174	Digester Supernatant Piping Upgrades	The existing supernatant piping only allows for supernatant to Digester 3 from Digesters 1 and 2 and there is no passive overflow system at any of the Digesters. This project will investigate the future need for additional supernatant piping and alternative destinations for receiving supernatant flow. The project cost assume \$50,000 for the evaluation and a placeholder of \$250,000 for implementation.	-	300,000	350,292	-
Project Not Started	9185	Water Cannons at Aeration Basins	Provide 3W piping and appurtenances required to supply high volume, high pressure water for aeration basin wash-down.	-	107,250	118,783	-
Project Not Started	9187	Secondary Clarifier Weir Washers	Install weir washers on secondary clarifier weirs to facilitate routine daily washing and in support of eventual single shift operations and maintenance.	-	248,820	275,576	-
Project Not Started	9196	Electronic O&M Manuals	Develop Electronic O&M manuals to replace existing paper manuals. Extent of e-manuals will be determined to coincide with full plant automation requirements.	-	1,000,000	1,036,600	-
Project Not Started	9197	In-Plant Recycled Water System Expansion	Expand the recycled water pipeline installed under CIP 9018 to supply cooling water to the new emergency generators in the SHB and the new chillers in the Thickener gallery.	-	231,660	256,570	2,750
Project Not Started	9212	Security Arm Gates	Install security lift arm gates to block access to cars from areas of the plant past the parking lot.	-	80,000	86,488	-

**SVCW Capital Improvement Program  
CIP Project Status - REMAINING**

28-Nov-17

Project Phase	Project No.	Project Name	Project Description/Status	2008 CIP (Original, 2007 \$\$)	2013 CIP Update (2010 \$\$)	Amended 2015 CIP Update (2015 \$\$)	Actual Spent thru November 2017
Project Not Started	9225	DCP2 Processor Upgrade	DCP2 Control Logix Upgrade (Dual Chassis) for central data collection and Critical Alert Alarm (CAA) system monitoring and management. The current system is beyond it's useful life and has no redundancy.	-	-	107,599	-
Project Not Started	9233	Strategic Technology Testing Assistance	Set aside a small project budget to assist with future possible pilot studies. Do not fund project at this time.	-	-	-	-
Project Not Started	9235	Digester Gas Storage	Construct storage for digester gas gas equalization in support of optimizing the cogeneration engine operation/electricity output. Gas production expected to rise with introduction of co-digestion materials (food waste and FOG)	-	-	1,451,240	-
Project Merged	6005	Influent Force Main - Rehabilitation or Parallel	Project redefined into pipeline segments; retire this CIP #. Repair and Replacement work on the SBSA Force Main as joints fail (start to leak). The force main has approximately 4,000 single "O" ring bell and spigot joints while the entire pipe rests in bay mud and moves constantly.	125,053,500	2,786,934	3,031,955	3,031,955
Project Merged	8014	Primary Sludge Piping System Valve Automation	Install valve actuators and new valves as needed to facilitate automation of the primary sludge system. Delete project and merge with 8007.	281,700	-	-	-
Project Merged	8024	Thickening Pump #1-6 Remote on / off / speed controls	Combined with Thickener Automation (CIP 8018) via SPA project. Includes effort for motor replacement.	360,600	10,978	26,869	0
Project Merged	8030	Automation: Instrumentation & SCADA Program - General Support	Provides support and funding for general requirements of projects contained within the Energy and Automation Program. Do not fund project in 2015 Update	-	670,509	433,801	459,052
Project Merged	8037	Automation System Integration - Bond Funded	Pulls out global automation programming tasks being completed by B&V into SRF or Bond funded categories.	-	620,260	9,384	-
Project Merged	9103	Landscape Impoundment Improvements	Project is slated to provide improvements to the impoundment. Work in addition to what was originally intended may be done for future Plant process needs.	269,100	269,100	\$ 256,951	31,742
Project Merged	9108	Scum Flowmeter	Combined with Thickener Automation (CIP 8018).	29,200	-	-	-
Project Merged	9124	Biosolids Master Plan	Master plan for handling, hauling and disposal/reuse of biosolids.	6,373,600	694,523	0	0
Project Merged	9165	Seismic Upgrade of Digester Mix Room and Boiler Room Piping	Do work under SPA project, CIP # 8021.	-	111,500	-	-
Project Merged	9205	1406 Radio Road Property Improvements	Provide for general improvements at the newly purchased property at 1406 Radio Road	-	1,135,000	121,550	121,500
Admin	9078	10-Yr CIP Program Annual Updates	Update the 10-Year CIP and costs annually or as needed to ensure that projects are scheduled and funds are available each year	180,000	300,000	348,705	81,059
Admin	9130	Capital Improvement Engineering	Funds staff required to coordinate and implement the Capital Improvement Program.	7,000,000	7,000,000	13,349,767	386,542
Admin	9158	CIP Financial Assistance	State Water Resources Control Board SRF construction loan assistance. Funding received for Admin Building and WWTP Improvements and planning loan for Conveyance System. Future applications will be submitted for Conveyance System and Future Treatment Plant projects. Budget includes ongoing compliance with loan requirements.	-	1,000,000	1,165,569	42,712
Admin	9159	OCIP Funding	Repository for funding the OCIP and payment to Aon for management of the program for first five years. New OCIP program being evaluated in 2015.	-	6,000,000	6,217,403	51,227
Admin	9184	LOC Funding - Phase I	Fees for setting up and managing LOC with Bank of the West. Process complete.	-	105,431	11,124	(0)
Admin	9209	LOC Funding - Phase II	Initial Set-up and Annual fee for LOC with Wells Fargo as of 2015.	-	120,000	129,731	-
<b>TOTALS - REMAINING PROJECTS</b>				<b>\$141,752,600</b>	<b>\$31,068,897</b>	<b>\$136,873,865</b>	<b>\$5,123,767</b>

Note - \$0 values where project did not yet exist in the identified CIP, was deleted, or was merged with another project

Commissioners' Requested Action Items  
Updated: 11/28/2017

Commission Meeting Date		Action Item	Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
12/14/2017	1	Change Design-Build Policy to reflect a sunset date of December 31, 2024 to current amount of \$300k Manager-authorization level for construction change orders unless extended by the Commission at a later date	12/14/2017			✓		Changes made to Approved Resolution
11/9/2017	1	Prepare and install signage for Front of Plant area describing what's occurring for public	N/A			✓		Sign designed and installed.
10/5/2017	1	When SVCW can begin exporting power to grid, make public for positive public relations standpoint	N/A		✓			While this is a good opportunity for positive public relations, it will take many months and maybe years to reach the point that SVCW is routinely exporting power. Updates will be provided to the Commission until the program is implemented.
	2	Project delay costs	N/A	✓			Ongoing	It was noted that project delays can cost upwards of \$1M/month; remind the Commission of this if staff sees the possibility of project delays.
9/14/2017	1	Add Consent Item re: payment to Mobile Modular	10/5/2017			✓	10/5/2017	Payment to Mobile Modular in the amount of \$68k was included in an Action at the November Commission meeting.
	2	Begin process to get onto City's and WBSD's Board meetings' calendars to discuss upcoming bond issuance.	9/20/2017			✓	10/5/2017	Council and Board meeting calendars fill up quickly; to ensure SVCW's bond issuance is considered by each member agency, issue a memo/email to each to get onto December calendars.
	3	Provide recommendation on increased Manager-authority for two Design-Build projects	12/14/2017			✓	12/14/2017	Included in Agenda action on 12/14/2017
8/10/2017	1	CalPERS Subcommittee formation	9/14/2017		✓			Subcommittee formed consisting of Commissioner Otte and Commissioner Grassilli. Meetings to be held prior to budget preparation for FY2018/2019.
	2	Operating Budget/Staffing	4/1/2018		✓			Ensure SVCW's salaries and benefits maintain competitive with the industry in the development of next FY's budget, especially as it reflects the challenge of hiring engineering or other hard to find/keep staff.
7/13/2017		No new items at this meeting						
6/8/2017	1	Public Policy	7/13/2017			✓	8/10/2017	Letter sent to Congresswoman Eshoo on 08/10/2017.
5/11/2017	1	Progressive Design-Build	5/18/2017			✓	5/15/2017	Sent a link of the Requests for Qualifications to Commissioner Otte.
4/13/2017	1	Progressive Design-Build	11/9/2017			✓	11/9/2017	Selection of Progressive Design-Build Firms for Front of Plant and Gravity Pipeline projects complete.

Commissioners' Requested Action Items  
Updated: 11/28/2017

Commission Meeting Date		Action Item	Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
	2	CIP Project Public Outreach Efforts	NA	✓				Continue comprehensive public outreach efforts with regular project updates to the public and implement webcam(s) at project site(s).
	3	Management Personnel Performance Pay Policy	NA	✓				Updated the Performance Pay Policy to meet CalPERS standards and requirements including update of annual Performance Evaluation forms to meet same. Present to Commission as part of the approval of the publish annual consolidated pay schedule to be publicly posted. Subsequently rejected by CalPERS and Commission sub-committee formed to address future of program
3/23/2017	1	Long Term Compensation Stability Program/Policy	4/1/2018		✓			Develop methodology for regular updates to compensation schedules with defined increases and practices to insure SVCW compensation stays current with local trends and practices to maintain Authority competitiveness in the marketplace. Develop for Commission approval to facilitate inclusion in the FY 18/19 budget/salary process.
	2	Manager Performance Evaluation	4/13/2017			✓	7/13/2017	Manager provided self evaluation and blank performance evaluation forms to Commissioners at the April meeting; Commissioners have sent their evaluation of Dan's performance directly to Commissioner Seybert. Commission met with Dan on June 8, 2017 and discussed the performance evaluation and compensation.
2/9/2017	1	Provide PIN and keycards to Commissioners	3/23/2017			✓	2/15/2017	Provided to Commissioners at the February meeting.
	2	Compensation Study	3/23/2017			✓	3/23/2017	Report complete and accepted by the Commission.
	3	March meeting agenda	3/17/2017			✓	3/23/2017	Kept agenda items to a minimum and/or on Consent Calendar due to budget focus.
1/12/2017	1	CalPERS actions on performance pay	Ongoing	✓				Keep all persons who received a letter from CalPERS regarding the eligibility of their Performance Incentive Pay for retirement benefits informed of the status of the proceedings and what actions the Commission is taking in SVCW's argument that the payments are eligible for CalPERS retirement benefits. This is anticipated to be a long lasting ordeal and multiple updates will be provided as information becomes available. A hearing was held with an Administrative Law Judge on July 10, 2017. The Judge's ruling against SVCW's argument was received in early November and the Commission has authorized further legal action.

Commissioners' Requested Action Items  
Updated: 11/28/2017

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
	2	SVCW Financial Reports	2/9/2017	✓		✓	2/9/2017	Send warrant registers for review by Commissioners via email prior to Commission meeting they will approve them at. Do not send hard copies with agenda packet.
	3	SRF Funding	<1/30/2017			✓	1/19/2017	Sent a letter from the Commission to state legislatures for SRF funding prior to January 30th meeting w/SWRCB
	4	Long Term Financial Plan	2/9/2017			✓	2/9/2017	Added statements to LRFP re: debt and generational equity; and re: debt interest due to not having \$ for pay-as-you-go.
	5	CIP Funding	Winter 2018			✓	11/9/2017	Presented a recommendation to Commission re: timing for bond issuance. Issuance expected in Winter 2018.
12/8/2016	1	Prepare discussion re: financing the CIP (bonds/no bonds)	1/12/2017			✓	1/12/2017	Preliminary discussion with the Long Range Financial Plan presented in January 2017.
> One Year	1	MOU Negotiations	NA		✓			From 06/19/2016 Meeting: When MOU negotiations occur, present status updates to the Commission - anticipated in spring 2018.
	2	Greendale property construction progress	2/1/2018		✓			Work is expected to be complete by February 1, 2018. Additional costs are being tabulated on a direct time and materials basis with no mark up by contractor.



**MINUTES OF SILICON VALLEY CLEAN WATER  
REGULAR MEETING – DECEMBER 14, 2017  
8:00 a.m.**

**ITEM 1**

**CALL TO ORDER**

Commission Chair Seybert called the meeting to order at 8:00 a.m.

**ITEM 2**

**ROLL CALL - Commissioners Duly Appointed by Each Agency**

Council Member John Seybert, Redwood City – Chair  
Council Member Warren Lieberman, PhD., Belmont– Vice Chair  
Mayor Robert Grassilli, San Carlos – Secretary  
Board Member George S. Otte, P.E., West Bay Sanitary District

**Staff, Consultants and Visitors Present**

Christine C. Fitzgerald, SVCW Legal Counsel  
Daniel T. Child, SVCW Manager  
Teresa Herrera, SVCW Assistant Manager / Chief Engineering Officer  
Matt Anderson, SVCW Chief Financial Officer / Administration Manager  
Monte Hamamoto, SVCW Chief Operating Officer  
Arvind Akela, SVCW Senior Engineer  
Bill Bryan, SVCW Senior Engineer  
Bruce Burnworth, SVCW Senior Engineer  
Eric Hansen, SVCW Senior Engineer  
Jennifer Flick, SVCW Human Resources Director  
Linda Bruemmer, SVCW Administrative Services Director  
Robert Huffstutler, SVCW Operations Director  
Ilana Schmidt, SVCW Administrative Assistant  
E.J. Shalaby, DNS Strategic Partners, LLC  
Carolyn Kerans, City of Redwood City  
Molly Flowerday, City of Redwood City  
Bill Tanner, Tanner Pacific, Inc.  
Aren Hansen, Brown and Caldwell  
Mark Minkowski, Kennedy/Jenks  
Sheldon Chavan, Chavan and Associates

**ITEM 3**

**PLEDGE OF ALLEGIANCE**

Linda Bruemmer, SVCW Administrative Services Director, led those attending the meeting in the recital of the Pledge of Allegiance.

#### **ITEM 4**

##### **PUBLIC COMMENT**

There was no Public Comment.

Commission Chair Seybert requested a moment of silence to honor the unfortunate loss of former Belmont Mayor, Mr. Eric Reed. Commissioner Lieberman emphasized the importance of treasuring the people in our lives because one never knows when something may happen.

#### **ITEM 5A**

##### **SAFETY MOMENT**

Mr. Child discussed safe driving during the holidays.

#### **ITEM 5B**

##### **MANAGER'S REPORT**

SVCW Events: Mr. Child thanked those who attended Linda Bruemmer's Retirement Lunch as well as SVCW's Annual Holiday Potluck. Mr. Child emphasized how much it means to employees that Commissioners take time out of their busy schedules to attend.

Employee Benefits Insurance Carrier Change: Mr. Child informed the Commission that a new broker has been selected, Shepherd & Associates. Commissioner Grassilli asked if there was an RFP or RFQ and Mr. Child replied that the Agency was approached and from there sought out other quotes. Mr. Child says this plan will save approximately \$50,000 a year and covers employee's dental, vision, AD+D (accidental death and dismemberment) and long-term disability insurance needs.

Recycled Water: Mr. Child said that at the January meeting staff plans to present the Commission with a resolution endorsing the development of alternative reclaimed water uses including potable reuse. He added the San Mateo County Medical Association had recently issued an endorsement supporting the use of recycled water as a supplemental potable water source. Mr. Child stated this endorsement was important from a public perception and acceptance standpoint.

#### **ITEM 5C**

##### **FINANCIAL REPORTS**

There were no questions on the financial reports.

#### **ITEM 6**

##### **MATTERS OF COMMISSION MEMBER'S INTEREST**

There were no matters of Commission member's interest.

## **ITEM 7**

### **CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR**

Commission Chair Seybert read aloud the items being considered for approval on the Consent Calendar.

#### **Motion/Second: Commissioner Grassilli / Commissioner Lieberman**

The Motion carried by Unanimous Roll Call Vote.

## **ITEM 8A**

### **CONSIDERATION OF RESOLUTION APPROVING AND ADOPTING REVISION C TO ADMINISTRATIVE POLICY 2016-01**

Ms. Herrera provided a brief overview of SVCW's Design-Build Policy. She stated there are two proposed amendments. The first is clarifying the Commission approval process for Design-Build and procurement documents. Currently, the Commission approves both the use of Design-Build for any particular project and then approves the procurement documents. This was written around the idea that procurement documents would be tied to a Request for Qualifications, however, in reality that is not always the case - many times the procurement documents are actually tied to the Request for Proposals later in the procurement process. The policy now sets forth clear guidelines in this respect. The second change is increasing the SVCW Manager's change order authorization for Design-Build contracts to \$300,000 in those cases where there's an immediate need and it is required to keep the project moving forward without delays. As with any change order over \$50,000, the Commission will be informed of the event and asked for approval and ratification at the next Commission meeting.

Commissioner Grassilli confirmed Mr. Child's current change order authorization amount is \$50,000. Mr. Child reminded the Commission of a former discussion about increasing his change order amount and establishing a Commission subcommittee to provide oversight to larger change order needs. After legal counsel review, the concept of a standing Commission subcommittee to address the issues would still require Brown Act compliance and didn't accomplish the goal of speeding up the process to avoid schedule delays. Mr. Child said he believes it makes sense to tie this need to his currently authorized Emergency Action amount of \$300,000 to allow the contractor to keep working while a special meeting of the Commission is called to approve the needed work.

Commissioner Lieberman asked Mr. Child to provide a contextual feel as to why the \$300,000 is appropriate as it appears to be an arbitrary number. Mr. Child agreed that it is arbitrary, but stated he wanted to tie it to something that existed, which is why he proposed tying it to his authorization amount for emergency situations. Mr. Child stated he believes this is enough to keep a project moving forward while calling a Commission meeting to ratify the action and authorize any additional funds that may be needed to complete the job.

Ms. Fitzgerald, SVCW's General Counsel, emphasized that this situation would not meet the criteria of an emergency, but is more an action to address a critical need.

Ms. Herrera added that this is particularly important for the tunnel project because it's a 24/7 operation and once it starts moving there may be times when an immediate decision will be required to keep the project moving. An event that causes the work to stop can result in significant negative ramifications. She said stopping a tunnel boring machine is a big deal and will be much costlier down the line.

Commissioner Grassilli asked if an amount has come up in the last ten years that has approached \$300,000 and Mr. Child replied that it had not, but this is the first time SVCW had embarked on a project of this type and cost. Commissioner Grassilli stated this is more related to the dollar amount being spent on the project rather than the \$300,000 itself.

Commissioner Otte agreed with Commissioner Grassilli and said this dollar amount makes sense for this contract because it's \$300 Million dollars, but not all Design-Build projects will be as costly and require change order authorization of \$300,000.

Commissioner Seybert replied that the policy states the change order authorization can still only be up to 10% value of the contract value. Also, if Commissioners don't want it to apply to future projects, then future projects would have to come forth and at that point the Commission can establish limits for the project. Mr. Seybert added that in Redwood City, this is essentially a change of a budgeted expense and ties it to a known factor.

Commissioner Seybert commented that one of the things with policies that he finds interesting is that you find out five or six years later, or worse, future Commissioners find out even later that there was this policy put in place that had really great ideas and met the needs of a project but never sunsets. Commissioner Seybert recommended the Commission approve an amended resolution, and the minutes reflect, that this policy sunsets on December 31, 2024.

Commissioner Lieberman also recommended there be language in the policy reflecting what action will take place on that date, i.e. the policy reverts back to the prior version or revert to another policy.

With the prior changes incorporated into the document and in the minutes of this meeting, the Commission voted on the amended resolution.

**Motion/Second: Commissioner Lieberman / Commissioner Otte**

Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION C TO ADMINISTRATIVE POLICY 2016-01, ESTABLISHING A PROCEDURE IMPLEMENTING THE DESIGN-BUILD PROCESS FOR DELIVERY OF CONSTRUCTION PROJECTS AND ESTABLISHING A CONSTRUCTION CHANGE ORDER AUTHORIZATION OF UP TO \$300,000 FOR THE MANAGER TO ADDRESS IMMEDIATE NEEDS TO EXPIRE AS OF DECEMBER 31, 2024 UNLESS EXTENDED

The Resolution carried by Unanimous Roll Call Vote.

#### **ITEM 8B**

#### **CONSIDERATION OF MOTION AND RESOLUTION APPROVING UPDATE TO SOLE SOURCE SPECIFIC EQUIPMENT AT SVCW FACILITIES**

Ms. Herrera displayed a graphic showing where new 12kV switchgear will be located at the front of the plant and recommended suspending the competitive bidding process and purchasing 12kV switchgear, to match existing SVCW equipment, from Schweitzer Engineering. From a dollar standpoint, this purchase is expected to be approximately 15% of the contract value, or about \$400,000 of the estimated \$2.6 Million contract.

Commissioner Seybert asked if this is to match to existing equipment? Ms. Herrera stated that yes that is the case, as there are two other locations in SVCW facilities with this equipment.

#### **Motion/Second: Commissioner Lieberman / Commissioner Otte**

- i. Move approval TO SUSPEND COMPETITIVE BIDDING REQUIREMENTS BASED ON PUBLIC CONTRACTS CODE (PCC) SECTION 3400 WHICH AUTHORIZES THE SILICON VALLEY CLEAN WATER TO PROCURE SPECIFIC EQUIPMENT OR VENDORS WITHOUT SPECIFYING "OR EQUAL" VENDORS AND EQUIPMENT (SOLE SOURCE) (5/7th weighted vote required)

The Motion carried by Unanimous Roll Call Vote.

- ii. Move adoption of RESOLUTION ALLOWING FOR THE SOLE SOURCE SPECIFICATION AND PROCUREMENT OF STANDARDIZED 12KV SWITCHGEAR EQUIPMENT - Schweitzer Engineering Laboratories

The Resolution carried by Unanimous Roll Call Vote.

#### **ITEM 9**

#### **CLOSED SESSION**

There was no Closed Session held.

#### **ITEM 10**

#### **ADJOURN**

Commissioner Grassilli requested through the Chair that the Commission Meeting be adjourned in honor of Linda Bruemmer who is retiring at the end of the year. Commissioners

thanked her for her years of dedicated service at Silicon Valley Clean Water and stated that she will be missed dearly.

There being no further business, the meeting adjourned at 8:40 a.m.

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Robert Grassilli, Secretary

By: Daniel T. Child, Manager

**SVCW WARRANT REGISTER**

SVCW Warrant Register for the period covering December 16, 2017 to December 29, 2017. A scanned copy was e-mailed to Commissioners on January 8, 2018.

12-29-17


SILICON VALLEY CLEAN WATER  
WARRANT REGISTER  
FUND RECAP

PAGE 0100


NAME	FUND	AMOUNT
CAPITAL IMPROVEMENT FUND	14	25,912.50
OPERATION	18	540,100.83
PLANT - CIP BOND	20	1,807,424.13
TOTAL FOR APPROVAL		\$2,373,437.46

THIS IS TO CERTIFY THAT THE CLAIMS LISTED ON PAGES NUMBERED FROM 10084 THROUGH 10100 INCLUSIVE, AND/OR CLAIMS NUMBERED FROM 22287 THROUGH 22392 INCLUSIVE, TOTALING IN THE AMOUNT OF \$2,373,437.46, HAVE BEEN CHECKED IN DETAIL AND APPROVED BY THE PROPER OFFICIALS, AND IN MY OPINION REPRESENT FAIR AND JUST CHARGES AGAINST THE AUTHORITY IN ACCORDANCE WITH THEIR RESPECTIVE AMOUNTS AS INDICATED THEREON.

RESPECTFULLY SUBMITTED,

.....  .....  
DEPUTY TREASURER

1/3/18  
DATE

  
1/4/2018

12/16/17-12/29/17

7B-2

 1-9-18



SILICON VALLEY CLEAN WATER  
WARRANT REGISTER  
12/29/17

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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
AKELA, ARVIND	22287		501.48		
UTILITIES		12292017 REIM-11/2-12/1/17 CELL PHONE EXPENSE		45.00	18
CONF. & TRAV.		12292017B REIM-11/7-11/10/17 TRAVEL EXPENSE - DBIA AIR		156.40	18
		12292017C REIM-9/15/17 LODGING EXPENSE - RDT FACTORY T		260.08	18
		12292017D REIM-12/1/17 CWEA DECEMBER DINNER MEETING		40.00	18
ALHAMBRA & SIERRA SPRINGS	22288		161.94		
SUPPLIES		5056091110117 BOTTLED WATER SERVICE		161.94	18
ALL INDUSTRIAL ELECTRIC SUPPLY	22289		7,464.75		
MACHINERY AND EQUIP MAINT MATE		5174228 LIGHTING SUPPLIES		434.87	18
		5174838 LIGHTING SUPPLIES		3,009.66	18
		5174838 LIGHTING SUPPLIES		4,020.22	18
ALL-INDUSTRIES FIRE PROTECTION	22290		686.15		
SUPPLIES		11027 FIRE SERVICE PROTECTION		125.00	18
		11027 FIRE SERVICE PROTECTION		561.15	18
ALLIED IRON CO., INC.	22291		367.08		
MACHINERY AND EQUIP MAINT MATE		132205 QTY 1 .5" THICK A36 PLATE 30X30		367.08	18
ALPHA ANALYTICAL LABORATORIES	22292		590.00		
CONTRACT SERV. (NON-MAINT.)		7112499RPSVCW RWC LAB ANALYSIS		590.00	18
APEX LIFE SCIENCES, LLC	22293		1,225.00		
CONTRACT SERV. (NON-MAINT.)		LAB550388660 W/E 11/25/17 LAB TEMPORARY STAFF WORKER -		140.00	18
		LAB550391053 W/E 12/9/17 LAB TEMPORARY STAFF WORKER -		1,085.00	18

SILICON VALLEY CLEAN WATER  
WARRANT REGISTER  
12/29/17

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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
AT&T	22294		331.06		
UTILITIES		1207201701511 12/7/17-1/6/18 AT&T SERVICES BLPS		67.09	18
		1207201715339 12/7/17-1/6/18 AT&T SERVICES SCPS		98.44	18
		1207201724836 12/7/17-1/6/18 AT&T SERVICES RWCPS		98.44	18
		1207201796059 12/7/17-1/6/18 AT&T SERVICES MPPS		67.09	18
ATMOSPHERIC ANALYSIS & CONSULT	22295		1,820.00		
CONTRACT SERV. (NON-MAINT.)		A17720 ANALYSIS & REPORTING-SILOXANES & SULFUR COMPOUN		1,820.00	18
AXIAQ, PAUL	22296		76.88		
TRAINING		12292017 REIM-12/7-12/8/17 BRIDGE TOLL EXPENSE-THERMOG		10.00	18
		12292017B REIM-12/7-12/8/17 MILEAGE EXPENSE - THERMOGR		66.88	18
BARNARD BESSAC JOINT VENTURE	22297		690,591.00		
CONST.-ADMIN. & LEGAL		1POM10914 10/13-11/30/17 PRG PMT#1 GRAVITY PIPELINE ST		690,591.00	20
BAY AREA AIR QUALITY MANAGEMEN	22298		1,068.00		
ADMINISTRATIVE EXPENSES		256343 2/1/18-2/1/19 ANNUAL PERMIT RENEWAL - BLPS		356.00	18
		256344 2/1/18-2/1/19 ANNUAL PERMITRENEWAL - RCPS		356.00	18
		256359 2/1/18-2/1/19 ANNUAL PERMIT RENEWAL -MPPS		356.00	18
BIG JOE HANDLING SYSTEMS	22299		4,726.45		
MACHINERY AND EQUIP MAINT MATE		454847 SCHEDULED MTN OF LIFT TRUCK		4,726.45	18
BLOCKA CONSTRUCTION, INC.	22300		52,487.50		
CONSTRUCTION-CONTRACTOR		1POM10899 11/9-12/30/17 PRG PMT#1 SOLIDS HANDLING BLDG		52,487.50	20

SILICON VALLEY CLEAN WATER  
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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
BROWN & CALDWELL	22301		57,454.00		
CONTRUCTION-DESIGN		11299386 7/1-8/24/17 T.O.2015-08 DIGESTER & THICKENER		251.67	20
		11299386 7/1-8/24/17 T.O.2015-08 DIGESTER & THICKENER		251.67	20
		11299386 7/1-8/24/17 T.O.2015-08 DIGESTER & THICKENER		251.66	20
CONST.-ADMIN. & LEGAL		11303410 8/25-9/28/17 T.O.2017-01 DSGN STANDARDS ASSIS		163.58	20
		11303410 8/25-9/28/17 T.O.2017-01 DSGN STANDARDS ASSIS		163.58	20
		11303410 8/25-9/28/17 T.O.2017-01 DSGN STANDARDS ASSIS		10,959.86	20
		11303410 8/25-9/28/17 T.O.2017-01 DSGN STANDARDS ASSIS		2,453.70	20
		11303410 8/25-9/28/17 T.O.2017-01 DSGN STANDARDS ASSIS		490.74	20
		11303410 8/25-9/28/17 T.O.2017-01 DSGN STANDARDS ASSIS		2,126.54	20
CONTRUCTION-DESIGN		11305970 10/27-11/23/17 T.O.2017-03 MPPS PRELIM DESIGN		27,609.75	20
		11305980 10/27-11/23/17 T.O.2017-04 RWCPS PRELIM DESIG		12,731.25	20
BRUEMMER, BRIAN	22302		569.39		
CONTRUCTION-DESIGN		12292017 REIM-1/3-1/7/18 TRAVEL EXPENSE-ROTARY DRUM TH		569.39	20
BUCKLES SMITH ELECTRIC COMPANY	22303		669.11		
MACHINERY AND EQUIP MAINT MATE		306457601 VARIOUS ELECTRICAL PARTS		669.11	18
C.W.E.A. - TCP	22304		175.00		
TRAINING		12052017ID000041873I CWEA ASSN MEMBERSHIP-PADUA, BENJA		175.00	18
CALIFORNIA DETAILERS, INC.	22305		275.00		
MACH & EQUIP MAINT SERVICES		45566 12/9/17 FLEET VEHICLE ON-SITE WASH		275.00	18
CALIFORNIA WATER SERVICE CO	22306		415.03		
UTILITIES		12142017 11/14-12/13/17 SCPS WATER SERVICE		415.03	18

SILICON VALLEY CLEAN WATER  
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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
CASCADE INTEGRATION & DEVELOPM CAPITAL	22307		32,091.50		
		1382 9/17 T.O.2015-04 HMI PROGRAMMING		1,485.00	14
		1382 9/17 T.O.2015-04 HMI PROGRAMMING		1,485.00	14
		1382 9/17 T.O.2015-04 HMI PROGRAMMING		1,485.00	14
		1382 9/17 T.O.2015-04 HMI PROGRAMMING		1,485.00	14
CONTRUCTION-DESIGN		1383 9/17 T.O.2016-01 HMI PROGRAMMING		1,890.00	20
		1383 9/17 T.O.2016-01 HMI PROGRAMMING		1,890.00	20
		1383 9/17 T.O.2016-01 HMI PROGRAMMING		1,890.00	20
CAPITAL		1410 11/17 T.O.2015-04 HMI PROGRAMMING		1,485.00	14
		1410 11/17 T.O.2015-04 HMI PROGRAMMING		1,485.00	14
		1410 11/17 T.O.2015-04 HMI PROGRAMMING		1,485.00	14
		1410 11/17 T.O.2015-04 HMI PROGRAMMING		1,485.00	14
CONTRUCTION-DESIGN		1419 11/17 T.O.2016-01 HMI PROGRAMMING		4,847.17	20
		1419 11/17 T.O.2016-01 HMI PROGRAMMING		4,847.17	20
		1419 11/17 T.O.2016-01 HMI PROGRAMMING		4,847.16	20
CDW GOVERNMENT, INC. SUPPLIES	22308		5,325.53		
		KVS0574 QTY 30 SOFTWARE GOV ADOBE ACROBAT DC PRO L2 12		5,250.00	18
		LBF1329 QTY 2 BELKIN SURGEPRO 1800J 8 OUTLET 6 FT		65.08	18
		LBF1329 QTY 2 BELKIN SURGEPRO 1800J 8 OUTLET 6 FT		10.45	18
CHIOVARE, CAROL SUPPLIES	22309		300.00		
		12292017 SERVICE RECOGNITION AWARD FOR 15 YEARS W/ SVC		300.00	18
CINTAS CORPORATION SUPPLIES	22310		1,152.01		
		5009557207 12/14/17 SAFETY AND FIRST AID SUPPLIES		758.78	18
		5009557239 12/20/17 SAFETY AND FIRST AID SUPPLIES		393.23	18
CINTAS CORPORATION NO. 3 SUPPLIES	22311		1,863.38		
		464830879 12/5/17 LAUNDRY SERVICE		866.97	18
		464836620 12/19/17 LAUNDRY SERVICE		996.41	18

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SILICON VALLEY CLEAN WATER  
WARRANT REGISTER  
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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
COGSDALE CORPORATION	22312		65,848.09		
CONST.-ADMIN. & LEGAL		MN0002507 10/1/17-9/30/18 YEAR 1 SUPPORT & MAINTENANCE		60,178.00	20
		XT0002300 10/1-10/5/17 ONSITE VISIT LINDA PERNA		3,350.95	20
		XT0002301 10/30-11/2/17 ONSITE VISIT SINGH SATYENDRAKU		2,319.14	20
COLLABORATIVE STRATEGIES CONSU	22313		17,955.00		
CONTRUCTION-DESIGN		1MPNOV2017 11/3-11/26/17 T.O.2017-03 MPPS REHABILITATI		6,405.00	20
		1RCNOV2017 10/7-11/26/17 T.O.2017-04 RWCPS REPLACEMENT		11,550.00	20
COMCAST CORPORATION	22314		8,497.00		
UTILITIES		58547062 THRU 11/30/17 COMCAST PHONE CHARGES		3,838.12	18
		58550635 THRU 10/31/17 COMCAST PHONE CHARGES		421.54	18
		59540120 THRU 11/30/17 COMCAST PHONE CHARGES		3,838.12	18
		59543637 THRU 11/30/17 COMCAST PHONE CHARGES		399.22	18
COTTIER, DON R.	22315		1,000.00		
SUPPLIES		12292017 SERVICE RECOGNITION AWARD FOR 30 YEARS W/ SVC		1,000.00	18
D.W. NICHOLSON CORPORATION	22316		9,449.00		
CONSTRUCTION-CONTRACTOR		8666 THRU 9/30/17 THREE OOS LONG PIPE REMOVAL		9,449.00	20
DALY, MICK	22317		135.00		
UTILITIES		1210201706128 REIMB 9/11-12/10/17 AT&T CHARGES CELL		135.00	18
DENCO CONTROLS INC.	22318		117.38		
MISCELLANEOUS		18147 QTY 2 PRESSURE GAUGES		117.38	18
DMJ GAS MARKETING CONSULTANTS,	22319		1,765.27		
UTILITIES		20170111 11/17 COGEN GAS		1,765.27	18
ENVIRONMENTAL RESOURCE ASSOCIA	22320		1,551.64		
SUPPLIES		847440 LAB SUPPLIES, CHEMICALS		1,551.64	18

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SILICON VALLEY CLEAN WATER  
WARRANT REGISTER  
12/29/17

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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
ERS INDUSTRIAL SERVICES, INC. CONSTRUCTION-CONTRACTOR	22321		246,910.15		
		21POM10604 11/1-11/30/17 PRG PMT#21 PRIMARY SEDIMENTAT		123,455.08	20
		21POM10604 11/1-11/30/17 PRG PMT#21 PRIMARY SEDIMENTAT		123,455.07	20
PASTENAL COMPANY SUPPLIES	22322		3,057.76		
		CASAA56130 VENDOR MANAGED RESTOCK		1,636.79	18
		CASAA56284 VENDOR MANAGED RESTOCK		659.33	18
MISCELLANEOUS		CASAA56291 VENDOR MANAGED RESTOCK		761.64	18
FENTON, CHARLES CONSTRUCTION-DESIGN	22323		27,052.51		
		80 9/25-10/22/17 SERVICES INSIDE CA		18,427.50	20
		80B 9/25-10/22/17 SERVICES OUTSIDE CA		4,725.00	20
		80C REIM-9/25-10/22/17 TRAVEL EXPENSES		5,189.93	20
MISCELLANEOUS		80D 7% NONRESIDENT WITHHOLDING		-1,289.92	20
FISHER SCIENTIFIC COMPANY, LLC SUPPLIES	22324		226.41		
		2770163 LAB SUPPLIES		226.41	18
FITZGERALD LAW OFFICES CONST.-ADMIN. & LEGAL	22325		7,904.70		
		12292017 11/17 PROF LEGAL SVCS-63" FM RELIABILITY IMPR		2,850.00	20
		12292017B REIM-11/17 PROF LEGAL SVCS-63"FM RELIAB IMPR		81.00	20
PROFESSIONAL SERVICES		12292017C 11/17 GENERAL LEGAL SERVICES		4,873.50	18
		12292017D REIM-11/17 GENERAL LEGAL SERVICE EXPENSES		100.20	18
FRANK A. OLSEN CO. CONSTRUCTION-CONTRACTOR	22326		3,382.80		
		239052 TPI BAW REPAIR		3,382.80	20

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FREYER & LAURETA, INC	22327		5,025.00		
CONSTRUCTION-DESIGN		17697 10/1-11/30/17 T.O.2014-04 FORCE MAIN ALIGNMENT S		290.00	20
		17697 10/1-11/30/17 T.O.2014-04 FORCE MAIN ALIGNMENT S		290.00	20
CONST.-ADMIN. & LEGAL		17698 10/1-11/30/17 T.O.2017-04 ENG DESIGN STANDARDS P		1,959.75	20
		17698 10/1-11/30/17 T.O.2017-04 ENG DESIGN STANDARDS P		438.75	20
		17698 10/1-11/30/17 T.O.2017-04 ENG DESIGN STANDARDS P		87.75	20
		17698 10/1-11/30/17 T.O.2017-04 ENG DESIGN STANDARDS P		380.25	20
		17698 10/1-11/30/17 T.O.2017-04 ENG DESIGN STANDARDS P		29.25	20
		17698 10/1-11/30/17 T.O.2017-04 ENG DESIGN STANDARDS P		29.25	20
		17699 11/17 T.O.2017-06 OWNERS ADVISOR FOP		506.66	20
		17699 11/17 T.O.2017-06 OWNERS ADVISOR FOP		506.67	20
		17699 11/17 T.O.2017-06 OWNERS ADVISOR FOP		506.67	20
GLOBAL INDUSTRIAL	22328		314.07		
SUPPLIES		111929919 QTY 1 FOLDING PLATFORM TRUCK		194.50	18
		111929919 QTY 1 FOLDING PLATFORM TRUCK		119.57	18
GRAINGER	22329		1,259.18		
MACHINERY AND EQUIP MAINT MATE		9633886347 RESTOCK ITEMS		377.21	18
SUPPLIES		9634016456 RESTOCK ITEMS		318.95	18
MACHINERY AND EQUIP MAINT MATE		9634016456 RESTOCK ITEMS		325.34	18
		9637625964 RESTOCK ITEMS		237.68	18
HACH COMPANY	22330		83.15		
SUPPLIES		10745922 QTY 2 DISSOLVED OXYGEN 3 PWD PW PK/100		65.36	18
		10745922 QTY 2 DISSOLVED OXYGEN 3 PWD PW PK/100		17.79	18
HAMNER, JEWELL & ASSOCIATES	22331		9,442.00		
CONST.-ADMIN. & LEGAL		9099 8/16-9/15/17 CONVEYANCE SYSTEM		3,162.00	20
		9164 9/16-10/15/17 CONVEYANCE SYSTEM		3,516.00	20
		9201 10/16-11/15/17 CONVEYANCE SYSTEM		2,764.00	20

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HANSON BRIDGETT LLP	22332		51,329.50		
CONST.-ADMIN. & LEGAL		1203164 10/1-10/31/17 T.O.2017-02 PUBLIC WORKS CONTRAC		11,805.79	20
		1203164 10/1-10/31/17 T.O.2017-02 PUBLIC WORKS CONTRAC		11,805.79	20
		1203164 10/1-10/31/17 T.O.2017-02 PUBLIC WORKS CONTRAC		11,805.78	20
		1203164 10/1-10/31/17 T.O.2017-02 PUBLIC WORKS CONTRAC		11,805.78	20
PROFESSIONAL SERVICES		1203164 10/1-10/31/17 T.O.2017-02 PUBLIC WORKS CONTRAC		4,106.36	18
HERC RENTALS INC.	22333		4,420.11		
CONSTRUCTION-CONTRACTOR		29517856001 8/31-9/28/17 EQUIPMENT RENTAL FOR CCT PROJ		3,094.15	20
		29517856002 9/28-10/6/17 EQUIPMENT RENTAL FOR CCT PROJ		1,325.96	20
INTUITIVE TACTICAL CONSULTING	22334		6,300.00		
CONTRACT SERV. (NON-MAINT.)		1012 IT SUPPORT SERVICES - SCADA		6,300.00	18
JENTECH SERVICES	22335		6,754.32		
MACH & EQUIP MAINT SERVICES		2244 12/8-12/21/17 INSTRUMENTATION AMD ELECTRICAL SERV		3,060.00	18
		2244 12/8-12/21/17 INSTRUMENTATION AMD ELECTRICAL SERV		1,960.32	18
		2244 12/8-12/21/17 INSTRUMENTATION AMD ELECTRICAL SERV		1,122.00	18
		2244 12/8-12/21/17 INSTRUMENTATION AMD ELECTRICAL SERV		612.00	18
KENNEDY/JENKS CONSULTANTS, INC	22336		18,666.95		
CONSTRUCTION-DESIGN		113319 THRU 6/30/17 T.O.2016-12 PREP DECISION TOOL		9,872.75	20
		116875 THRU 10/27/17 T.O.2016-12 PREP DECISION TOOL		5,440.00	20
		117384 9/30-10/27/17 T.O.2017-05 CORROSION/ODOR CONTRO		120.71	20
		117384 9/30-10/27/17 T.O.2017-05 CORROSION/ODOR CONTRO		204.61	20
		117384 9/30-10/27/17 T.O.2017-05 CORROSION/ODOR CONTRO		1,613.37	20
		117384 9/30-10/27/17 T.O.2017-05 CORROSION/ODOR CONTRO		1,116.95	20
		117384 9/30-10/27/17 T.O.2017-05 CORROSION/ODOR CONTRO		161.00	20
		117384 9/30-10/27/17 T.O.2017-05 CORROSION/ODOR CONTRO		137.56	20
KUMAR, RAJNESH	22337		23.76		
TRAINING		12292017 REIM-12/6/17 MILEAGE EXPENSE - WONDERWARE TRA		23.76	18

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LEE, DAVID	22338		389.52		
SUPPLIES		12292017 REIM-12/18/17 SAFETY SHOES		254.52	18
UTILITIES		12292017B REIM-9/15-12/14/17 CELL PHONE EXPENSE		135.00	18
LIEBERT CASSIDY WHITMORE	22339		4,020.00		
PROFESSIONAL SERVICES		1451572 THRU 11/30/17 D.A. HALL MGMT PAY PERS APPEAL		3,830.00	18
		1451573 THRU 11/30/17 APPEAL OF CALPERS DETERMINATION		165.00	18
		1451574 THRU 11/30/17 Q GREEN INVESTIGATION ADVICE		25.00	18
MARINA MECHANICAL	22340		1,158.75		
MACH & EQUIP MAINT SERVICES		9291 12/17 MAINTENANCE AGREEMENT		1,158.75	18
MCGINLEY, EDWARD	22341		200.00		
SUPPLIES		12292017 SERVICE RECOGNITION AWARD FOR 10 YEARS W/ SVC		200.00	18
MID-PENINSULA WATER DISTRICT	22342		125.87		
UTILITIES		1130201762000 11/1-11/30/17 BLPS WATER SERVICE		125.87	18
MOTION INDUSTRIES INC.	22343		402.72		
MISCELLANEOUS		CA24022086 VARIOUS SIZES HOSE ENDS/STEEL CLAMPS		402.72	18
MURPHY, NATHAN	22344		434.60		
CONSTRUCTION-DESIGN		12292017 REIM-1/3-1/5/18 TRAVEL EXPENSE - ROTARY DRUM		434.60	20
OGASAWARA LANDSCAPE MAINTENANC	22345		2,200.00		
CONTRACT SERV. (NON-MAINT.)		24510 12/13/17 MISC LANDSCAPING SERVICE		2,200.00	18
ON-SITE STORAGE SOLUTIONS	22346		14,032.50		
CONSTRUCTION-CONTRACTOR		20486 QTY 4 USED 40 FT DRY VAN CONTAINER		1,200.00	14
		20486 QTY 4 USED 40 FT DRY VAN CONTAINER		12,832.50	14

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OVIVO USA, LLC	22347		4,440.52		
MISCELLANEOUS		8472705 QTY 2 FINDER VORT 5" M-GC/RUB		4,440.52	18
PACIFIC ECORISK, INC	22348		3,425.00		
CONTRACT SERV. (NON-MAINT.)		13880 11/6/17 NPDES COMPLIANCE TOXICITY TESTS		3,425.00	18
PACIFIC GAS AND ELECTRIC COMPA	22349		135,441.59		
UTILITIES		76798081B REISS CK#21876 DTD 11/3/17 FOR 9/17 DEPARTIN		12,223.60	18
		1130201703894 10/25-11/21/17 RCPS LYNOSO		15.24	18
		1130201743834 10/25-11/21/17 RCPS ELECTRIC		18,046.89	18
		1130201783066 10/26-11/26/17 PLANT ELECTRIC		90,413.93	18
		1212201765919 10/31-11/30/17 COGEN GAS		502.97	18
		1213201723701 11/14-12/13/17 PLANT GAS		6,290.61	18
		1219201719225 11/13-12/12/17 SCPS ELECTRIC		4,449.97	18
		1219201788673 11/14-12/13/17 BLPS ELECTRIC		2,630.53	18
		1219201790892 11/14-12/13/17 1406 GAS & ELECTRIC		867.85	18
PACIFIC WATER RESOURCES	22350		602.18		
MISCELLANEOUS		17263 QTY 4 SHIM KITS		602.18	18
PAN-PACIFIC SUPPLY CO.	22351		16,256.88		
MACH & EQUIP MAINT SERVICES		29597626 QTY 1 LABOR AND PARTS FOR REBUILD WEMCO TORQU		9,537.12	18
MISCELLANEOUS		29597663 QTY 2 4.5" CHESTERTON, QTY 1 2.5" CHESTERTON		5,623.56	18
		29597663 QTY 2 4.5" CHESTERTON, QTY 1 2.5" CHESTERTON		1,096.20	18
PENINSULA BATTERY, INC.	22352		106.25		
MACHINERY AND EQUIP MAINT MATE		123752 QTY 1 DC-24 BATTERY		17.07	18
		123752 QTY 1 DC-24 BATTERY		89.18	18
PENINSULA SECURITY SERVICES	22353		465.00		
MACH & EQUIP MAINT SERVICES		55471 JAN-MAR 2018 FIRE INSPECTION		465.00	18

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PITNEY BOWES	22354		265.92		
RENTAL/LEASES		3101816835 1/10/18-4/9/18 LEASE - POSTAGE MACHINE		265.92	18
POWER ENGINEERING CONSTRUCTION	22355		311,104.32		
MACH & EQUIP MAINT SERVICES		17301 6/1-9/22/17 MISC GRADING & PAVING REPAIRS		162,928.00	18
CONSTRUCTION-CONTRACTOR		1731C01 6/1-9/22/17 PILOT TEST AREA CONDUIT INSTALLATI		16,818.00	20
		1731G01 6/1-9/22/17 FORCE MAIN REPAIRS CIP 6003		79,200.00	20
		1731H01 6/1-9/22/17 INFLUENT FM REPAIR REPLACEMENT		52,158.32	20
PURE TEC INDUSTRIAL WATER	22356		311.85		
MACH & EQUIP MAINT SERVICES		1604111 12/1/17-2/28/18 8" DI-WATER SYSTEM MAINTENANCE		44.10	18
		1604112 12/1/17-2/28/18 14" DI-WATER SYSTEM MAINTENANC		267.75	18
QUINCY COMPRESSOR LLC	22357		123.52		
MISCELLANEOUS		860150 VARIOUS QUINCY FILTERS		123.52	18
R.E.P. NUT N BOLT GUY	22358		486.74		
MACHINERY AND EQUIP MAINT MATE		28546 VARIOUS NUTS & BOLTS		486.74	18
REDWOOD CITY, CITY OF - FINANC	22359		14,274.92		
PROFESSIONAL SERVICES		BR46531 11/17 ACCOUNTING SERVICES		11,498.16	18
MACH & EQUIP MAINT SERVICES		BR46577 10/16-11/15/17 VEHICLE REPAIR/MTN CHARGES		1,248.37	18
SUPPLIES		BR46584 10/16-11/15/17 FUEL CHARGES		1,528.39	18
RESA POWER SOLUTIONS	22360		2,862.00		
MACH & EQUIP MAINT SERVICES		LS205111 QTY 5 FLUID ESSENTIAL TESTING PROGRAM		2,862.00	18
RKI INSTRUMENTS INC.	22361		883.59		
MACHINERY AND EQUIP MAINT MATE		337807 QTY 3 CO SENSOR		646.21	18
		338457 QTY 1 O2 CYLINDER		237.38	18

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ROSAS, DAVID	22362		480.40		
CONTRUCTION-DESIGN		12292017 REIM-1/3-1/7/18 TRAVEL EXPENSE - ROTARY DRUM		480.40	20
ROYAL WHOLESALE ELECTRIC	22363		16.31		
SUPPLIES		7003657038 VARIOUS CONDUIT PARTS		16.31	18
SABAH INTERNATIONAL INC	22364		5,625.00		
MACH & EQUIP MAINT SERVICES		130958 SPRINKLER PREVENTIVE MAINTENANCE		438.75	18
		131001 SEMI-ANNUAL MAINTENANCE BLDG DETECTION INSPECTI		570.00	18
		131002 QUARTERLY MAINTENANCE BLDG SPRINKLER INSPECTION		444.00	18
		131003 SEMI-ANNUAL LAB BLDG DETECTION INSPECTION		720.00	18
		131122 SEMI-ANNUAL MTN BLDG 1406 DETECTION INSPECTIONS		570.00	18
		131123 SPRINKLER PREVENTATIVE MTN BLDG		416.25	18
		131124 SPRINKLER PREVENTIVE MTN 1406 BLDG		780.00	18
		131125 SPRINKLER PREVENTATIVE MTN BLDG		780.00	18
		131126 SPRINKLER PREVENTATIVE MTN LAB BLDG		528.00	18
		131127 SPRINKER PREVENTATIVE MTN LAB BLDG		378.00	18
SAFETY CENTER INC.	22365		1,250.00		
TRAINING		76478 FRONT END LOADER SAFETY TRAINING		1,250.00	18
SAMPLE TRAPS, LLC	22366		352.35		
SUPPLIES		1201207206 QTY 8 ECONO-POLY BOTTLES		352.35	18
SAN FILIPPO, JOHN	22367		135.00		
UTILITIES		11252017 8/26/17-11/25/17 AT&T CHARGES CELL PHONE		135.00	18
SCHWEITZER ENGINEERING LABORAT	22368		10,781.94		
MISCELLANEOUS		INV000229874 QTY 2 FEEDER PROTECTION RELAY		11,233.88	18
		INV000229874TAX SALES TAX LIABILITY		-451.94	18

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SCP SCIENCE SUPPLIES	22369		127.88		
		IN0000211578 LAB SUPPLIES		47.63	18
		IN0000214765 LAB SUPPLIES		65.25	18
		IN0000214765 LAB SUPPLIES		15.00	18
SHANKAR, SAMEET UTILITIES	22370		135.00		
		12172017 9/18/17-12/17/17 AT&T CHARGES CELL PHONE		135.00	18
SNAP-ON INDUSTRIAL SUPPLIES	22371		103.32		
		34546848 QTY 1 NI-CAD/LITHIUM CHARGER		103.32	18
STANDARD INSURANCE COMPANY OTHER EMPLOYEE COSTS	22372		16,543.17		
		12292017 1ST MONTH PREMIUM FOR NEW INSURANCE CARRIER		16,543.17	18
STEVEN ENGINEERING INC. MACHINERY AND EQUIP MAINT MATE MISCELLANEOUS	22373		1,179.72		
		245912301 VARIOUS PHOENIX PARTS		602.26	18
		245912301 VARIOUS PHOENIX PARTS		577.46	18
SUBURBAN PROPANE LP UTILITIES	22374		760.31		
		1644017725 12/12/17 PROPANE REFILL		3.41	18
		1644017725 12/12/17 PROPANE REFILL		353.77	18
		1644017725 12/12/17 PROPANE REFILL		10.79	18
		16630 8/16/17 PROPANE REFILL		169.62	18
		16630 8/16/17 PROPANE REFILL		10.79	18
		16630 8/16/17 PROPANE REFILL		1.49	18
		16630 8/16/17 PROPANE REFILL		1.99	18
		42123 10/23/17 PROPANE REFILL		10.79	18
		42123 10/23/17 PROPANE REFILL		7.15	18
		42123 10/23/17 PROPANE REFILL		188.48	18
		42123 10/23/17 PROPANE REFILL		2.03	18

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SUPPLYWORKS	22375		191.61		
MISCELLANEOUS		421101544 JANITORIAL SUPPLIES		84.56	18
		421101544 JANITORIAL SUPPLIES		99.10	18
SUPPLIES		421101544 JANITORIAL SUPPLIES		7.95	18
SWALVE, WILLIAM	22376		200.00		
SUPPLIES		12292017 SERVICE RECOGNITION AWARD FOR 10 YEARS W/ SVC		200.00	18
SYNAGRO TECHNOLOGIES INC	22377		48,551.71		
CONTRACT SERV. (NON-MAINT.)		3103152 11/17 BIOSOLIDS HAULING		48,551.71	18
TANNER PACIFIC, INC.	22378		341,040.54		
CONSTRUCTION-CONSTRUCTION MGMT		217092 6/20-11/4/17 T.O.2017-05 CEC SAF MBR PILOT		9,706.50	20
		217094 10/2-11/4/17 T.O.2017-09 12KV EMERGENCY VAULT R		23,937.50	20
CONSTRUCTION-DESIGN		217095 11/7/17 T.O.2017-07 CONSTRUCTION MGMT VARIOUS C		34,000.00	20
		217101 12/3-12/16/17 T.O.2017-07 CONSTRUCTION MGMT VAR		123,370.53	20
PROFESSIONAL SERVICES		217102 7/16-12/16/17 T.O.2017-06 CONSTRUCTION ADVISORY		2,696.00	18
CONSTRUCTION-CONSTRUCTION MGMT		217103 11/19-12/16/17 T.O.2017-08 GRAVITY PIPELINE		17,436.00	20
CONST.-ADMIN. & LEGAL		217104 12/1-12/16/17 T.O.2017-10 FOP-STAGE1, QA & P6 I		33,015.01	20
		217104 12/1-12/16/17 T.O.2017-10 FOP-STAGE1, QA & P6 I		33,015.00	20
		217104 12/1-12/16/17 T.O.2017-10 FOP-STAGE1, QA & P6 I		33,015.00	20
CONSTRUCTION-CONSTRUCTION MGMT		217105 11/19-12/16/17 T.O.2017-09 12KV EMERGENCY VAULT		30,849.00	20
TELEPACIFIC COMMUNICATIONS	22379		1,541.75		
UTILITIES		980482880 12/9/17-1/8/18 TELEPACIFIC SERVICES		385.44	18
		980482880 12/9/17-1/8/18 TELEPACIFIC SERVICES		385.44	18
		980482880 12/9/17-1/8/18 TELEPACIFIC SERVICES		385.43	18
		980482880 12/9/17-1/8/18 TELEPACIFIC SERVICES		385.44	18
THATCHER COMPANY OF CALIFORNIA	22380		7,882.44		
CHEMICAL SUPPLIES		246912 12/8/17 45020 LB TRIOXYN		7,882.44	18

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THE FERGUSON GROUP LLC CONTRUCTION-DESIGN	22381		5,218.20		
		1017582 10/5-10/31/17 T.O.2017-01 WIFIA CONSULTING SVC		2,172.50	20
		1117583 11/1-11/28/17 T.O.2017-01 WIFIA CONSULTING SVC		2,900.50	20
		1017582B REIM-8/17-10/16/17 PHONE/TRAVEL EXPENSE-WIFIA		60.01	20
		1117583B REIM-9/17-11/17/17 PHONE/TRAVEL EXPENSE-WIFIA		85.19	20
THOMAS FISH CO. SUPPLIES	22382		251.00		
		22220 QTY 110 RAINBOW TROUT FISHES		125.00	18
		22238 QTY 110 RAINBOW TROUT FISHES		126.00	18
UNIVAR USA INC. CHEMICAL SUPPLIES	22383		14,834.98		
		SJ852807 12/3/17 4080 GAL SOD HYPO		2,165.26	18
		SJ854215 12/8/17 4000 GAL SOD HYPO		2,122.80	18
		SJ854580 12/13/17 3999 GAL SOD HYPO		2,122.26	18
		SJ855263 12/18/17 4068.53 GAL BISULFITE		5,751.89	18
		SJ855369 12/20/17 4 BGS CITRIC ACID 50LBS		546.25	18
		SJ855459 12/20/17 4007 GAL SOD HYPO		2,126.52	18
USA SIGNS CONST.-ADMIN. & LEGAL	22384		1,520.33		
		29173 VARIOUS LAMINATED SIGNS		1,520.33	20
VWR INTERNATIONAL, LLC SUPPLIES	22385		986.14		
		8080689152 LAB SUPPLIES		59.92	18
		8080700589 LAB SUPPLIES		56.20	18
		8080700590 LAB SUPPLIES		105.01	18
		8080700590 LAB SUPPLIES		122.91	18
		8080700590 LAB SUPPLIES		16.63	18
		8080700590 LAB SUPPLIES		243.51	18
		8080700590 LAB SUPPLIES		191.15	18
		8080707229 LAB SUPPLIES		21.77	18
		8080707230 LAB SUPPLIES		45.50	18
		8080767965 LAB SUPPLIES		123.54	18

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WANDRO, ROBERT	22386		45.00		
UTILITIES		12292017 REIM-10/18-11/17/17 CELL PHONE EXPENSE		45.00	18
WATER HEATERS ONLY	22387		324.00		
MACH & EQUIP MAINT SERVICES		86520 12/1/17 SERVICE CALL WATER HEATER		324.00	18
WELLS FARGO-COMML OPERATIONS	22388		29,190.60		
INTEREST EXPENSES		1711823193 LOC# 7829596836 9/30-11/1/17 UNUSED PRINCIP		1,490.02	20
		1711823193 LOC# 7829596836 9/30-11/1/17 UNUSED PRINCIP		2,387.18	20
		1711823193 LOC# 7829596836 9/30-11/1/17 UNUSED PRINCIP		4,231.96	20
		1711823193 LOC# 7829596836 9/30-11/1/17 UNUSED PRINCIP		7,658.20	20
		1711848914 LOC# 78295596836 12/17 INTEREST FEE-LINE OF		1,268.50	20
		1711848914 LOC# 78295596836 12/17 INTEREST FEE-LINE OF		6,519.66	20
		1711848914 LOC# 78295596836 12/17 INTEREST FEE-LINE OF		2,032.28	20
		1711848914 LOC# 78295596836 12/17 INTEREST FEE-LINE OF		3,602.80	20
WEST COAST COMPRESSOR	22389		1,391.88		
MACHINERY AND EQUIP MAINT MATE		56491IN QTY 1 CONDENSATE DRAIN VACUUM SYSTEM		1,391.88	18
WHITLEY, BURCHETT AND ASSOCIAT	22390		4,137.50		
CONST.-ADMIN. & LEGAL		2033714 10/7-11/3/17 SRF FINANCIAL SERVICES		4,137.50	20
WRA ENVIRONMENTAL CONSULTANTS	22391		302.50		
CONTRUCTION-DESIGN		201712131026 10/1-10/31/17 T.O.2017-01 CONCEPTUAL DESI		302.50	20
XEROX CORPORATION	22392		3,464.65		
RENTAL/LEASES		91481459 12/17 XEROX LEASE		587.28	18
		91481460 12/17 XEROX LEASE		318.84	18
		91481461 12/17 XEROX LEASE		300.73	18
		91481462 12/17 XEROX LEASE		508.12	18
		91481463 12/17 XEROX LEASE		1,250.47	18
		91481464 12/17 XEROX LEASE		499.21	18

TOTAL

\$2,373,437.46





**SVCW WARRANT REGISTER**

SVCW Warrant Register for the period covering December 2, 2017 to December 15, 2017. A scanned copy was e-mailed to Commissioners on December 18, 2017.

12-15-17

SILICON VALLEY CLEAN WATER  
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FUND RECAP

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NAME	FUND	AMOUNT
RETIREE HEALTH INSUR. FD.	12	35,000.00
CAPITAL IMPROVEMENT FUND	14	85,736.26
OPERATION	18	246,591.48
PLANT - CIP BOND	20	715,631.93
TOTAL FOR APPROVAL		\$1,082,959.67

THIS IS TO CERTIFY THAT THE CLAIMS LISTED ON PAGES NUMBERED FROM 10055 THROUGH 10078 INCLUSIVE, AND/OR CLAIMS NUMBERED FROM 22140 THROUGH 22248 INCLUSIVE, TOTALING IN THE AMOUNT OF \$1,082,959.67, HAVE BEEN CHECKED IN DETAIL AND APPROVED BY THE PROPER OFFICIALS, AND IN MY OPINION REPRESENT FAIR AND JUST CHARGES AGAINST THE AUTHORITY IN ACCORDANCE WITH THEIR RESPECTIVE AMOUNTS AS INDICATED THEREON.

RESPECTFULLY SUBMITTED,

  
.....  
DEPUTY TREASURER12/14/17  
DATE  
12/14/2017

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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
ACCESS COMMUNICATIONS INC	22140		16,804.78		
CONSTRUCTION-CONTRACTOR		11497 TELECOM TECNICAL SERVICES FOR CABLING PROJECT		4,127.93	20
		11497 TELECOM TECNICAL SERVICES FOR CABLING PROJECT		4,127.92	20
		11497 TELECOM TECNICAL SERVICES FOR CABLING PROJECT		4,421.00	20
		11497 TELECOM TECNICAL SERVICES FOR CABLING PROJECT		4,127.93	20
ACME ANALYTICAL SOLUTIONS INC.	22141		293.83		
MISCELLANEOUS		14514 QTY 3 SULFURIC ACID SOLUTION 18%		293.83	18
AIRGAS USA, LLC	22142		262.37		
SUPPLIES		9949127725 10/17 CYLINDER RENTAL GASES		7.47	18
		9949127725 10/17 CYLINDER RENTAL GASES		43.40	18
		9949127725 10/17 CYLINDER RENTAL GASES		211.50	18
AKELA, ARVIND	22143		260.00		
SUPPLIES		12152017 REIM-11/29/17 SAFETY SHOES		260.00	18
ALL INDUSTRIAL ELECTRIC SUPPLY	22144		1,872.67		
MACHINERY AND EQUIP MAINT MATE		5174074 LIGHTING SUPPLIES		108.72	18
MISCELLANEOUS		5174102 LIGHTING SUPPLIES		123.19	18
		5174102 LIGHTING SUPPLIES		107.27	18
SUPPLIES		5174210 LIGHTING SUPPLIES		21.41	18
		5174210 LIGHTING SUPPLIES		2.70	18
CONST.-ADMIN. & LEGAL		5174384 LIGHTING SUPPLIES		1,035.30	14
SUPPLIES		5174491 LIGHTING SUPPLIES		134.24	18
MACHINERY AND EQUIP MAINT MATE		5174581 LIGHTING SUPPLIES		339.84	18

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SILICON VALLEY CLEAN WATER  
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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
ALPHA ANALYTICAL LABORATORIES	22145		1,170.00		
CONTRACT SERV. (NON-MAINT.)		7112500RPSVCW SAN CARLOS LAB ANALYSIS		85.00	18
		7112516RPSVCW PLANT PERMIT LAB ANALYSIS		70.00	18
		7112519RPSVCW PLANT PERMIT LAB ANALYSIS		70.00	18
		7112522RPSVCW PLANT PERMIT LAB ANALYSIS		70.00	18
		7112523RPSVCW PLANT PERMIT LAB ANALYSIS		70.00	18
		7112754RPSVCW SAN CARLOS LAB ANALYSIS		85.00	18
		7112921RPSVCW PLANT PERMIT LAB ANALYSIS		255.00	18
		7113221RPSVCW PLANT PERMIT LAB ANALYSIS		395.00	18
		7113254RPSVCW PLANT PERMIT LAB ANALYSIS		70.00	18
ANALYSTS, INC.	22146		268.40		
MACH & EQUIP MAINT SERVICES		M1766624 LAB ANALYSIS		268.40	18
AON RISK INSURANCE SERVICES WE	22147		25,000.00		
CONST.-ADMIN. & LEGAL		8200000113020 QUARTERLY INSTALLMENT-SERVICE AGREEMENT		25,000.00	20
APEX LIFE SCIENCES, LLC	22148		2,533.13		
CONTRACT SERV. (NON-MAINT.)		LAB550383798 W/E 11/18/17 LAB TEMPORARY STAFF WORKER -		1,133.13	18
		LAB550386283 W/E 11/25/17 LAB TEMPORARY STAFF WORKER		1,400.00	18
ATHERTON BUILDERS	22149		39,231.47		
CONSTRUCTION-CONTRACTOR		5 GENERATOR INSTALLATION - GREENDALE		24,231.47	14
		6 LANDSCAPING WORK - GREENDALE		15,000.00	14
AXIAQ, PAUL	22150		182.64		
TRAINING		12152017 REIM-11/14-11/17/17 BRIDGE TOLL - FIBEROPTICS		20.00	18
		12152017B REIM-11/14-11/17/17 MILEAGE REIMBURSEMENT-FI		162.64	18
BANK OF NEW YORK MELLON, THE	22151		1,250.00		
ADMINISTRATIVE EXPENSES		2522067859 11/24/17-11/23/18 TRUSTEE FEE		1,250.00	18

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SILICON VALLEY CLEAN WATER  
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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
BARKERBLUE	22152		2,181.44		
PROFESSIONAL SERVICES		601420 ENG LIBRARY DRAWINGS SCAN/RECORD DRAWINGS		2,181.44	18
BEECHER ENGINEERING	22153		67,400.00		
CONSTRUCTION-CONTRACTOR		101744 10/2-10/23/17 T.O.2017-03 PROF ELECT ENG SVCS-1		17,238.00	20
		101746 10/2-10/22/17 T.O.2017-03 PROF ELECT ENG SVCS -		42,926.00	20
CONSTRUCTION-DESIGN		101747 9/25-10/15/17 T.O.2016-03 ELECTRICAL ENGRG, PLG		3,280.00	20
		101747 9/25-10/15/17 T.O.2016-03 ELECTRICAL ENGRG, PLG		3,280.00	20
PROFESSIONAL SERVICES		101748 9/25-10/20/17 T.O.2017-01 PROF ELECT ENG SVCS-A		676.00	18
BELMONT TIRES, WHEELS & SERVIC	22154		20.00		
MACH & EQUIP MAINT SERVICES		43196 8/17 TIRE REPAIR		20.00	18
BLUETARP FINANCIAL INC	22155		363.92		
MISCELLANEOUS		39075358TAX SALES TAX LIABILITY		-30.62	18
MACHINERY AND EQUIP MAINT MATE		39075358 QTY 1 30A 120/240V 4 OUTLET POWER BOX		380.61	18
		39075358 QTY 1 30A 120/240V 4 OUTLET POWER BOX		13.93	18
BROWN & CALDWELL	22156		77,822.87		
CONSTRUCTION-DESIGN		11303546 8/25-9/28/17 T.O.2017-03 MPPS PRELIM DESIGN		18,097.78	20
		11305099 9/29-10/26/17 T.O.2016-11 FOP/PHASE1 OA-OWNER		5,547.91	20
		11305099 9/29-10/26/17 T.O.2016-11 FOP/PHASE1 OA-OWNER		5,547.92	20
		11305099 9/29-10/26/17 T.O.2016-11 FOP/PHASE1 OA-OWNER		5,547.92	20
		11305212 THRU 10/26/17 T.O.2017-03 MPPS PRELIM DESIGN		10,045.41	20
		11305217 THRU 10/26/17 T.O.2017-04 REDWOOD CITY PS PRE		33,035.93	20
BROWNING FERRIS INDUSTRIES OF	22157		3.40		
CONTRACT SERV. (NON-MAINT.)		4227000048763 10/31/17 ADMINISTRATIVE FEE		3.40	18

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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
BUCKLES SMITH ELECTRIC COMPANY	22158		8,956.76		
MACHINERY AND EQUIP MAINT MATE		306233100 VARIOUS ELECTRICAL PARTS		968.97	18
		306233100 VARIOUS ELECTRICAL PARTS		746.98	18
		306457600 VARIOUS ELECTRICAL PARTS		140.35	18
		306646400 VARIOUS ELECTRICAL PARTS		7,100.46	18
C.W.E.A. - TCP	22159		90.00		
TRAINING		11062017ID000002206I CWEA ASSN MEMBERSHIP-FONG, PETER		90.00	18
CAL-STEAM	22160		54.26		
MISCELLANEOUS		3076044 PLUMBING SUPPLIES		54.26	18
CALIFORNIA DETAILERS, INC.	22161		550.00		
MACH & EQUIP MAINT SERVICES		45407 11/11/17 FLEET VEHICLE ON-SITE WASH		275.00	18
		45480 11/25/17 FLEET VEHICLE ON-SITE WASH		275.00	18
CALPERS - FISCAL SERVICES DIVI	22162		35,000.00		
RETIREE MEDICAL PAYMENTS		12152017 12/17 PREFUNDING OPEB		35,000.00	12
CALTEST ANALYTICAL LABORATORY	22163		953.10		
CONTRACT SERV. (NON-MAINT.)		579402 NUTRIENT PERMIT LAB ANALYSIS		58.50	18
		579440 NPDES PERMIT LAB ANALYSIS		836.10	18
		579893 NUTRIENT PERMIT LAB ANALYSIS		58.50	18

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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
CASCADE INTEGRATION & DEVELOPM CONSTRUCTION-DESIGN	22164		12,690.00		
		1398 10/17 T.O.2016-01 SPA TASKS		2,340.00	20
		1398 10/17 T.O.2016-01 SPA TASKS		2,340.00	20
		1398 10/17 T.O.2016-01 SPA TASKS		2,340.00	20
CAPITAL		1399 10/17 T.O.2015-04 PUMP STATION PLC REPLACEMENT CO		911.25	14
		1399 10/17 T.O.2015-04 PUMP STATION PLC REPLACEMENT CO		911.25	14
		1399 10/17 T.O.2015-04 PUMP STATION PLC REPLACEMENT CO		911.25	14
		1399 10/17 T.O.2015-04 PUMP STATION PLC REPLACEMENT CO		911.25	14
CONSTRUCTION-DESIGN		1403 10/17 T.O.2016-01 PST & BARSCREEN PANELVIEW CONVE		675.00	20
		1403 10/17 T.O.2016-01 PST & BARSCREEN PANELVIEW CONVE		675.00	20
		1403 10/17 T.O.2016-01 PST & BARSCREEN PANELVIEW CONVE		675.00	20
CDM SMITH INC.	22165		40,770.10		
CONSTRUCTION-DESIGN		90029605 1/29-9/2/17 T.O.2016-05 WTP HEADWORKS & SCRE		21,759.10	20
		90029713 1/29-9/30/17 T.O.2016-04 WTP HEADWORKS & SCR		19,011.00	20
CDW GOVERNMENT, INC.	22166		3,347.68		
CONSTRUCTION-CONTRACTOR		KWP2210 QTY 2 APC DRY CONTACT I/O SMARTSLOT CARD		229.83	20
MISCELLANEOUS		KWP2210 QTY 2 APC DRY CONTACT I/O SMARTSLOT CARD		233.55	18
CONSTRUCTION-CONTRACTOR		KXF7818 QTY 2 APC SMART UPS SRT 2200VA 120V		1,475.99	20
MISCELLANEOUS		KXF7818 QTY 2 APC SMART UPS SRT 2200VA 120V		1,408.31	18
CG&E AUTO BODY	22167		1,027.38		
MACH & EQUIP MAINT SERVICES		25171 REPAIR PANELS AND REPLACE TAIL LAMP		1,027.38	18
CINTAS CORPORATION NO. 3	22168		1,687.11		
SUPPLIES		464825159 11/21/17 LAUNDRY SERVICE		824.14	18
		464828021 11/28/17 LAUNDRY SERVICE		862.97	18
COLE-PARMER INSTRUMENT CO LLC	22169		376.31		
SUPPLIES		1331530 QTY 2 PUMPHEAD MPLEX STD #17		376.31	18

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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
CONSOLIDATED PARTS INC.	22170		17,731.06		
MACHINERY AND EQUIP MAINT MATE		5043726 QTY 3 100HP CUTLER HAMMER		5,845.31	18
MISCELLANEOUS		5043726 QTY 3 100HP CUTLER HAMMER		11,885.75	18
COUNTY OF SAN MATEO - AIRPORT	22171		97,300.00		
CONST.-ADMIN. & LEGAL		12152017 1/18 PERMIT#5384-LEASE PMT SAN CARLOS AIRPORT		97,300.00	20
D.W. NICHOLSON CORPORATION	22172		8,506.00		
MACH & EQUIP MAINT SERVICES		8649 THRU 9/30/17 WIRE FEED AT DIGESTER#3		7,133.00	18
MISCELLANEOUS		8951 FABRICATE ALUMINUM GRATING		1,373.00	18
DAVID J POWERS AND ASSOCIATES,	22173		6,032.50		
CONSTRUCTION-DESIGN		2017014 10/17 T.O.2017-01 PHASE1 CONSTRUCTION MONITORI		1,903.62	20
CONSTRUCTION-CONTRACTOR		2017014 10/17 T.O.2017-01 PHASE1 CONSTRUCTION MONITORI		1,903.63	20
CONSTRUCTION-DESIGN		20150223 10/1-10/30/17 T.O.2015-02 PROGRAM EIR PREPARA		98.64	20
		20150223 10/1-10/30/17 T.O.2015-02 PROGRAM EIR PREPARA		986.43	20
		20150223 10/1-10/30/17 T.O.2015-02 PROGRAM EIR PREPARA		215.22	20
		20150223 10/1-10/30/17 T.O.2015-02 PROGRAM EIR PREPARA		71.74	20
		20150223 10/1-10/30/17 T.O.2015-02 PROGRAM EIR PREPARA		98.64	20
		20150223 10/1-10/30/17 T.O.2015-02 PROGRAM EIR PREPARA		35.84	20
		20150223 10/1-10/30/17 T.O.2015-02 PROGRAM EIR PREPARA		35.87	20
		20150223 10/1-10/30/17 T.O.2015-02 PROGRAM EIR PREPARA		107.61	20
		20150223 10/1-10/30/17 T.O.2015-02 PROGRAM EIR PREPARA		125.57	20
		20150223 10/1-10/30/17 T.O.2015-02 PROGRAM EIR PREPARA		17.94	20
		20160111 2/1-5/31/17 T.O.2016-01 SRF FUNDING PREP FOR		274.75	20
		20160112 6/1-10/31/17 T.O.2016-01 SRF FUNDING PREP FOR		157.00	20
DKF SOLUTIONS GROUP, LLC	22174		450.00		
CONTRACT SERV. (NON-MAINT.)		13636 12/2017 MY SAFETY OFFICER-MONTHLY SUBSCRIPTION F		450.00	18
DNS STRATEGIC PARTNERS, LLC	22175		24,200.00		
CONSTRUCTION-DESIGN		1720014 11/17 T.O.2017-01 PROF CONSULTING SVCS - VARIO		24,200.00	20

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SILICON VALLEY CLEAN WATER  
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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
EDGLEY, KIP D.	22176		25,302.12		
CONSTRUCTION-CONTRACTOR		11241702 10/2-11/5/17 SERVICES INSIDE CA		18,576.00	20
		11241702B 10/2-11/5/17 SERVICES OUTSIDE CA		2,295.00	20
		11241702C REIM-10/2-11/5/17 TRAVEL EXPENSE		5,731.44	20
MISCELLANEOUS		11241702D 7% NONRESIDENT WITHHOLDING		-1,300.32	20
FASTENAL COMPANY	22177		262.72		
MACHINERY AND EQUIP MAINT MATE		CASAA56104 VENDOR MANAGED RESTOCK		125.93	18
		CASAA56104 VENDOR MANAGED RESTOCK		4.26	18
		CASAA56104 VENDOR MANAGED RESTOCK		3.33	18
		CASAA56104 VENDOR MANAGED RESTOCK		3.28	18
		CASAA56283 VENDOR MANAGED RESTOCK		125.92	18
FINTA ENTERPRISES, INC	22178		1,113.06		
CONTRACT SERV. (NON-MAINT.)		55185 11/2/17 GRIT HAULING		1,050.00	18
		55185 11/2/17 GRIT HAULING		25.00	18
		55185 11/2/17 GRIT HAULING		38.06	18
FISHER SCIENTIFIC COMPANY, LLC	22179		39.75		
SUPPLIES		81188 LAB SUPPLIES		39.75	18
FONG, PETER	22180		9.32		
MEMB. & MEET.		12152017 REIM-11/14 BRIDGE TOLL/MILEAGE REIMBURSEMENT		6.00	18
		12152017 REIM-11/14 BRIDGE TOLL/MILEAGE REIMBURSEMENT		3.32	18

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SILICON VALLEY CLEAN WATER  
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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
FREYER & LAURETA, INC	22181		53,600.60		
CONSTRUCTION-DESIGN		17454 7/17 T.O.2017-03 GEOTECHNICAL SAMPLING & TESTING		7,853.90	20
		17454 7/17 T.O.2017-03 GEOTECHNICAL SAMPLING & TESTING		7,853.90	20
		17454 7/17 T.O.2017-03 GEOTECHNICAL SAMPLING & TESTING		7,853.90	20
		17454 7/17 T.O.2017-03 GEOTECHNICAL SAMPLING & TESTING		7,853.90	20
CONST.-ADMIN. & LEGAL		17473 7/17 T.O.2017-04 ENG DESIGN STANDARDS DEVELOPMEN		6,716.75	20
		17473 7/17 T.O.2017-04 ENG DESIGN STANDARDS DEVELOPMEN		1,503.75	20
		17473 7/17 T.O.2017-04 ENG DESIGN STANDARDS DEVELOPMEN		300.75	20
		17473 7/17 T.O.2017-04 ENG DESIGN STANDARDS DEVELOPMEN		1,303.25	20
		17473 7/17 T.O.2017-04 ENG DESIGN STANDARDS DEVELOPMEN		100.25	20
		17473 7/17 T.O.2017-04 ENG DESIGN STANDARDS DEVELOPMEN		100.25	20
		17518 8/17 T.O.2017-04 ENG DESIGN STANDARDS DEVELOPMEN		1,183.50	20
		17518 8/17 T.O.2017-04 ENG DESIGN STANDARDS DEVELOPMEN		236.70	20
		17518 8/17 T.O.2017-04 ENG DESIGN STANDARDS DEVELOPMEN		1,025.70	20
		17518 8/17 T.O.2017-04 ENG DESIGN STANDARDS DEVELOPMEN		78.90	20
		17518 8/17 T.O.2017-04 ENG DESIGN STANDARDS DEVELOPMEN		78.90	20
CONSTRUCTION-DESIGN		17518 8/17 T.O.2017-04 ENG DESIGN STANDARDS DEVELOPMEN		5,286.30	20
		17659 10/17 T.O.2017-02 PUMP STATION VALVE REPLACEMENT		2,135.00	14
		17659 10/17 T.O.2017-02 PUMP STATION VALVE REPLACEMENT		2,135.00	14
GOLIATH MOVING & STORAGE	22182		8,209.98		
CONSTRUCTION-CONTRACTOR		1018 11/22-11/28/17 MOVERS EXPENSE - ADMIN TO TRAILERS		2,052.49	20
		1018 11/22-11/28/17 MOVERS EXPENSE - ADMIN TO TRAILERS		2,052.49	20
		1018 11/22-11/28/17 MOVERS EXPENSE - ADMIN TO TRAILERS		2,052.50	20
		1018 11/22-11/28/17 MOVERS EXPENSE - ADMIN TO TRAILERS		2,052.50	20

SILICON VALLEY CLEAN WATER  
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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
GRAINGER	22183		494.20		
SUPPLIES		9445463137 RESTOCK ITEMS		35.89	18
MACHINERY AND EQUIP MAINT MATE		9623875714 RESTOCK ITEMS		59.38	18
		9623875714 RESTOCK ITEMS		178.35	18
		9624003951 RESTOCK ITEMS		62.96	18
		9630093640 RESTOCK ITEMS		65.57	18
		9630527878 RESTOCK ITEMS		92.05	18
HACH COMPANY	22184		3,552.15		
MACH & EQUIP MAINT SERVICES		10679084 HACH WIMS ANNUAL SUPPORT		3,418.00	18
SUPPLIES		10739388 QTY 1 PH BUFFER SOLUTION KIT 4L		116.36	18
		10739388 QTY 1 PH BUFFER SOLUTION KIT 4L		17.79	18
HAMAMOTO, MONTE	22185		197.71		
CONF. & TRAV.		12152017 REIM-10/28-11/3/17 TRAVEL EXPENSE-DANISH WATE		197.71	18
HANSEN, ERIC	22186		180.00		
CONF. & TRAV.		12152017 REIM-11/27/17 MEMBERSHIP RENEWAL - CWEA E HAN		180.00	18
HARDY DIAGNOSTICS	22187		256.05		
SUPPLIES		1876112 LAB SUPPLIES		256.05	18
HERC RENTALS INC.	22188		8,535.41		
CONST.-ADMIN. & LEGAL		29664263001 11/8-12/6/17 EQUIPMENT RENTAL		1,719.76	20
CONSTRUCTION-CONTRACTOR		29587629001 10/3-10/6/17 EQUIPMENT RENTAL-PUMP SUBMERS		1,737.59	20
		29587629001 10/3-10/6/17 EQUIPMENT RENTAL-PUMP SUBMERS		172.79	20
RENTAL/LEASES		29621557001 10/19-10/20/17 EQUIPMENT RENTAL-PUMP SUBME		4,398.12	20
		29621557001 10/19-10/20/17 EQUIPMENT RENTAL-PUMP SUBME		507.15	20

SILICON VALLEY CLEAN WATER  
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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
HILLYARD INC	22189		1,361.54		
MISCELLANEOUS		602773925 JANITOR SUPPLIES		62.30	18
		602773925 JANITOR SUPPLIES		194.97	18
		602773925 JANITOR SUPPLIES		237.35	18
		602773925 JANITOR SUPPLIES		99.98	18
		602773925 JANITOR SUPPLIES		406.73	18
		602773925 JANITOR SUPPLIES		155.30	18
SUPPLIES		602773925 JANITOR SUPPLIES		19.47	18
		602779322 JANITOR SUPPLIES		71.91	18
		602779322 JANITOR SUPPLIES		10.95	18
CONST.-ADMIN. & LEGAL		602783275 JANITOR SUPPLIES		88.63	14
		602783275 JANITOR SUPPLIES		13.95	14
HOPKINS TECHNICAL PRODUCTS, IN	22190		348.46		
MACHINERY AND EQUIP MAINT MATE		3617301319 QTY 5 ELECTROLYTE CGE2 WITH BOTTLE 50ML		348.46	18
INTUITIVE TACTICAL CONSULTING	22191		2,558.34		
SUPPLIES		1011 IT SUPPORT SERVICES - CISCO HARDWARE		2,558.34	18
JENTECH SERVICES	22192		6,856.32		
MACH & EQUIP MAINT SERVICES		2243 11/28-12/7/17 INSTRUMENTATION AND ELECTRICAL SERV		4,284.00	18
		2243 11/28-12/7/17 INSTRUMENTATION AND ELECTRICAL SERV		612.00	18
		2243 11/28-12/7/17 INSTRUMENTATION AND ELECTRICAL SERV		1,960.32	18
JHS CONSULTING, LLC	22193		3,315.00		
CONTRUCTION-DESIGN		2017026 11/17 T.O.2017-02 SRF AND PERMITTING SUPPORT S		3,315.00	20

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KELLER CANYON LANDFILL CO. CONTRACT SERV. (NON-MAINT.)	22194		1,258.84		
		4212000026383 10/11/17 SEWER GRIT SCR N DRYING BED HAUL		647.81	18
		4212000026383 10/11/17 SEWER GRIT SCR N DRYING BED HAUL		16.25	18
		4212000026383 10/11/17 SEWER GRIT SCR N DRYING BED HAUL		38.74	18
		4212000026383 10/11/17 SEWER GRIT SCR N DRYING BED HAUL		3.25	18
		4212000026486 11/02/17 SEWER GRIT SCR N DRYING BED HAUL		503.29	18
		4212000026486 11/02/17 SEWER GRIT SCR N DRYING BED HAUL		16.25	18
		4212000026486 11/02/17 SEWER GRIT SCR N DRYING BED HAUL		30.00	18
		4212000026486 11/02/17 SEWER GRIT SCR N DRYING BED HAUL		3.25	18
KENNEDY/JENKS CONSULTANTS, INC CONTRUCTION-DESIGN	22195		88,355.91		
		3 8/26-9/29/17 T.O.2017-05 CORROSION ODOR CNTRL WATS M		656.76	20
		3 8/26-9/29/17 T.O.2017-05 CORROSION ODOR CNTRL WATS M		1,112.88	20
		3 8/26-9/29/17 T.O.2017-05 CORROSION ODOR CNTRL WATS M		8,775.36	20
		3 8/26-9/29/17 T.O.2017-05 CORROSION ODOR CNTRL WATS M		6,075.25	20
		3 8/26-9/29/17 T.O.2017-05 CORROSION ODOR CNTRL WATS M		875.71	20
		3 8/26-9/29/17 T.O.2017-05 CORROSION ODOR CNTRL WATS M		748.04	20
		115220 7/29-8/25/17 T.O.2017-03 WWTP IMPR PHASE2-ALT D		780.32	20
		115220 7/29-8/25/17 T.O.2017-03 WWTP IMPR PHASE2-ALT D		1,322.21	20
		115220 7/29-8/25/17 T.O.2017-03 WWTP IMPR PHASE2-ALT D		10,425.91	20
		115220 7/29-8/25/17 T.O.2017-03 WWTP IMPR PHASE2-ALT D		7,217.94	20
		115220 7/29-8/25/17 T.O.2017-03 WWTP IMPR PHASE2-ALT D		1,040.42	20
		115220 7/29-8/25/17 T.O.2017-03 WWTP IMPR PHASE2-ALT D		888.70	20
		115652 THRU 8/25/17 T.O.2017-02 ROTARY DRUM THICKENER		25,425.41	20
		116457 THRU 9/29/17 T.O.2016-11 PROGRESSIVE DSG BLD PR		23,011.00	20
KUMAR, RAJNESH TRAINING SMALL TOOLS	22196		48.79		
		12152017 REIM-12/6/17 PARKING FEES - SF WONDERWARE TRA		18.00	18
		12152017B REIM-11/22/17 TOOL REIMBURSEMENT		30.79	18
LIEBERT CASSIDY WHITMORE PROFESSIONAL SERVICES	22197		1,365.00		
		1450093 THRU 10/31/17 APPEAL OF CALPERS DETERMINATION		1,365.00	18

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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
LOCKSWORKS UNLIMITED	22198		764.22		
SUPPLIES		1171120506 SERVICE TO REKEY DEADBOLT LOCKS		764.22	18
MADCO WELDING SUPPLY CO	22199		735.82		
RENTAL/LEASES		1336 9/18/17 CYLINDER RENTAL		35.00	18
SUPPLIES		G52653 11/22/17 COMPRESSED GASES		700.82	18
MARINA MECHANICAL	22200		563.56		
MACH & EQUIP MAINT SERVICES		90066 11/8/17 MAINTENANCE LABOR & PARTS		563.56	18
MENLO PARK, CITY OF	22201		183.33		
UTILITIES		1127201735494 10/23-11/20/17 MPPS WATER SERVICE		183.33	18
MOTION INDUSTRIES INC.	22202		720.37		
MACHINERY AND EQUIP MAINT MATE		CA24021622 VARIOUS SIZES HOSE ENDS/STEEL CLAMPS		584.99	18
MISCELLANEOUS		CA24022035 VARIOUS SIZES HOSE ENDS/STEEL CLAMPS		135.38	18
MUNIQUEIP INC	22203		3,716.67		
MACHINERY AND EQUIP MAINT MATE		103999 QTY 1 MISSION M800 RTU OPTION BOARD, POWER, PAC		2,169.57	18
		103999 QTY 1 MISSION M800 RTU OPTION BOARD, POWER, PAC		543.75	18
		103999 QTY 1 MISSION M800 RTU OPTION BOARD, POWER, PAC		16.31	18
		103999 QTY 1 MISSION M800 RTU OPTION BOARD, POWER, PAC		563.40	18
		103999 QTY 1 MISSION M800 RTU OPTION BOARD, POWER, PAC		25.00	18
		103999 QTY 1 MISSION M800 RTU OPTION BOARD, POWER, PAC		60.00	18
MISCELLANEOUS		104000 QTY 3 GASKET, ROUND NITRILE		327.88	18
SUPPLIES		104000 QTY 3 GASKET, ROUND NITRILE		10.76	18
NAVIA BENEFIT SOLUTIONS	22204		185.00		
ADMINISTRATIVE EXPENSES		10111080 11/2017 PARTICIPANT FEE		185.00	18
NETWORK INNOVATIONS US INC	22205		377.45		
MACH & EQUIP MAINT SERVICES		7101185721 10/17 NETWORK INNOVATION SERVICE		377.45	18

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NEXLEVEL INFORMATION TECHNOLOG	22206		437.50		
CONST.-ADMIN. & LEGAL		20171138 11/10/17 ERP PROCUREMENT		437.50	20
O.K. LUMBER COMPANY	22207		1,043.04		
MACHINERY AND EQUIP MAINT MATE		445570 PLYWOOD		180.76	18
		445570 PLYWOOD		32.19	18
		445570 PLYWOOD		54.38	18
		446087 PLYWOOD		101.57	18
		446087 PLYWOOD		450.37	18
		446087 PLYWOOD		143.29	18
		446087 PLYWOOD		80.48	18
OFFICE DEPOT	22208		959.15		
SUPPLIES		980412301001 OFFICE SUPPLIES		13.05	18
OFFICE SUPPLIES		980412301001 OFFICE SUPPLIES		107.89	18
SUPPLIES		980412301001 OFFICE SUPPLIES		95.43	18
OFFICE SUPPLIES		981571396001 OFFICE SUPPLIES		157.80	18
SUPPLIES		981571580001 OFFICE SUPPLIES		22.77	18
		981571581001 OFFICE SUPPLIES		98.76	18
		984487508001 OFFICE SUPPLIES		53.84	18
		984895690001 OFFICE SUPPLIES		55.59	18
OFFICE SUPPLIES		984895690001 OFFICE SUPPLIES		131.26	18
		985703342001 OFFICE SUPPLIES		124.00	18
SUPPLIES		985703342001 OFFICE SUPPLIES		98.76	18
OGASAWARA LANDSCAPE MAINTENANC	22209		2,050.00		
CONTRACT SERV. (NON-MAINT.)		24499 11/17 LANDSCAPING SERVICE		2,050.00	18
OTIS ELEVATOR COMPANY	22210		1,342.50		
MACH & EQUIP MAINT SERVICES		SJ15699001 10/19/17 TROUBLESHOOTING ELEVATOR		1,342.50	18

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PACE SUPPLY CORP	22211		533.86		
MISCELLANEOUS		94199158 PLUMBING SUPPLIES		503.71	18
		942172881 PLUMBING SUPPLIES		30.15	18
PACIFIC GAS AND ELECTRIC COMPA	22212		17,591.58		
UTILITIES		7688634 10/17 DEPARTING LOAD		12,510.34	18
		1128201726195 10/24-11/20/17 MPPS ELECTRIC		5,081.24	18
PAN-PACIFIC SUPPLY CO.	22213		2,217.09		
MISCELLANEOUS		29597597 QTY 2 2.5" CHESTERTON 442 SPK RSC/CB/FKM		2,217.09	18
POLYDYNE, INC.	22214		43,446.71		
CHEMICAL SUPPLIES		1190518 11/27/17 41400 CLARIFLOC C-6265		43,446.71	18
R & B COMPANY	22215		12,336.20		
MISCELLANEOUS		S1638493002 PLUMBING SUPPLIES		7,343.75	18
		S1638493002 PLUMBING SUPPLIES		4,485.94	18
MACHINERY AND EQUIP MAINT MATE		S1692209001 PLUMBING SUPPLIES		202.11	18
		S1700203001 PLUMBING SUPPLIES		51.25	18
		S1700203001 PLUMBING SUPPLIES		44.39	18
		S1700203001 PLUMBING SUPPLIES		183.14	18
		S1700203002 PLUMBING SUPPLIES		25.62	18
R.E.P. NUT N BOLT GUY	22216		621.56		
MACHINERY AND EQUIP MAINT MATE		28451 VARIOUS NUTS & BOLTS		372.70	18
		28451 VARIOUS NUTS & BOLTS		7.76	18
		28511 VARIOUS NUTS & BOLTS		43.07	18
		28512 VARIOUS NUTS & BOLTS		162.58	18
		28512 VARIOUS NUTS & BOLTS		35.45	18
RAM, VISHWA	22217		1,066.91		
CONF. & TRAV.		12152017 REIM-11/13-11/17/17 TRAVEL EXPENSE - HARRIS C		1,066.91	18

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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
RECOLOGY SAN MATEO COUNTY UTILITIES	22218	28107464 12/31-2/28/18 GREENDALE RESIDENTIAL WASTE	110.94	110.94	18
RED WING SHOE STORE SUPPLIES	22219	152127126 12/5/17 SAFETY SHOES - MURPHY, NATHAN	260.00	260.00	18
REDWOOD CITY, CITY OF - FINANC MACH & EQUIP MAINT SERVICES SUPPLIES	22220	BR46333 9/16-10/15/17 VEHICLE REPAIR/MTN CHARGES BR46340 9/16-10/15/17 FUEL CHARGES	1,189.06	304.78 884.28	18 18
REDWOOD CITY, CITY OF - WATER UTILITIES	22221	1128201706774 10/28-11/28/17 RCPS WATER SERVICE 1128201719903 10/28-11/28/17 1406 WATER/SEWER/GARBAGE 1128201719929 10/28-11/28/17 1406 FIRE SERVICE 1128201786984 10/28-11/28/17 PLANT WATER/GARBAGE	4,518.20	129.68 316.78 97.44 3,974.30	18 18 18 18
REGUS MANAGEMENT GROUP LLC CONST.-ADMIN. & LEGAL	22222	13124563 10/17 EXIT FEES - OFFICE RESTORATION SERVICE	1,453.13	1,453.13	20
ROBERS MAJESKI KOHN BENTLY CONSTRUCTION-CONTRACTOR	22223	4 PROGRESS PMT PER CONTRACT - GREENDALE INSTALLATION/R	35,000.00	35,000.00	14
ROYAL WHOLESALE ELECTRIC MACHINERY AND EQUIP MAINT MATE	22224	7003656746 VARIOUS CONDUIT PARTS	119.48	119.48	18
S & S SUPPLIES AND SOLUTIONS SUPPLIES	22225	S3066676001 QTY 5 OXYGEN SENSOR	989.57	989.57	18
SAN MATEO COUNTY MOSQUITO AND CONTRACT SERV. (NON-MAINT.)	22226	SM1700165 10/31/17 MOSQUITO AND VECTOR CONTROL	260.10	260.10	18

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SANDUL, DUANE	22227		1,700.00		
PROFESSIONAL SERVICES		11SVCW2017 11/2017 PROFESSIONAL SERVICES		1,700.00	18
SHAPE INCORPORATED	22228		2,173.91		
MISCELLANEOUS		123711 QTY 1 NETZSCH PUMP W/GRMTR		2,173.91	18
SHERWIN WILLIAMS COMPANY	22229		80.20		
MACHINERY AND EQUIP MAINT MATE		73110 PAINT SUPPLIES		80.20	18
SILICON VALLEY CLEAN WATER (SA	22230		1,975.00		
ADMINISTRATIVE EXPENSES		121517 1/18 SAFETY INCENTIVE		1,975.00	18
STEVEN ENGINEERING INC.	22231		2,221.38		
MACHINERY AND EQUIP MAINT MATE		245912300 VARIOUS PHOENIX PARTS		602.31	18
		245912300 VARIOUS PHOENIX PARTS		577.46	18
		246717200 VARIOUS PHOENIX PARTS		532.16	18
MISCELLANEOUS		246717200 VARIOUS PHOENIX PARTS		509.45	18
TANNER PACIFIC, INC.	22232		101,257.14		
CONTRUCTION-DESIGN		217100 11/19-12/2/17 T.O.2017-07 CONSTRUCTION MGMT - V		101,257.14	20

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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
U.S. BANK CORPORATE PAYMENT SY	22233		10,341.93		
TRAINING		11222017BB1 10/24/17 IT TRAINING-CISCO - MEDIUS CISCO		200.00	18
SUPPLIES		11222017BB2 11/9/17 IT CABINET FOR TRAILER - BLACK BOX		456.11	18
		11222017BB3 11/14/17 MS LICENSE RENEWAL - MICROSOFT		56.00	18
		11222017BB4 11/14/17 MS USER FEE - MICROSOFT		180.00	18
		11222017BB5 11/15/17 LABEL PRINTER - AMAZON		99.34	18
		11222017BB6 11/17/17 FREIGHT CHARGE FOR IT SHED - SCHN		1,277.04	18
MEMB. & MEET.		11222017DC1 11/1/17 BART TICKET - BART		9.30	18
SUPPLIES		11222017DC2 11/9/17 FUEL EXPENSE - CANYON GAS		54.00	18
		11222017DC3 11/19/17 FUEL EXPENSE - LOVE		95.00	18
		11222017DC4 11/21/17 FUEL EXPENSE - MAVERIK		87.00	18
TRAINING		11222017EM1 11/6/17 CWEA MEMBERSHIP RENEWAL-SANCHEZ, R		210.00	18
		11222017EM2 11/15/17 TRAINING FEE-FIBER OPTIC-AXIAQ, P		1,850.00	18
MEMB. & MEET.		11222017IS1 11/2/17 ANNUAL MEMBERSHIP FEE - APA		219.00	18
		11222017IS2 11/2/17 MEMBERSHIP RENEWAL FEE - CSMFO		110.00	18
SUPPLIES		11222017IS3 11/3/17 REFRESHMENTS FOR MONTHLY SVCW MEET		14.97	18
		11222017IS4 11/8/17 REFRESHMENTS FOR MONTHLY SVCW COMM		9.47	18
		11222017IS5 11/10/17 REFRESHMENTS FOR RETIREMENT PARTY		74.21	18
		11222017IS6 11/14/17 BUSINESS CARDS FOR CHAPMAN, LAPUS		107.86	18
		11222017JD6 11/14/17 QTY 1 DIXIE CUPS ER REQUEST - AMA		29.25	18
		11222017JD8 11/15/17 QTY 10 3 RING BINDERS - ER REQUES		117.90	18
CONF. & TRAV.		11222017JF1 10/25/17 LCW 2018 ANNUAL CONFERENCE - ENTE		241.68	18
		11222017JF2 10/26/17 LCW 2018 ANNUAL CONFERENCE - WEST		577.59	18
		11222017JF3 11/9/17 LCW 2018 ANNUAL CONFERENCE - LCW		3,625.00	18
TRAINING		11222017JF4 11/16/17 LCW WEBINAR - LCW		70.00	18
SUPPLIES		11222017MA1 10/29/17 TOLL CHARGES - FASTRAK		195.00	18
MEMB. & MEET.		11222017MA2 11/1/17 PARKING FEE - REDWOOD CITY PARKING		1.75	18
		11222017MA3 11/2/17 IT PLANNING LUNCHEON WITH RWC		142.73	18
MACH & EQUIP MAINT SERVICES		11222017MA4 11/3/17 COMPANY VEHICLE MAINTENANCE - TOWN		130.48	18
MEMB. & MEET.		11222017MA5 11/6/17 PARKING FEE - ABM PARKING		35.00	18
SUPPLIES		11222017MH1 10/25/17 MEETING DANISH WTA REFRESHMENTS -		66.25	18

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U.S. BANK CORPORATE PAYMENT SY	22234		4,657.57		
CONF. & TRAV.		11222017MH2 10/28/17 DINNER AT SFO TRIP TO DANISH WTA		14.72	18
		11222017MH3 10/30/17 TAXI FEE - DENMARK TAXA		49.34	18
SUPPLIES		11222017TH1 10/25/17 COMPANY VEHICLE MAINTENANCE - AUT		105.74	18
		11222017TH2 10/27/17 FUEL EXPENSE - MONTCLAIR		48.77	18
CONTRACT SERV. (NON-MAINT.)		11222017TH3 10/28/17 ICLOUD STORAGE MONTHLY FEE - APPL		0.99	18
SUPPLIES		11222017TH4 11/9/17 FUEL EXPENSE - MONTCLAIR		57.36	18
CONST.-ADMIN. & LEGAL		11222017VV1 10/24/17 DESIGN BUILD LUNCHEON - THE SPOT		549.24	20
		11222017VV2 10/25/17 GRAVITY PIPELINE WORKING LUNCHEON		15.87	20
		11222017VV3 10/25/17 GRAVITY PIPELINE WORKING LUNCHEON		49.50	20
		11222017VV4 10/26/17 GRAVITY PIPELINE WORKING LUNCHEON		618.92	20
		11222017VV5 10/26/17 GRAVITY PIPELINE WORKING LUNCHEON		52.00	20
		11222017VV6 11/1/17 GRAVITY PIPELINE DESIGN BUILD MEET		546.25	20
		11222017VV7 11/1/17 GRAVITY PIPELINE STRATEGY MEETING		86.25	20
		11222017VV8 11/1/17 GRAVITY PIPELINE ENVIROMENTAL MEET		189.75	20
		11222017VV9 11/1/17 GRAVITY PIPELINE BAIR ISLAND MEETI		270.25	20
MISCELLANEOUS		11222017DM12 SALES TAX LIABILITY		-23.96	18
SUPPLIES		11222017JD10 11/15/17 QTY 1 PAPER PLATES ER REQUEST -		23.59	18
		11222017JD11 11/15/17 QTY 1 TABLE COVER ER REQUEST - A		19.46	18
		11222017JD12 11/15/17 QTY 1 CLEAR SHEET PROTECTORS ER		15.84	18
CONST.-ADMIN. & LEGAL		11222017VV10 11/1/17 GRAVITY PIPELINE PROTECTION MEETI		57.50	20
		11222017VV11 11/1/17 GRAVITY PIPELINE EIR DEVELOPMENT		294.86	20
		11222017VV12 11/13/17 GRAVITY PIPELINE TRAINING MEETIN		6.50	20
		11222017VV13 11/14/17 WATS TRAINING MEETING - STEVE'S		430.84	20
		11222017VV14 11/14/17 GRAVITY PIPELINE WATS TRAINING M		69.00	20
SUPPLIES		11222017VV15 11/15/17 FRONT OF PLANT KICKOFF MEETING -		472.98	18
		11222017VV16 11/16/17 WATS TRAINING MEETING - STEVE'S		265.32	18
PROFESSIONAL SERVICES		11222017VV17 11/16/17 EIR ADMIN FEE - SAN MATEO COUNTY		50.00	18
SUPPLIES		11222017VV18 11/18/17 PLOTTER REPAIR - LASERTORIUM		329.08	18
MISCELLANEOUS		11222017DM3TAX SALES TAX LIABILITY		-6.13	18
		11222017DM4TAX SALES TAX LIABILITY		-2.26	18

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U.S. BANK CORPORATE PAYMENT SY	22235		7,705.21		
MISCELLANEOUS		11222017JD1TAX SALES TAX LIABILITY		-9.97	18
		11222017JD3TAX SALES TAX LIABILITY		-6.55	18
SMALL TOOLS		11222017DM1 10/25/17 QTY 1 CAL OSHA KIT, QTY 1 12 STEP		118.48	18
		11222017DM1 10/25/17 QTY 1 CAL OSHA KIT, QTY 1 12 STEP		990.72	18
		11222017DM1 10/25/17 QTY 1 CAL OSHA KIT, QTY 1 12 STEP		399.20	18
MACHINERY AND EQUIP MAINT MATE		11222017DM10 11/10/17 QTY 1 RHINO CONVERTER - AUTOMATI		103.31	18
MISCELLANEOUS		11222017DM10TAX SALES TAX LIABILITY		-8.31	18
MACHINERY AND EQUIP MAINT MATE		11222017DM11 11/11/17 QTY 1 PHOENIX CONVERTER - ALLIED		417.06	18
SUPPLIES		11222017DM2 10/26/17 VARIOUS SHELIVING PARTS		260.89	18
		11222017DM2 10/26/17 VARIOUS SHELIVING PARTS		154.71	18
MACHINERY AND EQUIP MAINT MATE		11222017DM3 10/27/17 QTY 1 HAGER 5300 ALUMINUM GRADE 1		76.13	18
SUPPLIES		11222017DM4 11/1/17 QTY 2 GAMMA SEAL LID - AMAZON		28.06	18
		11222017DM5 11/2/17 QTY 2 GAMMA SEAL WHITE LID - AMAZO		25.88	18
		11222017DM6 11/2/17 VARIOUS LIDS AND BUCKETS - AMAZON		32.34	18
		11222017DM6 11/2/17 VARIOUS LIDS AND BUCKETS - AMAZON		32.34	18
		11222017DM6 11/2/17 VARIOUS LIDS AND BUCKETS - AMAZON		73.38	18
		11222017DM7 11/2/17 VARIOUS BUCKETS AND LIDS - AMAZON		51.71	18
		11222017DM7 11/2/17 VARIOUS BUCKETS AND LIDS - AMAZON		110.70	18
MACHINERY AND EQUIP MAINT MATE		11222017DM8 11/3/17 VARIOUS SHELIVING AND BEAMS - GLOBA		297.92	18
SMALL TOOLS		11222017DM8 11/3/17 VARIOUS SHELIVING AND BEAMS - GLOBA		291.34	18
SUPPLIES		11222017DM8 11/3/17 VARIOUS SHELIVING AND BEAMS - GLOBA		294.64	18
MACHINERY AND EQUIP MAINT MATE		11222017DM9 11/9/17 VARIOUS ABSORBENT MATERIALS - AMER		326.25	18
		11222017DM9 11/9/17 VARIOUS ABSORBENT MATERIALS - AMER		304.50	18
		11222017DM9 11/9/17 VARIOUS ABSORBENT MATERIALS - AMER		352.35	18
		11222017DM9 11/9/17 VARIOUS ABSORBENT MATERIALS - AMER		387.15	18
		11222017JD1 10/25/17 QTY 3 PREM EXH WRAP - JEGS		123.94	18
		11222017JD1 10/25/17 QTY 3 PREM EXH WRAP - JEGS		35.99	18
CONST.-ADMIN. & LEGAL		11222017JD13 11/17/17 QTY 1 MICROWAVE, QTY 1 REFRIGERA		976.60	14
		11222017JD13 11/17/17 QTY 1 MICROWAVE, QTY 1 REFRIGERA		390.00	14
		11222017JD13 11/17/17 QTY 1 MICROWAVE, QTY 1 REFRIGERA		1,074.45	14

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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
U.S. BANK CORPORATE PAYMENT SY	22236		7,128.41		
CONST.-ADMIN. & LEGAL		11222017JD13 11/17/17 QTY 1 MICROWAVE, QTY 1 REFRIGERA		10.86	14
MACHINERY AND EQUIP MAINT MATE		11222017JD14 11/20/17 QTY 2 SAMPLING VALVES - USA BLUE		26.73	18
		11222017JD14 11/20/17 QTY 2 SAMPLING VALVES - USA BLUE		82.16	18
		11222017JD2 10/27/17 LIGHTING SUPPLIES - ALLIED ELECTR		240.39	18
		11222017JD2 10/27/17 LIGHTING SUPPLIES - ALLIED ELECTR		227.94	18
		11222017JD2 10/27/17 LIGHTING SUPPLIES - ALLIED ELECTR		227.94	18
		11222017JD2 10/27/17 LIGHTING SUPPLIES - ALLIED ELECTR		227.94	18
		11222017JD2 10/27/17 LIGHTING SUPPLIES - ALLIED ELECTR		227.94	18
		11222017JD2 10/27/17 LIGHTING SUPPLIES - ALLIED ELECTR		227.94	18
		11222017JD3 10/27/17 QTY 2 RELECTIVE ALUMINUM SIGN - S		16.55	18
		11222017JD3 10/27/17 QTY 2 RELECTIVE ALUMINUM SIGN - S		81.45	18
SMALL TOOLS		11222017JD4 10/30/17 QTY 1 PEFORATED STRUT, QTY 1 CAL		990.72	18
		11222017JD4 10/30/17 QTY 1 PEFORATED STRUT, QTY 1 CAL		118.48	18
		11222017JD4 10/30/17 QTY 1 PEFORATED STRUT, QTY 1 CAL		399.20	18
		11222017JD5 11/7/17 QTY 1 REFRIGERATOR - HOME DEPOT		1,192.76	18
		11222017JD5 11/7/17 QTY 1 REFRIGERATOR - HOME DEPOT		27.18	18
MACHINERY AND EQUIP MAINT MATE		11222017JD7 11/15/17 QTY 1 LEVITON, QTY 1 REFLECTIVE T		15.36	18
		11222017JD7 11/15/17 QTY 1 LEVITON, QTY 1 REFLECTIVE T		18.45	18
OFFICE SUPPLIES		11222017JD9 11/15/17 QTY 1 KEURIG BREWER - COSTCO		108.74	18
MEMB. & MEET.		11222017SS1 11/7/17 CAPPO MEMBERSHIP FEE		130.00	18
SMALL TOOLS		11222017SS2 11/9/17 VARIOUS CONNECTOR PARTS		673.78	18
CONF. & TRAV.		11222017SS3 11/13/17 CA ASSN OF PPO CONFERENCE SEMINAR		395.00	18
CONTRACT SERV. (NON-MAINT.)		11222017SS4 11/14/17 15 YD DEBRIS CONTAINER		25.00	18
		11222017SS4 11/14/17 15 YD DEBRIS CONTAINER		495.00	18
		11222017SS5 11/14/17 20 YD DEBRIS CONTAINER		495.00	18
		11222017SS5 11/14/17 20 YD DEBRIS CONTAINER		25.00	18
		11222017SS6 11/14/17 OVERWEIGHT CHARGE ON DEBRIS CONTA		351.00	18
SUPPLIES		11222017DM12 11/14/17 QTY 1 BUNN POUOVER COMMERCIAL C		297.84	18

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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
UNIVAR USA INC.	22237		10,417.80		
CHEMICAL SUPPLIES		SJ851674 11/24/17 4000 GAL SOD HYPO		2,122.80	18
		SJ851786 11/28/17 4081 GAL SOD HYPO		2,165.78	18
		SJ852922 12/4/17 435.437 GAL BISULFITE		6,129.22	18
USA SIGNS	22238		1,872.68		
SUPPLIES		29168 QTY 1 DIRECT PRINT ON PLYWOOD, QTY 2 DIRECT PRIN		1,872.68	18
VALLEY OIL COMPANY (VEHICLE FU	22239		1,504.33		
SUPPLIES		482710 10/15-10/31/17 FUEL CHARGES		815.44	18
		485692 11/1-11/15/17 FUEL CHARGES		688.89	18
VERIZON WIRELESS	22240		3,699.61		
UTILITIES		9796578686 10/20-11/19/17 VERIZON SERVICE		3,689.59	18
		9796884488 10/24-11/23/17 VERIZON SERVICE		10.02	18
VWR INTERNATIONAL, LLC	22241		3,091.76		
MISCELLANEOUS		8080563288 LAB SUPPLIES		338.60	18
SUPPLIES		8080664577 LAB SUPPLIES		280.59	18
		8080664578 LAB SUPPLIES		353.93	18
		8080668883 LAB SUPPLIES		198.83	18
		8080671483 LAB SUPPLIES		256.33	18
		8080671483 LAB SUPPLIES		579.46	18
		8080671484 LAB SUPPLIES		600.89	18
		8080671484 LAB SUPPLIES		247.90	18
		8080671484 LAB SUPPLIES		235.23	18
WATSON-MARLOW INC	22242		611.90		
MISCELLANEOUS		SI053452 QTY 5 MARPRENE TUBING		611.90	18

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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
WEST YOST ASSOCIATES	22243		59,884.34		
CONSTRUCTION-DESIGN		2033373 9/9-10/6/17 T.O.2014-03 54" FM REPLACEMENT		670.00	20
		2033836 8/22-9/3/17 T.O.2017-01 PRGM MGMT SVCS FOR RES		8,882.15	20
		2033836 8/22-9/3/17 T.O.2017-01 PRGM MGMT SVCS FOR RES		8,290.01	20
		2033836 8/22-9/3/17 T.O.2017-01 PRGM MGMT SVCS FOR RES		8,290.01	20
		2033836 8/22-9/3/17 T.O.2017-01 PRGM MGMT SVCS FOR RES		8,290.01	20
		2033836 8/22-9/3/17 T.O.2017-01 PRGM MGMT SVCS FOR RES		8,290.00	20
		2033836 8/22-9/3/17 T.O.2017-01 PRGM MGMT SVCS FOR RES		8,882.15	20
		2033836 8/22-9/3/17 T.O.2017-01 PRGM MGMT SVCS FOR RES		8,290.01	20
WESTERN ENERGY SYSTEMS	22244		17,400.96		
MACH & EQUIP MAINT SERVICES		3814565 10/17 LTSA SERVICE AGREEMENT UNIT 1		8,611.44	18
		3814566 10/17 LTSA SERVICE AGREEMENT UNIT 2		8,789.52	18
WESTERN WEATHER GROUP INC	22245		494.09		
MACH & EQUIP MAINT SERVICES		15233 PREVENTATIVE MAINTENANCE TEST & ALIGNMENT		482.64	18
		15233 PREVENTATIVE MAINTENANCE TEST & ALIGNMENT		11.45	18
WESTIN TECHNOLOGY SOLUTIONS, L	22246		1,675.00		
PROFESSIONAL SERVICES		10037 THRU 11/17 PROFESSIONAL SERVICES		1,675.00	18
WRA ENVIRONMENTAL CONSULTANTS	22247		909.00		
CONSTRUCTION-DESIGN		201711830787 9/17 T.O.2016-01 BIOLOGICAL&PERMIT SVCS -		36.36	20
		201711830787 9/17 T.O.2016-01 BIOLOGICAL&PERMIT SVCS -		499.95	20
		201711830787 9/17 T.O.2016-01 BIOLOGICAL&PERMIT SVCS -		63.61	20
		201711830787 9/17 T.O.2016-01 BIOLOGICAL&PERMIT SVCS -		9.10	20
		201711830787 9/17 T.O.2016-01 BIOLOGICAL&PERMIT SVCS -		50.00	20
		201711830787 9/17 T.O.2016-01 BIOLOGICAL&PERMIT SVCS -		18.18	20
		201711830787 9/17 T.O.2016-01 BIOLOGICAL&PERMIT SVCS -		18.18	20
		201711830787 9/17 T.O.2016-01 BIOLOGICAL&PERMIT SVCS -		50.00	20
		201711830787 9/17 T.O.2016-01 BIOLOGICAL&PERMIT SVCS -		109.08	20
		201711830787 9/17 T.O.2016-01 BIOLOGICAL&PERMIT SVCS -		54.54	20



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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
ZUN ZUN	22248		3,500.00		
CONTRACT SERV. (NON-MAINT.)		5001 09/17 PUBLIC RELATIONS - WASTEWATER AWARENESS PRO		3,500.00	18

TOTAL

\$1,082,959.67

**SVCW WARRANT REGISTER**

SVCW Warrant Register dated December 28, 2017 for Retiree Health. A scanned copy was e-mailed to Commissioners on December 22, 2017.

12-28-17

SILICON VALLEY CLEAN WATER  
WARRANT REGISTER  
FUND RECAP

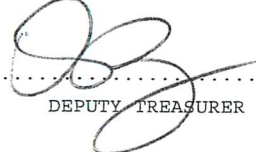
PAGE 0083

NAME	FUND	AMOUNT
RETIREE HEALTH INSUR. FD.	12	25,138.30
TOTAL FOR APPROVAL		\$25,138.30

 12/21/2017

THIS IS TO CERTIFY THAT THE CLAIMS LISTED ON PAGES NUMBERED FROM 10079 THROUGH 10083 INCLUSIVE, AND/OR CLAIMS NUMBERED FROM 22249 THROUGH 22286 INCLUSIVE, TOTALING IN THE AMOUNT OF \$25,138.30, HAVE BEEN CHECKED IN DETAIL AND APPROVED BY THE PROPER OFFICIALS, AND IN MY OPINION REPRESENT FAIR AND JUST CHARGES AGAINST THE AUTHORITY IN ACCORDANCE WITH THEIR RESPECTIVE AMOUNTS AS INDICATED THEREON.

RESPECTFULLY SUBMITTED,

  
..... 12/20/17  
DEPUTY TREASURER                      DATE

12/28/17 (Retiree Health)

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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
CHANDLER, DAVE	22249		1,426.72		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		1,426.72	12
FLAHERTY, LISA M.	22250		841.83		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		841.83	12
JONES, LORINE	22251		1,426.72		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		1,426.72	12
LEACH, PRESTON L.	22252		183.34		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		183.34	12
REEVES, DENNIS D.	22253		499.68		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		499.68	12
SCHIECHL, WARREN	22254		197.76		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		197.76	12
WALSH, WALTER	22255		197.76		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		197.76	12
WIDGER, RICHARD	22256		1,426.72		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		1,426.72	12
BAKER, ANDREW	22257		1,189.90		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		1,189.90	12
BEWLEY, JAMES B.	22258		499.68		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		499.68	12
BOVE, LEONARD F.	22259		646.86		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		646.86	12

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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
BUENROSTRO, BENJAMIN	22260		1,426.72		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		1,426.72	12
BUSCH, JOSEPH A.	22261		183.34		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		183.34	12
CHAPMAN, ROBERT G	22262		963.20		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		963.20	12
DIAZ, CLARA L.	22263		249.30		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		249.30	12
DONALDSON, ROBERT M.	22264		646.86		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		646.86	12
FAZIO, MICHAEL	22265		183.34		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		183.34	12
FORD, LARENCE	22266		499.68		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		499.68	12
GERKE, FRED	22267		646.86		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		646.86	12
GROSSO, LORNA	22268		183.34		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		183.34	12
HALL, DAVID A.	22269		1,736.35		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		1,736.35	12
HERNANDEZ, JOHN M.	22270		499.68		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		499.68	12

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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
JONES, REGGIE H.	22271		197.76		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		197.76	12
KAUFMAN, KENNETH J	22272		183.34		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		183.34	12
KELLY, DIANE L.	22273		558.94		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		558.94	12
KERTZ, FELIX J.	22274		183.34		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		183.34	12
KLOKKE, KARL W.	22275		558.94		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		558.94	12
MA, PO KUI	22276		499.68		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		499.68	12
MURRAY, GENE RODGER	22277		874.42		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		874.42	12
POSCH, MICHAEL A.	22278		499.68		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		499.68	12
REYES, CESAR V.	22279		499.68		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		499.68	12
SMITH, JULIE	22280		1,426.72		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		1,426.72	12
SMITH, RAYMOND C.	22281		528.52		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		528.52	12

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NAME	WARRANT NUMBER	INVOICE #/DESCRIPTION	AMOUNT	DETAIL	FUND
STORMS, VERNON GARY	22282		850.14		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		850.14	12
SUTER, KATHERINE J.	22283		499.68		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		499.68	12
TAYLOR, TERRY M.	22284		963.20		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		963.20	12
VON SEEBACH, NANCY	22285		558.94		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		558.94	12
WOODSTOCK, CRAIG M.	22286		499.68		
RETIREE MEDICAL PAYMENTS		118 01/18 RETIREE HEALTH PREMIUM REFUND		499.68	12
TOTAL				\$25,138.30	

**ADOPT A RESOLUTION TO PROMOTE THE DEVELOPMENT OF RECYCLED  
WATER SUPPLIES TO PROVIDE MAXIMUM BENEFIT TO OUR REGION**

**ISSUE**

Adoption of a Resolution Promoting Development of Recycled Water Supplies to Maximize Benefits to SVCW Service Area.

**BACKGROUND**

The practice of recycling the state's water supplies has been recognized by California as essential and necessary. In 2016, the Governor's Water Action Plan calls for expanding recycled water use in California to meet stated recycled water goals. In October of last year, Governor Brown signed into law AB 574 (Quirk) defining terms used to describe potable reuse and requiring the establishment of regulations for potable reuse by 2023. This legislation follows several recent laws that recognize recycling the state's water supplies as best practice. As of Dec. 18, 2017, final comments on the draft regulation for Surface Water Augmentation using recycled water were submitted to the State Water Resources Control Board for final review and implementation.

In October of 2016, SVCW's Commission passed a Minute Order authorizing the Manager to negotiate and execute a Memorandum of Understanding with the San Francisco Public Utilities Commission, Bay Area Water Supply Conservation Agency, and California Water Service (the Water Agencies) to provide preliminary planning information assessing the viability of Indirect Potable Reuse (IPR) in the form of a technical memorandum, "Potable Reuse Exploratory Plan" or PREP. The technical memorandum would highlight opportunities for mutual benefit between SVCW and the Water Agencies, in addition to identifying grant opportunities that could be realized by SVCW and the Water Agencies should a project be determined mutually beneficial. Preliminary conclusions from the first phase of the PREP indicate that mutually beneficial project(s) are worthy of further study and advises to move forward with further study; therefore, a scope of work for development of a second phase of the PREP has been initiated. A further conclusion of the PREP was to add the City of San Mateo to the MOU given the City's planning efforts toward potable reuse facilities.

As previously reported to the Commission, SVCW is expecting effluent discharge requirements from the San Francisco Regional Water Quality Control Board to reduce the concentration of nutrients (Nitrogen and Phosphorous) in water discharged to the Bay, possibly within the coming decade. SVCW staff has recognized the value of recycled water as a possible method of reducing effluent nutrient loads and addressing these new regulations by using the highly treated water for landscape irrigation. Further development of recycled water for new potable reuse demands could also help reduce costs to treat and reduce nutrients discharged to the Bay. To explore the potential for future potable reuse projects, SVCW has begun discussions with local Water Agencies to understand the mutual benefits that can be gained.



### DISCUSSION

Staff recommends the passage of a resolution as a formal expression of Silicon Valley Clean Water's support of the State's recycled water policy as well as its commitment to promote the development of recycled water supplies to provide maximum benefit to SVCW's region. The resolution will provide guidance to the Commission and staff as well as provide SVCW's future partners with a commitment towards supporting development of sustainable water supplies through recycled water.

### FINANCIAL IMPACT

No financial impact is related to this agenda item. Any future planning and implementation of a recycled water project will be identified and presented to the Commission for approval.

### RECOMMENDATION

Move adoption of RESOLUTION OF SILICON VALLEY CLEAN WATER SUPPORTING THE STATE'S GOALS FOR RECYCLED WATER USE AND PROMOTING THE DEVELOPMENT OF RECYCLED WATER SUPPLIES TO PROVIDE MAXIMUM BENEFIT TO SILICON VALLEY CLEAN WATER'S SERVICE AREA

.

**2018 CONFLICT OF INTEREST CODE UPDATE**

**ISSUE**

To Approve and Adopt the Silicon Valley Clean Water's Conflict of Interest Code, Amending Job Titles to Designated Positions of the Authority's Conflict of Interest Code, Exhibit A (attached).

**BACKGROUND**

The Political Reform Act requires all local agencies which have adopted Conflict of Interest Codes to review their Conflict of Interest Code biennially, every even-numbered year (the Commission last reviewed and amended the Code on July 13, 2017) and amend their Code if changes necessitate.

**DISCUSSION**

Recent title changes to three positions, the creation of one title (Executive Secretary to the Manager) and the deletion of one position (Administrative Services Director) within the Authority require the list of designated positions under Silicon Valley Clean Water's Conflict of Interest Code, Exhibit A (attached) be updated. Due to the nature of the duties of the positions, the person holding each listed position will continue to be required to file an annual Statement of Economic Interest (Form 700).

This Resolution amends the SVCW Conflict of Interest Code to update the titles of the positions referred to above.

**RECOMMENDATION**

Move adoption of RESOLUTION AMENDING AND APPROVING THE 2018 CONFLICT OF INTEREST CODE UPDATE FOR SILICON VALLEY CLEAN WATER

## EXHIBIT A

### 2018 CONFLICT OF INTEREST UPDATE

#### SILICON VALLEY CLEAN WATER DESIGNATED OFFICIALS AND EMPLOYEES

<b><u>Designated Positions</u></b>	<b><u>Disclosure Categories</u></b>
Commission, Commission of SVCW	All Categories
Secretary, SVCW	All Categories
Manager	All Categories
Assistant Manager/Chief Engineering Officer	All Categories
Chief Operating Officer	All Categories
Chief Financial Officer/Administration Manager	All Categories
Executive Assistant to the Manager*	3, 4
Health & Safety Director	3, 4
IS Director	3, 4
Engineering Director	3, 4
Environmental Services Director	3, 4
Operations Director	3, 4
Maintenance Director	3, 4
Laboratory Director	3, 4
Human Resources Director	3, 4
Attorney	All Categories
Consultant*	All Categories

\*New position

\*\*Consultant is defined in Regulation 18700(a) (2) in 2 California Code of Regulations

The (executive director or executive officer) may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of the disclosure requirements (Exhibit B). The (executive director or executive officer's) determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

**EXHIBIT B**  
**2017 CONFLICT OF INTEREST UPDATE**  
**SILICON VALLEY CLEAN WATER**

**DESIGNATED CATEGORIES**

**CATEGORY 1.** A designated employee assigned to Category 1 is required to disclose investments which may foreseeably be materially affected by any decision made or participated in by the designated employee.

**CATEGORY 2.** A designated employee assigned to Category 2 is required to disclose interests in real property which may be materially affected by any decision made or participate in by the designated employee.

**CATEGORY 3.** A designated employee assigned to Category 3 is required to disclose income which may be materially affected by any decision made or participated in by the designated employee.

**CATEGORY 4.** A designated employee assigned to Category 4 is required to disclose any business entity in which the designated employee is a director, officer, partner, trustee, or holds any position of management which may be materially affected by any decision made or participated in by the designated employee.

**REMOVAL OF FIXED ASSETS FROM THE  
FINANCIAL RECORDS OF SVCW****ISSUE**

Approval to Remove Assets from Silicon Valley Clean Water Financial Records to Reflect Asset Disposals Occurring in the Current Fiscal Year.

**BACKGROUND**

Per Section 3.5 of the Silicon Valley Clean Water (SVCW) Joint Powers Agreement, and per SVCW Policy 1981-02 Revision E, asset and inventory items no longer useful must be purged from SVCW's financial asset records. Further, the disposal of any asset with a value greater than \$25,000 must receive Commission approval.

**DISCUSSION**

The Materials Service Supervisor recently conducted a comprehensive review of warehouse contents and identified several obsolete assets. This review recommends the removal of four assets which individually have depreciated book values greater than \$25,000. The following items should be removed from SVCW financial records.

<b>Asset #</b>	<b>Description</b>	<b>Acquired Date</b>	<b>Original Value</b>	<b>Book Value</b>	<b>Reason for Disposal</b>
12763	Induction Unit, Water Champ	08/08/2014	50,958.00	39,592.00	No longer used in our process system
12647	Gearbox,Turbine Hansen	06/28/2013	42,134	29,638	Replaced with energy efficient Invent mixers
12648	Gearbox,Turbine Hansen	06/28/2013	42,134	29,638	Replaced with energy efficient Invent mixers
12649	Gearbox,Turbine Hansen	06/28/2013	42,134	29,638	Replaced with energy efficient Invent mixers

Removing these assets from SVCW financial records improves the accuracy of SVCW accounting for financial assets.

**RECOMMENDATION**

Move approval to REMOVE FIXED ASSET NUMBERS 12647, 12648, 12649, and 12763 WITH A TOTAL REMAINING BOOK VALUE OF \$95,275.00 FROM SVCW FINANCIAL RECORDS

**ISSUE REVENUE BONDS TO FUND THE SVCW CAPITAL  
IMPROVEMENT PROGRAM FOR THE CITY OF REDWOOD CITY, THE CITY OF  
SAN CARLOS AND THE WEST BAY SANITARY DISTRICT**

**ISSUE**

Adoption of Resolution Authorizing Silicon Valley Clean Water to Issue Debt in the Principal Amount (including either premiums or discounts) not to exceed \$160 Million with Net Proceeds of \$149 Million, to Authorize the Debt be Sold by a Competitive Sale Process, and to Approve Related Financing Documents and All Actions Needed to Close the Bond Issue.

**BACKGROUND**

Silicon Valley Clean Water (SVCW) launched a ten-year Capital Improvement Program (CIP) in 2008 to address critical infrastructure needs, including rehabilitation of the Wastewater Treatment Plant and replacement of the Conveyance system including the forcemain and related pump stations. SVCW has frequently updated the CIP, most recently in 2017, with the entire program currently estimated to cost approximately \$833.7 million from inception to completion. To date, approximately \$254 million of the CIP has been spent on key projects, including the replacement of leaking sections of forcemain, upgrades to electrical systems, improvements to solids-handling processes, installation of cogeneration solutions, construction of influent screens, and other treatment related projects. Demonstrable benefits of these projects include enhanced safety, less environmental risk, improved reliability of treatment operations, and reduced energy costs.

SVCW is now preparing for construction of the Regional Environmental Sewage Conveyance Upgrade (RESCU) Program, the largest phase of the CIP. The RESCU Program includes construction of a 3.3-mile long gravity pipeline to replace an aging pipeline system that is at the end of its useful life. Other RESCU elements include a headworks facility and four pump stations. The total estimated cost of RESCU is approximately \$420 million. The Environmental Impact Report (EIR) for the RESCU program was certified in April of 2017, and a resulting Notice of Determination was filed with the County of San Mateo. The EIR assessed that, through proposed mitigation measures, the proposed project presents no significant and unavoidable negative impact to the environment.

In anticipation of RESCU, preliminary construction has already commenced with soil stabilization and installation of project management facilities. The project will be delivered using a Progressive Design-Build method and agreements with two contractors are now in place for the gravity pipeline and receiving headworks components, respectively. Major construction of these components is scheduled to commence mid-2018 and be complete by 2022.

SVCW and its members have developed a debt strategy that fully funds the CIP while balancing financial risks and costs. To date, the CIP has been funded through a blend of State Revolving Fund (SRF) loans, tax-exempt Municipal Revenue Bonds, Build America

Bonds, cash funding, Lines of Credit (LOC), and grants. SVCW incorporates this debt strategy into its annual Long-Range Finance Plan (LRFP), which measures the cost of funding the CIP. Early each year the LRFP is updated and presented to the Commission and the SVCW Member Agencies in preparation for their rate-setting analyses and budget preparation process.

## DISCUSSION

The SVCW Commission has, to date, supported an incremental funding approach of the CIP. Thus far, approximately \$248 million has been secured for capital projects. The table below shows how bond and cash proceeds are depleted, SRF-funded expenditures of \$3.8 million will be reimbursed from the state, and \$0.86 million of cogeneration grant money is due from PG&E once SVCW meets performance requirements.

Source of CIP Funds to date (\$ millions)			
Description	All-in TIC / Interest	Proceeds	Remaining
<b>Bonds</b>			
2008 Bonds	5.03%	\$ 10.01	\$ -
2009 Bonds	5.12%	55.86	-
2014 Bonds	4.18%	65.54	-
2015 Bonds	3.75%	30.00	-
Subtotal - Bonds		161.41	-
<b>Cash Contributions in lieu of Debt</b>			
Belmont		17.24	-
Redwood City		10.00	-
Subtotal - Cash		27.24	-
<b>State Revolving Fund Loans</b>			
Control Building	2.60%	11.36	-
WWTP Improvements	1.80%	31.55	-
Conveyance Planning	1.60%	14.00	3.80
Subtotal - SRF		56.91	3.80
<b>Grant Funding</b>			
Cogeneration		2.40	0.86
California Energy Commission		0.50	-
Subtotal - Grant Funding		2.90	0.86
<b>TOTAL</b>		<b>\$ 248.46</b>	<b>\$ 4.66</b>

SVCW also maintains a \$30 million Line of Credit (LOC) to provide interim funding between funding cycles. Approximately \$10.1 million is currently drawn from the LOC. The LOC expires in May 2018, and SVCW is now planning its renewal which may include

increasing the amount to increase borrowing flexibility going forward. Analysis of the LOC renewal will be presented as part of the Fiscal Year 2018-19 budget approval process.

SVCW Engineering currently estimates CIP expenditures over the upcoming 14 to 18 months will be nearly \$179 million, 77% of which is earmarked for the RESCU program:

Anticipated CIP Expenditures, Q4 2017 - Q2 2019 (\$ Millions)	
Description	Value
RESCU - Front of Plant	\$ 75.0
RESCU - Gravity Pipeline	43.4
RESCU - Pump Stations	19.8
Wastewater Treatment Plant	40.0
Nutrient Removal	0.7
<b>TOTAL</b>	<b>\$ 178.9</b>

SVCW continues to pursue low-cost governmental loans from state and federal loan programs, but has determined that such funds are very limited and are identified as not being currently available to meet SVCW's needs. Staff therefore recommends issuing revenue bonds in February 2018 to fund the CIP through early to mid-2019. Each Member Agency has confirmed to SVCW its preferred option to fund their proportionate share of the \$179 million in anticipated CIP expenditures. Consistent with four previous SVCW bond series, three members will jointly participate (the City of Redwood City, West Bay Sanitary District, and the City of San Carlos) in the recommended bond issuance and the City of Belmont will utilize its own funding mechanisms to provide cash equal to its proportionate share. The size of the 2018 bond issuance is also adjusted by the Member Agencies' preferred level of participation. The following table illustrates the sources of funds, by member:

Sources of CIP Funds - By Member (\$ Millions)				
Member Agency	2018 Bond Proceeds	2018 Cash Proceeds	Future Proceeds	Total
City of Redwood City	\$ 86.89	\$ -	\$ -	\$ 86.89
West Bay Sanitary District	35.00	-	13.02	48.02
City of San Carlos	27.08	-	-	27.08
City of Belmont	-	16.91	-	16.91
<b>Total</b>	<b>\$ 148.97</b>	<b>\$ 16.91</b>	<b>\$ 13.02</b>	<b>\$ 178.90</b>



Proceeds from the 2018 Bond issuance will be approximately \$149 million. The proposed action authorizes the bonds be sold by a competitive bidding process and approves by reference a number of related documents including:

- Indenture of Trust
- Official Notice of Sale
- Financing Agreement between SVCW and the City of San Carlos
- Preliminary Official Statement

The proposed resolution approves these documents in draft form and authorizes specific individuals to sign the final versions on behalf of the Authority. The SVCW Manager and Chief Financial Officer recommend approval of the resolution to authorize obtaining funds for the CIP as outlined.

#### FINANCIAL IMPACT

The issuance of approximately \$148.97 million in new bonds will increase annual debt service for participating members by an aggregate \$7.87. This amount is comparable to financial costs identified in the 2017 LRFP. Allocation of debt service payments is illustrated below:

2018 Bond - Maximum Annual Debt Service (MADS) (\$ Millions)				
Member Agency	Bond % Allocation	Bond \$ Allocation	Projected MADS	
City of Redwood City	58.32%	\$ 86.88	\$	4.62
West Bay Sanitary District	23.49%	35.00		1.81
City of San Carlos	18.18%	27.09		1.44
City of Belmont	0.00%	-		-
<b>Total</b>	<b>100%</b>	<b>\$ 148.97</b>	<b>\$</b>	<b>7.87</b>

#### RECOMMENDATION

Move adoption of RESOLUTION OF THE COMMISSION OF SILICON VALLEY CLEAN WATER AUTHORIZING THE ISSUANCE AND SALE OF 2018 WASTEWATER REVENUE BONDS TO PROVIDE ADDITIONAL FINANCING FOR WASTEWATER TREATMENT PROJECT AND APPROVING RELATED FINANCING DOCUMENTS AND OFFICIAL ACTIONS

**RESOLUTION NO. SVCW 18 – XX**

**RESOLUTION OF THE COMMISSION OF SILICON VALLEY CLEAN WATER AUTHORIZING THE ISSUANCE AND SALE OF 2018 WASTEWATER REVENUE BONDS TO PROVIDE ADDITIONAL FINANCING FOR THE WASTEWATER TREATMENT AND CONVEYANCE PROJECT, AND APPROVING RELATED FINANCING DOCUMENTS AND OFFICIAL ACTIONS**

**WHEREAS**, the cities of Redwood City, San Carlos and Belmont, and the West Bay Sanitary District (collectively, the “Members”), have previously entered into a Joint Exercise of Powers Agreement dated as of November 13, 1975, as amended (the “Joint Powers Agreement”), under which Silicon Valley Clean Water (the “Authority”) has been organized as a joint powers authority for the purpose of providing for the transmission, treatment and disposal of wastewater on behalf of the Members; and

**WHEREAS**, under the Joint Powers Agreement, the Authority owns and operates a sub-regional wastewater treatment plant and related conveyance facilities which serve the Members, and the Commission of the Authority has approved a Capital Improvement Program for the construction of improvements to such plant and facilities (the “Project”); and

**WHEREAS**, in order to provide financing for the portion of the costs of such improvements which are allocable to the City of Redwood City, the City of San Carlos and the West Bay Sanitary District (the “Participating Members”), the Authority has previously issued multiple series of its Wastewater Revenue Bonds, in addition to loans from the California State Water Resources Control Board and other lending institutions; and

**WHEREAS**, in order to provide additional financing for the Project in an amount not to exceed \$160,000,000, the Authority wishes to authorize the issuance and sale of its Silicon Valley Clean Water Authority 2018 Wastewater Revenue Bonds (the “Bonds”), under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Bond Law”); and

**WHEREAS**, the Bonds will be revenue bonds which are payable from revenues consisting primarily of payments made by the Participating Members under Financing Agreements between the Authority and each of the Participating Members; and

**WHEREAS**, pursuant to Government Code Section 5852.1 which became effective on January 1, 2018 by the enactment of Senate Bill 450, certain information relating to the Bonds is set forth in Appendix A attached to this Resolution, and such information is hereby disclosed and made public; and

**WHEREAS**, the Commission wishes to take its action at this time authorizing the issuance and sale of the Bonds and approving related financing documents and official actions;

**NOW, THEREFORE, BE IT RESOLVED** by the Commission of Silicon Valley Clean Water Authority as follows:

**Section 1. Findings of Benefit.** Pursuant to Section 6586 of the Bond Law, the Commission hereby finds that there are significant public benefits in assisting the Participating Members to finance their allocable share of the costs of the Project through the issuance of the Bonds. Such benefits include, but are not limited to, demonstrable savings in effective interest rates, bond underwriting costs and bond issuance costs.

**Section 2. Authorization of Bonds.** The Commission hereby authorizes the issuance of the Bonds under the Bond Law for the purpose of providing additional financing for the costs of the Project which are allocable to the Participating Members, in the amount of not to exceed \$160,000,000. The Bonds shall be issued under the Indenture of Trust which is approved pursuant to Section 3.

**Section 3. Approval of Related Financing Agreements.** The Commission hereby approves each of the following agreements required for the issuance and sale of the Bonds and the financing of the Project, in substantially the respective forms on file with the Secretary together with any changes therein or additions thereto deemed advisable by the Manager, whose execution thereof shall be conclusive evidence of the approval of any such changes or additions. The Manager is hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest the final form of each such agreement:

- Indenture of Trust between the Board and Zions Bank, a Division of ZB, National Association, as trustee, setting forth the terms and provisions relating to the Bonds.
- Financing Agreement between the Authority and the City of San Carlos, which provides security for the obligations of the City of San Carlos in respect of the Bonds.

**Section 4. Municipal Bond Insurance.** The Commission hereby directs the Manager to determine whether it is feasible and in the best interests of the Authority to obtain a policy of municipal bond insurance or debt reserve fund insurance for the Bonds. If the Manager determines that such insurance is available and is in the best interests of the Authority, the Manager is authorized to accept a commitment from a municipal bond insurer to issue either or both of such insurance policies, in the name and on behalf of the Authority.

**Section 5. Sale of Bonds.** The Commission hereby approves the competitive public sale of the Bonds under Section 6591(f) of the Bond Law. The Bonds shall be sold upon the terms and conditions set forth in the Official Notice of Sale in substantially the form on file with the Secretary together with any changes therein or additions thereto deemed advisable by the Manager. The Commission hereby delegates to the Manager the authority to accept the winning bid for the purchase the Bonds, which shall be determined in accordance with the provisions of the Official Notice of Sale.

Pursuant to Section 53692 of the Government Code of the State of California, the Commission hereby approves and authorizes the publication by Jones Hall, A Professional Law Corporation, as Bond Counsel to the Authority, of a Notice of Intention to Sell Bonds in

form and substance acceptable to Bond Counsel, in *The Bond Buyer* once at least five days prior to the date fixed for receipt of bids.

**Section 6. Official Statement.** The Commission hereby approves and deems final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the Preliminary Official Statement describing the Bonds (other than those appendices to the Preliminary Official Statement which contain financial and operating information relating to the Participating Members, which shall be approved and deemed nearly final by the respective governing bodies of the Participating Members) in the form on file with the Secretary, together with such modifications thereof as may be approved by the Manager. The Manager is hereby authorized and directed to (a) execute and deliver to the purchaser of the Bonds a certificate deeming the Preliminary Official Statement to be nearly final as of its date within the meaning of such Rule, (b) approve any changes in or additions to cause the Official Statement to be put in final form, and (c) execute the Final Official Statement for and in the name and on behalf of the Authority. The Commission hereby authorizes the distribution of the Preliminary Official Statement and the Final Official Statement by the purchaser of the Bonds.

**Section 7. Official Actions.** The Chairman, the Manager, the Secretary, the Authority Attorney and all other officers of the Authority are each authorized and directed in the name and on behalf of the Authority to make any and all leases, assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution. Whenever in this Resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf if such officer is absent or unavailable.

**Section 8. Effective Date.** This Resolution shall take effect immediately upon its passage and adoption.

Regularly passed and adopted by the Commission of Silicon Valley Clean Water at a Special Meeting thereof held on the 18<sup>th</sup> day of January 2018, by the following vote:

AYES:

NOES, and against the passage and adoption of the foregoing resolution:

ABSENT:

(continued next page)

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John Seybert  
CHAIR, Silicon Valley Clean Water Commission

Attest: 

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Robert Grassilli  
SECRETARY, Silicon Valley Clean Water Commission

DRAFT RESOLUTION  
AGENDA ITEM 8A

## EXHIBIT A

### REQUIRED GOOD FAITH ESTIMATES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

(SB 450 effective January 1, 2018)\*

1. True Interest Cost of the Bonds: 3.25. %
2. Finance charge of the Bonds, being the sum of all fees and charges paid to third parties (Costs of Issuance of approximately \$460,000 plus estimated underwriter's compensation and bond insurance assuming bond insurance is obtained): \$1,388,415.
3. Amount of proceeds of the Bonds expected to be received by the Authority, net of proceeds for Costs of Issuance in (2) above and net of capitalized interest (if any) and reserves (if any) paid or funded with the proceeds of the Bonds: \$148,978,820.
4. Total payment amount for the Bonds, being the sum of (a) debt service to be paid on the Bonds to final maturity, plus (b) any financing costs not paid from proceeds of the Bonds: \$239,849,016.

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*\*All amounts and percentages are estimates, and are made in good faith by the Authority based on information available as of the date of adoption of this Resolution. Estimates include certain assumptions regarding tax-exempt rates available in the bond market at the time of pricing the Bonds.*

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# INDENTURE OF TRUST

between

**SILICON VALLEY CLEAN WATER**

and

**ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION,**  
as Trustee

Dated as of February 1, 2018

**Authorizing the Issuance of**

**\$ \_\_\_\_\_**  
**Silicon Valley Clean Water**  
**2018 Wastewater Revenue Bonds**

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## APPENDIX B - FORM OF BOND

## INDENTURE OF TRUST

This INDENTURE OF TRUST (this "Indenture"), dated as of February 1, 2018, is between SILICON VALLEY CLEAN WATER, a joint powers authority organized and existing under the laws of the State of California (the "Authority") and ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America (the "Trustee").

### *B A C K G R O U N D :*

1. In order to provide for the transmission, treatment and disposal of wastewater, the cities of Redwood City, San Carlos and Belmont and the West Bay Sanitary District have previously entered into a Joint Exercise of Powers Agreement dated as of November 13, 1975, as amended (the "Joint Powers Agreement"), under which the Authority has been organized as a joint powers authority which is a public entity separate and apart from its members.

2. Under the Joint Powers Agreement, the Authority owns and operates a sub-regional wastewater treatment plant and related facilities which serve its members, and the Commission of the Authority has approved a 10-Year Capital Improvement Program for the construction of improvements to such plant and facilities, including improvements which solely benefit individual members (the "Project").

3. In order to provide additional funding for the Project, the Authority has authorized the issuance of its Silicon Valley Clean Water 2018 Wastewater Revenue Bonds in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds"), under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Bond Law").

4. The Authority has entered into a Financing Agreement (collectively, the "Financing Agreements") with each of the City of Redwood City, the City of San Carlos and the West Bay Sanitary District (the "Participating Members") in order to implement the provisions of the Joint Powers Agreement with respect to the repayment of the Bonds and to provide adequate security for the Bonds, and the Bonds will be payable from payments made by each of the Participating Members under the respective Financing Agreements.

5. The Authority has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken.

### *A G R E E M E N T :*

In order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Outstanding Bonds under this Indenture according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and

of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Authority and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, as follows:

## **ARTICLE I**

### **DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY**

SECTION 1.01. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms defined in Appendix A attached to this Indenture have the respective meanings specified in Appendix A when used in this Indenture.

SECTION 1.02. *Authorization.* Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Indenture, and has taken all actions necessary to authorize the execution hereof by the officers and persons signing it.

SECTION 1.03. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

## ARTICLE II

### ISSUANCE OF BONDS

SECTION 2.01. *Authorization of Bonds* The Authority hereby authorizes the issuance of the Bonds under and subject to the Bond Law and the terms of this Indenture. The Bonds shall be designated the "Silicon Valley Clean Water 2018 Wastewater Revenue Bonds" and shall be issued in the aggregate principal amount of \$\_\_\_\_\_. The Bonds shall be issued for the purpose of providing additional funding for the Project as provided herein.

SECTION 2.02. *Terms of the Bonds*. The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds shall be dated as of the Closing Date and mature on August 1 in the years and in the respective principal amounts and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the respective rates per annum, as set forth in the following table:

Maturity Date ( <u>August 1</u> )	Principal <u>Amount</u>	Interest <u>Rate</u>	Maturity Date ( <u>August 1</u> )	Principal <u>Amount</u>	Interest <u>Rate</u>
--------------------------------------	----------------------------	-------------------------	--------------------------------------	----------------------------	-------------------------

Interest on the Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

- (i) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,
- (ii) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or
- (iii) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest is payable on the Bonds on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books at the

close of business on the immediately preceding Record Date, except as provided below. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner. The Trustee will pay principal of the Bonds in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

#### SECTION 2.03. *Redemption of Bonds.*

(a) Optional Redemption. The Bonds maturing on or before August 1, 20\_\_, are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 20\_\_, are subject to redemption prior to maturity, at the option of the Authority, in whole or in part among maturities on such basis as designated by the Authority and by lot within a maturity, from any available source of funds, on August 1, 20\_\_, and on any date thereafter, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium. Amounts received from the prepayment of a Participating Member's obligations under a Financing Agreement shall be applied to the redemption of the Bonds under this subsection (a).

The Authority shall give the Trustee written notice of its intention to redeem Bonds under this subsection (a), and the manner of selecting such Bonds for redemption from among the maturities thereof and the amount of the redemption premium thereon, in sufficient time to enable the Trustee to give notice of such redemption in accordance with subsection (c) of this Section.

(b) Mandatory Sinking Fund Redemption of Term Bonds. The Term Bonds are subject to mandatory redemption in whole, or in part by lot, from sinking fund payments made under Section 4.02(b), at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate respective principal amounts and on August 1 in the years as set forth in the following tables:

**Term Bonds Maturing  
August 1, 20\_\_**

Payment Date ( <u>August 1</u> )	Payment <u>Amount</u>
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**Term Bonds Maturing  
August 1, 20\_\_**

Payment Date ( <u>August 1</u> )	Payment <u>Amount</u>
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If some but not all of the Term Bonds have been redeemed under subsection (a) of this Section, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the Authority, which shall notify the Trustee in writing of such determination.

(c) Notice of Redemption. The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to the Municipal Securities Rulemaking Board, at least 30 but not more than 60 days prior to the date fixed for redemption; *provided, however*, that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon.

Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers (if less than all Bonds of a maturity are to be redeemed) and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee identified in such notice for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. In addition, the redemption notice shall state that the Authority has the right to rescind the notice as provided in subsection (d) of this Section.

(d) Right to Rescind Notice of Redemption. The Authority has the right to rescind any notice of the optional redemption of Bonds under subsection (a) of this Section by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of

redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default. The Authority and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption the Bond Owners in the same manner as the original notice of redemption was sent under subsection (c) of this Section.

(e) Manner of Redemption of Bonds of the Same Maturity. Whenever provision is made in this Section for the redemption of less than all of the Bonds of the same maturity, the Trustee will select the Bonds to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

(f) Partial Redemption of Bonds. If only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

(g) Effect of Redemption. From and after the date fixed for redemption, if notice of redemption has been duly mailed and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. Unless otherwise directed in writing by the Authority, the Trustee will cancel and destroy all Bonds redeemed under this Section.

#### SECTION 2.04. *Book Entry System.*

(a) Original Delivery. The Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the Trustee shall register the ownership of each Bond on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which is registered in the name of the Nominee, the Authority and the Trustee have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Nominee holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the Authority and the Trustee have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed if the Authority elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in

the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds.

The Authority and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal of and premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Bond evidencing the obligation of the Authority to make payments of principal, interest and premium, if any, under this Indenture. Upon delivery by the Depository to the Authority of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Authority shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the Authority has previously executed and delivered to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the Authority may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. If either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the Authority determines to terminate the Depository as such, then the Authority shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Authority and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Authority fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

If the Authority determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Authority may notify the



Depository System Participants of the availability of such certificated Bonds through the Depository. In such event, the Trustee will issue, transfer and exchange Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the Authority shall cooperate with the Depository in taking appropriate action (i) to make available one or more separate certificates evidencing the Bonds to any Depository System Participant having Bonds credited to its account with the Depository, or (ii) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Bonds, all at the Authority's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

SECTION 2.05. *Form and Execution of Bonds.* The Bonds, the form of Trustee's certificate of authentication to appear thereon and the form of assignment to appear thereon, are set forth in Appendix B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

The Chairman of the Authority shall execute, and the Secretary of the Authority shall attest each Bond. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before the Closing Date, such signature will nevertheless be as effective as if the officer had remained in office until the Closing Date. Any Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of the execution of such Bond are the proper officers of the Authority, duly authorized to execute debt instruments on behalf of the Authority, although on the date of such Bond any such person was not an officer of the Authority.

Only those Bonds bearing a certificate of authentication in the form set forth in Appendix B, manually executed and dated by the Trustee, are valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee is conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.06. *Transfer and Exchange of Bonds.*

(a) Transfer. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee will collect any tax or other governmental charge on the transfer of any Bonds under this Section. Whenever any Bond or Bonds are surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

(b) Exchange. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee will collect any tax or other governmental charge on the exchange of any Bonds under this subsection (b). The Authority will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

(c) Limitations. The Trustee may refuse to transfer or exchange, under the provisions of this Section, any Bonds selected by the Trustee for redemption under Section 2.03, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

SECTION 2.07. *Registration Books*. The Trustee will keep or cause to be kept, at its Office, sufficient records for the registration and registration of transfer of the Bonds, which shall at all times during normal business hours, and upon reasonable notice, be open to inspection by the Authority; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Bonds as hereinbefore provided.

SECTION 2.08. *Bonds Mutilated, Lost, Destroyed or Stolen*. If any Bond is mutilated, the Authority, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. The Trustee shall cancel every mutilated Bond surrendered to it and deliver such mutilated Bond to, or upon the order of, the Authority. If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory and if indemnity satisfactory to the Trustee is given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Trustee in connection therewith. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued under this Indenture.

Notwithstanding any other provision of this Section, in lieu of delivering a new Bond for which principal has become due for a Bond which has been mutilated, lost, destroyed or stolen, the Trustee may make payment of such Bond in accordance with its terms upon receipt of indemnity satisfactory to the Trustee.

## ARTICLE III

### DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS

SECTION 3.01. *Issuance of the Bonds.* At any time after the execution of this Indenture, the Authority may execute and the Trustee shall authenticate and, upon the Written Request of the Authority, deliver the Bonds to the original purchaser thereof.

SECTION 3.02. *Application of Proceeds of Sale of Bonds.* Upon the receipt of payment for the Bonds on the Closing Date, the Trustee shall apply the proceeds of sale thereof as follows:

- (a) The Trustee will deposit the amount of \$\_\_\_\_\_ in the Costs of Issuance Fund.
- (b) The Trustee will deposit the amount of \$\_\_\_\_\_, constituting the remainder of such proceeds, in the Project Fund.

The Trustee may establish and maintain a temporary account to facilitate and record such deposits and transfers.

SECTION 3.03. *Establishment and Application of Costs of Issuance Fund.* The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund" into which the Trustee shall deposit a portion of the proceeds of sale of the Bonds under Section 3.02(a). The Trustee shall disburse amounts in the Costs of Issuance Fund from time to time to pay the Costs of Issuance upon submission of a Written Requisition of the Authority stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. The Trustee may conclusively rely on the representations and covenants set forth in such Written Requisitions and shall be fully protected in relying thereon. On April 1, 2018, or upon the earlier Written Request of the Authority, the Trustee shall transfer all amounts remaining in the Costs of Issuance Fund to the Project Fund, and shall thereupon close the Costs of Issuance Fund.

SECTION 3.04. *Project Fund.* The Trustee will establish and maintain a separate fund to be known as the "Project Fund". The Trustee will disburse moneys in the Project Fund from time to time to pay Project Costs (or to reimburse the Authority for payment of Project Costs) in accordance with Written Requisitions filed by the Authority with the Trustee. Each such Written Requisition shall state, with respect to each payment to be made thereby, (i) the name and address of the firm or corporation to whom payment is to be made, (ii) the amount and purpose of the payment, (iii) that each payment constitutes a Project Cost, and (iv) that each payment from a particular account is for a Project the Project Costs of which are of benefit to all of the members of the Authority. Each such Written Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts and has no responsibility for payments made in accordance with this Section. The Authority shall maintain accurate records showing all disbursements from the Project Fund.

Upon the filing with the Trustee of a Written Certificate of the Authority stating that no further amounts are intended to be requisitioned from the Project Fund, the Trustee

shall thereupon close the Project Fund and shall transfer all remaining amounts therein to the Interest Account or, at the election of the Authority, be applied to redeem or defease Outstanding Bonds.

SECTION 3.05. *Validity of Bonds.* The recital contained in the Bonds that the same are issued under the Constitution and laws of the State of California shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

## ARTICLE IV

### REVENUES; FLOW OF FUNDS

SECTION 4.01. *Pledge of Revenues; Assignment of Rights.* The Bonds are secured by a first lien on, pledge of and security interest in all of the Revenues, including all of the moneys in the Revenue Fund, the Interest Account and the Principal Account, and including all amounts derived from the investment of such moneys, without priority for number, date of Bonds, date of execution or date of delivery. So long as any of the Bonds are Outstanding, the Revenues and such moneys shall not be used for any other purpose; except that out of the Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by Section 4.02.

The Authority hereby transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Authority in the Financing Agreements. The Trustee is entitled to receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee shall also be entitled to and, subject to the provisions hereof, shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the Participating Members under the Financing Agreements.

SECTION 4.02. *Receipt, Deposit and Application of Revenues.*

(a) Deposit of Revenues; Revenue Fund. All Revenues described in clause (a) of the definition thereof shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Trustee shall establish, maintain and hold in trust hereunder for the benefit of the Bond Owners.

(b) Application of Revenues; Special Accounts. The Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Revenue Fund), the following amounts at the following times in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

- (i) ***Interest Account.*** On or before each date on which the interest on the Bonds is payable, the Trustee shall deposit in the Interest Account

an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest coming due and payable on such date on all Outstanding Bonds. The Trustee shall apply amounts in the Interest Account solely for the purpose of paying the interest on the Bonds when due, including accrued interest on any Bonds redeemed prior to maturity. Any amounts on deposit in the Interest Account on the first day of any Bond Year, to the extent not required to pay any interest then having come due and payable on the Outstanding Bonds, shall be transferred to the Revenue Fund.

- (ii) ***Principal Account.*** On or before each date on which the principal of the Bonds is payable, the Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the aggregate amount of principal coming due and payable on such date on the Bonds under Section 2.02, or the redemption price of the Bonds (consisting of the principal amount thereof and any applicable redemption premiums) required to be redeemed on such date under any of the provisions of Section 2.03. The Trustee shall apply amounts in the Principal Account for the purpose of (i) paying the principal of the Bonds at the maturity thereof, (ii) paying the principal of the Bonds upon the redemption thereof under Sections 2.03(a) or 2.03(b). All amounts on deposit in the Principal Account on the first day of any Bond Year, to the extent not required to pay the principal of any Outstanding Bonds then having come due and payable, shall be transferred to the Revenue Fund.

SECTION 4.03. *Investments.* The Trustee shall invest the amounts held by it in any of the funds or accounts established under this Indenture in Permitted Investments at the Written Request of the Authority. In the absence of any such direction from the Authority, the Trustee shall invest any such moneys in Permitted Investments described in clause (c) of the definition thereof; *provided, however*, that any such investment will be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee has received a Written Request from the Authority specifying such investment. If no such Written Request from the Authority is so received, the Trustee will hold such moneys uninvested. Obligations purchased as an investment of moneys in any fund or account constitute a part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the fund or account from which such investment was made. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder. The Trustee may (but is not obligated to) act as principal or agent in the acquisition or disposition of any investment. The Trustee has no liability for losses arising from any investments made under this Section.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic transaction statements which include detail for all investment transactions made by the Trustee hereunder; provided that the Trustee is not obligated to

provide an accounting for any fund or account that (a) has a balance of \$0.00 and (b) has not had any activity since the last reporting date.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

SECTION 4.04. *Valuation and Disposition of Investments.*

(a) Except as otherwise provided in subsection (b) of this Section, the Authority covenants that all investments of amounts deposited in any fund or account created by or under this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of and valued (as of the date that valuation is required by this Indenture or the Tax Code) at Fair Market Value as such term is defined in subsection (d) below. The Trustee has no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Authority in any Written Request of the Authority.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code shall be valued at cost thereof (consisting of present value thereof within the meaning of Section 148 of the Tax Code); provided that the Authority shall inform the Trustee which funds are subject to a yield restriction, and shall provide the Trustee with any necessary valuation criteria or formulae.

(c) Except as provided in the proceeding subsection (b), for the purpose of determining the amount in any fund, the Trustee shall value Permitted Investments credited to such fund at least annually at the Fair Market Value thereof. The Trustee may utilize and rely on computerized securities pricing services that may be available to it, including those available through its regular accounting system. If and as directed by the Authority in writing, the Trustee shall sell or present for redemption any Permitted Investment so purchased by the Trustee whenever it is necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee has no liability or responsibility for any loss resulting therefrom.

(d) For purposes of this Section, the term "Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, or (iii) the investment is a United States Treasury Security -- State and Local Government Series which is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

## ARTICLE V

### FINANCIAL COVENANTS

SECTION 5.01. *Punctual Payment.* The Authority will punctually pay or cause to be paid the principal, interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

SECTION 5.02. *Against Encumbrances.* The Authority will not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

SECTION 5.03. *Power to Issue Bonds and Make Pledge and Assignment.* The Authority is duly authorized under the Bond Law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues, certain of its rights in the Financing Agreements and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee will at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

SECTION 5.04. *Accounting Records and Financial Statements.* The Trustee will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by the Trustee relating to the proceeds of Bonds, the Revenues and all funds and accounts established under this Indenture. Such books of record and account will be available for inspection by the Authority during regular business hours with reasonable prior notice.

The Authority shall cause to be prepared annually, within seven months after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Revenues and all disbursements thereof as of the end of such Fiscal Year. The Authority shall furnish a copy of such statements, upon reasonable request, to the Trustee and any Bond Owner. The Trustee has no duty to review any such financial statement.

SECTION 5.05. *Issuance of Parity Debt.* Except for the Bonds, the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part. Nothing in this Section limits the authority of any Participating Member to issue parity obligations in accordance with the related Financing Agreement, including parity obligations which secure additional bonds of the Authority.

SECTION 5.06. *Tax Covenants Relating to Bonds.*

(a) Generally. The Authority will not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, interest on the Bonds to become includable in gross income for federal income tax purposes.

(b) Private Activity Bond Limitation. The Authority will not use the proceeds of the Bonds in a manner which would cause the Bonds to become “private activity bonds” within the meaning of Section 141(a) of the Tax Code or to meet the private loan financing test of Section 141(c) of the Tax Code.

(c) Federal Guarantee Prohibition. The Authority will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

(d) No Arbitrage. The Authority will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the Bond proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Tax Code.

(e) Rebate of Excess Investment Earnings. The Authority will calculate or cause to be calculated all amounts of excess investment earnings with respect to the Bonds which are required to be rebated to the United States of America under Section 148(f) of the Tax Code, at the times and in the manner required under the Tax Code. As provided in Section 12(c) of the respective Financing Agreements, the Participating Members will pay when due an amount equal to excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code, such payments to be made from available Tax Revenues or any other source of legally available funds. The Authority shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Bonds, records of the determinations made under this subsection (e).

SECTION 5.07. *Financing Agreements.* The Trustee, as assignee of the Authority's rights under Section 4.01, shall collect all amounts due from the Participating Members under the Financing Agreements and, subject to the provisions hereof, shall enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations of the Participating Members thereunder.

SECTION 5.08. *Continuing Disclosure.* The Authority will comply with and carry out all of the provisions of the Continuing Disclosure Certificate which has been executed and delivered by the Authority on the Closing Date. Notwithstanding any other provision hereof, failure of the Authority to comply with such Continuing Disclosure Certificate does not constitute an Event of Default hereunder; *provided, however*, that any Participating Underwriter (as that term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Authority to comply with its obligations under this Section.



SECTION 5.09. *Further Assurances.* The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

## **ARTICLE VI**

### **THE TRUSTEE**

SECTION 6.01. *Appointment of Trustee.* Zions Bank, a Division of ZB, National Association, with a corporate trust office in Los Angeles, California, a national banking association organized and existing under and by virtue of the laws of the United States of America, is hereby appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The Authority agrees that it will maintain a bank, trust company or national banking association to act as Trustee hereunder, which has a corporate trust office in the State of California, with a combined reported capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority, so long as any Bonds are Outstanding. If such bank, trust company or national banking association publishes a report of condition at least annually under law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section the combined capital and surplus of such bank, trust company or national banking association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the principal of and interest and redemption premium (if any) on the Bonds when duly presented for payment at maturity, or on redemption or purchase prior to maturity, and to cancel all Bonds upon payment thereof. The Trustee will keep accurate records of all funds administered by it and of all Bonds paid and discharged.

SECTION 6.02. *Acceptance of Trusts.* The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

- (a) The Trustee, prior to the occurrence of an Event of Default and after curing or waiving of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. If an Event of Default has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill and diligence in their exercise, as a prudent person would use in the conduct of its own affairs.
- (b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys,

agents, or receivers, and is entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it with reasonable care. The Trustee may conclusively rely on an opinion of counsel as full and complete protection for any action taken or suffered by it hereunder.

- (c) The Trustee is not responsible for any recital herein, in the Financing Agreements or in the Bonds, or for any of the supplements hereto or thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby and the Trustee is not bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority hereunder. The Trustee may conclusively rely on an opinion of counsel as full and complete protection for any action taken or suffered by it hereunder.
- (d) The Trustee may become the Owner of Bonds secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the Authority with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding.
- (e) The Trustee is protected in acting, in good faith, upon any notice, request, consent, certificate, order, affidavit, letter, telegram, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith under this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, is conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee is not bound to recognize any person as an Owner of any Bond or to take any action at his request unless the ownership of such Bond by such person shall be reflected on the Registration Books.
- (f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee is entitled to rely upon a Written Certificate of the Authority as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been given notice or is deemed to have notice, as provided in Section 6.02(h), is also at liberty to accept a Written Certificate of the Authority to the effect that any particular dealing, transaction or action is

necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but in no case is bound to secure the same.

- (g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it is not answerable for other than its negligence or willful default. The immunities and exceptions from liability of the Trustee extend to its officers, directors, employees and agents.
- (h) The Trustee is not required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the Participating Members to make any of the payments to the Trustee required under the Financing Agreements or failure by the Authority or the Participating Members to file with the Trustee any document required by this Indenture or the Financing Agreements to be so filed subsequent to the issuance of the Bonds, unless the Trustee is specifically notified in writing of such default by the Authority or by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee shall, in order to be effective, be delivered at the Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid.
- (i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives, has the right to inspect all books, papers and records of the Authority pertaining to the Bonds, and to make copies of any of such books, papers and records such as may be desired but which is not privileged by statute or by law.
- (j) The Trustee is not required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises hereof.
- (k) Notwithstanding anything elsewhere in this Indenture with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, the Trustee has the right, but is not required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable for the purpose of establishing the right of the Authority to the execution of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.
- (l) Before taking any action referred to in Section 8.02 or in Article VI, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is

adjudicated to have resulted from its negligence or willful default in connection with any such action.

- (m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.
- (n) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.
- (o) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon

receipt by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

- (p) The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.
- (q) Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the Authority, and such certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.
- (r) The Trustee has no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.
- (s) As assignee of certain of the Authority's rights under the Financing Agreements, the Trustee is authorized and directed to enforce the Financing Agreements in accordance with the provisions thereof and the provisions of this Indenture.
- (t) The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

- (u) The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

SECTION 6.03. *Fees, Charges and Expenses of Trustee.* The Trustee is entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services.

SECTION 6.04. *Notice to Bond Owners of Default.* If an Event of Default occurs of which the Trustee has been given or is deemed to have notice as provided in Section 6.02(h), then the Trustee will promptly give written notice thereof by first-class mail to the Owner of each such Bond, unless such Event of Default has been cured before the giving of such notice; *provided, however,* that unless such Event of Default consists of the failure by the Authority to make any payment when due, the Trustee may elect not to give such notice to the Bond Owners if and so long as the Trustee in good faith determines that such Event of Default does not materially adversely affect the interests of the Bond Owners or that it is otherwise not in the best interests of the Bond Owners to give such notice.

SECTION 6.05. *Intervention by Trustee.* In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 6.02(l), shall do so if requested in writing by the Owners of a majority in aggregate principal amount of such Bonds then Outstanding.

SECTION 6.06. *Removal of Trustee.* The Authority may, so long as no Event of Default has occurred and is continuing, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee at least 30 days prior to the effective date of each removal, whereupon the Authority or such Owners, as the case may be, shall appoint a successor or successors thereto in accordance with Section 6.08; provided that any such successor shall be a bank, trust company or national banking association meeting the requirements set forth in Section 6.01. Any removal of the Trustee under this Section will become effective upon written acceptance of appointment by the successor Trustee as provided in Section 6.08.

SECTION 6.07. *Resignation by Trustee.* The Trustee and any successor Trustee may at any time give 30 days' written notice of its intention to resign as Trustee hereunder, such notice to be given to the Authority and the Participating Members by registered or certified mail. Upon receiving such notice of resignation, the Authority will promptly appoint a successor Trustee. Any resignation of the Trustee under this Section will become effective upon written acceptance of appointment by the successor Trustee as provided in Section 6.08.

SECTION 6.08. *Appointment of Successor Trustee.* Upon the removal or resignation of the Trustee under Sections 6.06 or 6.07, respectively, the Authority shall promptly appoint a successor Trustee which shall signify its acceptance to the Authority in writing. If the Authority fails to appoint a successor Trustee within 60 days following the delivery to the Trustee of the instrument described in Section 6.06 or within 60 days following the receipt of notice by the Authority under Section 6.07, the Trustee may, at the expense of the Authority, apply to a court of competent jurisdiction for the appointment of

a successor Trustee meeting the requirements of Section 6.01. Any such successor Trustee appointed by such court will become the successor Trustee hereunder notwithstanding any action by the Authority purporting to appoint a successor Trustee following the expiration of such 60-day period. Upon receipt of the written acceptance of such appointment by the successor Trustee, the Authority will cause notice thereof to be given by first class mail, postage prepaid, to the Bond Owners at their respective addresses set forth on the Registration Books.

SECTION 6.09. *Merger or Consolidation.* Any company into which the Trustee is merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 6.01, will be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

SECTION 6.10. *Concerning any Successor Trustee.* Every successor Trustee appointed hereunder will execute, acknowledge and deliver to its predecessor and also to the Authority an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor will at the Written Request of the Authority, or at the request of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee will deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority.

SECTION 6.11. *Indemnification; Limited Liability of Trustee.* The Authority will indemnify the Trustee and its officers, directors, agents and employees, against any loss, expense (including legal fees) and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees. No provision in this Indenture requires the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if it has reasonable grounds for believing repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee is not liable for any action taken or omitted to be taken by it in accordance with the direction of the Owners of a majority in aggregate principal amount of Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this Indenture. The obligations of the Authority under this paragraph and under Section 6.03 will survive the resignation or removal of the Trustee under this Indenture or any defeasance of the Bonds.

## ARTICLE VII

### MODIFICATION AND AMENDMENT HEREOF

#### SECTION 7.01. *Amendment Hereof.*

(a) Amendment With Bond Owner Consent. Except as set forth in subsection (b) of this Section, this Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may only be amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

(b) Amendment Without Bond Owner Consent. This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be amended at any time by a Supplemental Indenture which shall become binding upon adoption, without the consent of any Bond Owners, to the extent permitted by law but only for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the Authority contained in this Indenture, other covenants and agreements hereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;
- (ii) to cure any ambiguity, inconsistency or omission, or correct any defective provision, contained in this Indenture, or in any other respect whatsoever, as the Authority may deem necessary or desirable, provided that such amendment does not materially adversely affect the interests of the Bond Owners in the opinion of Bond Counsel filed with the Authority and the Trustee;
- (iii) to modify, amend or supplement the Indenture in such manner as to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute; or
- (iv) to amend any provision hereof relating to the Tax Code, to any extent whatsoever but only if and to the extent such amendment does not adversely affect the exclusion from gross income of interest on any of the Bonds under the Tax Code, in the opinion of Bond Counsel filed with the Authority and the Trustee.



(c) Notice of Amendments. The Authority will deliver or cause to be delivered a draft of any Supplemental Indenture to each rating agency which then maintains a rating on the Bonds, at least 10 days prior to the effective date of such Supplemental Indenture under this Section.

SECTION 7.02. *Effect of Supplemental Agreement.* From and after the time any Supplemental Indenture becomes effective under this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Outstanding Bonds, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 7.03. *Endorsement or Replacement of Bonds After Amendment.* After the effective date of any action taken as hereinabove provided, the Authority may determine that the Bonds shall bear a notation, by endorsement in form approved by the Authority, as to such action, and in that case upon demand of the Owner of any Outstanding Bond at such effective date and presentation of his Bond for that purpose at the Trust Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such Bond Owners' action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Trust Office of the Trustee, without cost to each Bond Owner, for Bonds then Outstanding, upon surrender of such Bonds.

SECTION 7.04. *Amendment by Mutual Consent.* The provisions of this Article VII do not prevent any Bond Owner from accepting any amendment as to the particular Bond held by him, provided that due notation thereof is made on such Bond.

SECTION 7.05. *Opinion for Supplement.* In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and complies with the terms hereof. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES

SECTION 8.01. *Events of Default.* The following events constitute Events of Default:

- (a) Default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise.
- (b) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment comes due and payable.
- (c) Failure by the Authority to observe and perform any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than as referred to in the preceding clauses (a) and (b), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied has been given to the Authority by the Trustee; *provided, however*, that if in the reasonable opinion of the Authority the failure stated in such notice can be corrected, but not within such 30-day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Authority within such 30-day period and diligently pursued until such failure is corrected.
- (d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.
- (e) The failure by a Participating Member to make any payment in full when due under the related Financing Agreement in respect of debt service on the Bonds, as set forth in respective payment schedules filed with the Trustee by the Authority.

SECTION 8.02. *Remedies Upon Event of Default.* Upon the occurrence and during the continuance of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest and premium (if any) on the Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture.

If an Event of Default has occurred and is continuing and if requested so to do by the Owners of a majority in aggregate principal amount of Outstanding Bonds and indemnified as provided in Section 6.02(l), the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bond Owners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bond Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default impairs any such right or power or will be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

SECTION 8.03. *Application of Revenues and Other Funds After Default.* All amounts received by the Trustee under any right given or action taken by the Trustee under the provisions of this Indenture or the Financing Agreements shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid -

*First*, to the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under this Indenture and the payment of all fees, costs and expenses owing to the Trustee under Section 6.03, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law;

*Second*, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by those Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

SECTION 8.04. *Power of Trustee to Control Proceedings.* If the Trustee, upon the happening of an Event of Default, has taken any action, by judicial proceedings or otherwise, under its duties hereunder, whether upon its own discretion or upon the request of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, it has full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however*, that the

Trustee will not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Any suit, action or proceeding which any Owner of Bonds has the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

SECTION 8.05. *Appointment of Receivers.* Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under this Indenture, the Trustee is entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

SECTION 8.06. *Non-Waiver.* Nothing in this Article VIII or in any other provision of this Indenture, or in the Bonds, affects or impairs the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, out of the Revenues and other moneys herein pledged for such payment.

A waiver of any default by any Bond Owner does not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the Trustee or any Bond Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or Bond Owners by the Bond Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners, as the case may be.

SECTION 8.07. *Rights and Remedies of Bond Owners.* No Owner of any Bond issued hereunder has the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless:

- (a) such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;
- (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name;

- (c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;
- (d) the Trustee has refused or omitted to comply with such request for a period of 60 days after such written request have been received by, and said tender of indemnity has been made to, the Trustee; and
- (e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds has any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

SECTION 8.08. *Termination of Proceedings.* If the Trustee has proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings have been discontinued or abandoned for any reason, or have been determined adversely, then and in every such case, the Authority, the Trustee and the Bond Owners will be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee will continue as if no such proceedings had been taken.

## ARTICLE IX

### MISCELLANEOUS

SECTION 9.01. *Limited Liability of Authority.* Notwithstanding anything contained in this Indenture, the Authority is not required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Revenues or otherwise from amounts payable under the Financing Agreements). The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a source which is legally available for such purpose.

The Bonds are revenue bonds, payable exclusively from the Revenues and other funds as in this Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and premium (if any) on or principal of the Bonds. The Owners of the Bonds shall never have the right to compel the forfeiture of any property of the Authority. The principal of and interest on the Bonds, and any premiums upon the redemption of any thereof, are not a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds pledged to the payment thereof as in this Indenture provided.

SECTION 9.02. *Benefits of Indenture Limited to Parties.* Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Authority, the Trustee, the Participating Members and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Authority are for the sole and exclusive benefit of the Trustee, the Participating Members and the Owners of the Bonds.

SECTION 9.03. *Discharge of Indenture.* If the Authority pays and discharges any or all of the Outstanding Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of, and the interest and premium (if any) on, such Bonds when due and payable;
- (b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Trustee under this Indenture and the Financing Agreements, is fully sufficient to pay such Bonds, including all principal, interest and premiums (if any); or
- (c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, non-callable Federal Securities in such amount as an independent accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee under this Indenture and the Financing Agreements, be fully sufficient to pay and discharge the indebtedness on such Bonds (including

all principal, interest and redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption has been mailed under Section 2.03(c) or provision satisfactory to the Trustee has been made for the mailing of such notice, then, at the Written Request of the Authority, and notwithstanding that any of such Bonds have not been surrendered for payment, the pledge of the Revenues and other funds provided for in this Indenture with respect to such Bonds, and all other pecuniary obligations of the Authority under this Indenture with respect to all such Bonds, shall cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, and all expenses and costs of the Trustee. Any funds held by the Trustee following any payment or discharge of the Outstanding Bonds under this Section, which are not required for said purposes, shall be paid over to the Authority.

In the case of a defeasance or payment of all of the Outstanding Bonds in accordance with this Section, all amounts held by the Trustee in any funds or accounts hereunder, which are not required for said purpose or for payment of amounts due the Trustee under Section 6.03, shall be paid over to the Authority.

SECTION 9.04. *Successor Is Deemed Included in All References to Predecessor.* Whenever in this Indenture or any Supplemental Indenture the Authority, the Participating Members or the Trustee is named or referred to, such reference includes the successors or assigns thereof, and all the covenants, agreements and provisions contained in this Indenture by or on behalf of the Authority inure to the benefit of its successors whether so expressed or not.

SECTION 9.05. *Waiver of Personal Liability.* No officer, agent or employee of the Authority is individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing herein contained relieves any such officer, agent or employee from the performance of any official duty provided by law.

SECTION 9.06. *Execution of Documents by Bond Owners.* Any request, consent or other instrument required by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bond Owners in person or by their agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

The ownership of Bonds shall be proved by the Registration Books. Any request, consent or vote of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of any Bond issued in exchange therefor or in lieu thereof, in respect of

anything done or suffered to be done by the Trustee or the Authority in pursuance of such request, consent or vote. In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bond Owners upon such notice and in accordance with such rules and obligations as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

SECTION 9.07. *Disqualified Bonds.* In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the or the Authority (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, *provided, however*, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded. Upon request of the Trustee, the Authority shall file with the Trustee a Written Certificate of the Authority identifying those Bonds, if any, which are disqualified under this Section and the Trustee may conclusively rely on such Written Certificate of the Authority.

SECTION 9.08. *Partial Invalidity.* If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the Authority (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under the Bond Law or any other applicable provisions of law. The Authority hereby declares that it would have entered into this Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 9.09. *Destruction of Canceled Bonds.* Whenever in this Indenture provision is made for the surrender to the Authority of any Bonds which have been paid or canceled under the provisions of this Indenture, at the Written Request of the Authority the Trustee shall destroy such Bonds and furnish to the Authority a certificate of such destruction.

SECTION 9.10. *Funds and Accounts.* Any fund or account required by this Indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the accounting records of the Authority or the Trustee, as the case may be, either as a fund or an account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the Authority shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee shall be at all times maintained in accordance with corporate trust industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof. Any fund or account required by this Indenture to be established and maintained by the Authority or the Trustee may be



established and maintained in the form of multiple funds, accounts or sub-accounts therein.

SECTION 9.11. *Payment on Business Days.* Whenever in this Indenture any amount is required to be paid on a day which is not a Business Day, such payment shall be required to be made on the Business Day immediately following such day, provided that interest shall not accrue from and after such day.

SECTION 9.12. *Notices.* Any notice, request, complaint, demand or other communication under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopy or other form of telecommunication. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

*If to the Authority:* Silicon Valley Clean Water  
1400 Radio Road  
Redwood City, California 94065  
Attention: Manager

*If to the Trustee:* Zions Bank,  
a division of ZB, National Association  
550 South Hope Street, Suite 2875  
Los Angeles, California 90071  
Attention: Corporate Trust

SECTION 9.13. *Unclaimed Moneys.* Anything in this Indenture to the contrary notwithstanding, subject to the laws of the State of California, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become due and payable, shall be repaid by the Trustee to the Authority, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Authority for the payment of such Bonds; *provided, however,* that before being required to make any such payment to the Authority, the Trustee shall, at the expense of the Authority, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the Registration Books, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of mailing of such notice, the balance of such moneys then unclaimed will be returned to the Authority.

SECTION 9.14. *Governing Law.* This Indenture will be construed and governed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, SILICON VALLEY CLEAN WATER has caused this Indenture to be signed in its name by its Manager and Secretary and ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

**SILICON VALLEY CLEAN WATER**

By \_\_\_\_\_  
Manager

ATTEST:

By \_\_\_\_\_  
Chief Financial Officer

**ZIONS BANK, A DIVISION OF ZB,  
NATIONAL ASSOCIATION, *as Trustee***

By \_\_\_\_\_  
Authorized Officer

## APPENDIX A

### DEFINITIONS

“Authority” means Silicon Valley Clean Water, a joint powers authority duly organized and existing under the Joint Exercise of Powers Agreement dated as of November 13, 1975, as amended, among the cities of Belmont, Redwood City and San Carlos and the West Bay Sanitary District, and under the laws of the State of California.

“Bond Counsel” means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, as in existence on the Closing Date or as thereafter amended from time to time.

“Bond Year” means each twelve-month period extending from August 2 in one calendar year to August 1 of the succeeding calendar year, both dates inclusive; except that the first Bond Year begins on the Closing Date and ends on August 1, 2018.

“Bonds” means the \$\_\_\_\_\_ aggregate principal amount of Silicon Valley Clean Water 2018 Wastewater Revenue Bonds issued and at any time Outstanding hereunder.

“Business Day” means a day of the year, other than a Saturday or Sunday, on which banks are not closed in the city in which the Trust Office of the Trustee is located.

“Closing Date” means February \_\_, 2018, being the date of original delivery of the Bonds to the original purchaser thereof.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to: printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee and its counsel, including the Trustee’s first annual administrative fee; fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals; fees and charges for preparation, execution and safekeeping of the Bonds; and any other cost, charge or fee in connection with the original issuance of the Bonds.

“Costs of Issuance Fund” means the fund established and held by the Trustee under Section 3.03.

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository under Section 2.04.

“Depository System Participant” means any participant in the Depository’s book-entry system.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Event of Default” means any of the events described in Section 8.01.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“Financing Agreements” means, collectively, the following, in each case as originally executed and delivered together with all duly authorized and executed amendments or supplements thereto:

- (a) Financing Agreement dated as of December 1, 2008, between the Authority and the City of Redwood City, as amended by that certain First Amendment to Financing Agreement dated as of March 1, 2014, between the Authority and the City of Redwood City;
- (b) Financing Agreement dated as of February 1, 2018, between the Authority and the City of San Carlos; and
- (c) Financing Agreement dated as of December 1, 2008, between the Authority and the West Bay Sanitary District, as amended by that certain First Amendment to Financing Agreement dated as of March 1, 2014, between the Authority and the West Bay Sanitary District.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, amended by any Supplemental Indenture under the provisions hereof.

“Interest Account” means the account by that name established and held by the Trustee under Section 4.02(b)(i).

“Interest Payment Date” means February 1 and August 1 in each year, beginning August 1, 2018, and continuing thereafter so long as any Bonds remain Outstanding.

“Nominee” means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated under Section 2.04(a).

“Outstanding”, when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.07) all Bonds theretofore executed, issued and

delivered by the Authority under this Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03, and (c) Bonds in lieu of or in substitution for which other Bonds have been executed, issued and delivered under this Indenture or any Supplemental Indenture.

“Owner”, when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Participating Members” means the City of Redwood City, the City of San Carlos and the West Bay Sanitary District, and any successors thereto.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein (provided that the Trustee shall be entitled to rely upon any investment directions from the Authority as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State of California):

- (a) Federal Securities;
- (b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of the Federal National Mortgage Association; and (iv) consolidated system-wide bonds and notes of the Farm Credit System.
- (c) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAm-G or AAm, including such funds which the Trustee or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise.
- (e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated “A-1+” or better by S&P.
- (f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by the Federal Deposit Insurance Corporation, issued by banks having reported capital and surplus of at least \$15 million.

- (h) Commercial paper having original maturities of not more than 27 days, rated at the time of investment "A-1+" or better by S&P at the time of purchase.
- (i) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated at least "A-" by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured obligation debt is so rated.
- (j) Direct general short-term obligations of any state or state agency or subdivision or agency thereof described in paragraph (i) above and rated at least "A-1+" by S&P.
- (k) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of at least "A-1+" by S&P.
- (l) Any investment agreement (including guaranteed investment contracts, forward delivery agreements, repurchase agreements or similar obligations) with, or guaranteed by, an entity the long-term unsecured obligations or the claims paying ability of which are rated A or better by a nationally recognized rating agency (without regard to gradations or modifiers within such category) at the time of initial investment..
- (m) The Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

"Principal Account" means the account by that name established and held by the Trustee under Section 4.02(b)(ii).

"Project" means the improvements to the wastewater collection, treatment and disposal system of the Authority which are acquired and constructed from amounts held in the Project Fund.

"Project Costs" means, with respect to the Project, all costs of the acquisition, construction and installation thereof which are paid from moneys on deposit in the Project Fund, including but not limited to:

- (a) all costs required to be paid to any person under the terms of any agreement for or relating to the acquisition, construction and installation of the Project;
- (b) obligations incurred for labor and materials in connection with the acquisition, construction and installation of the Project;

- (c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the acquisition, construction and installation of the Project;
- (d) all costs of engineering and architectural services, including the actual out-of-pocket costs for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper acquisition, construction and installation of the Project;
- (e) any sums required to reimburse the Authority for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the acquisition, construction and installation of the Project;
- (f) all Costs of Issuance and other financing costs incurred in connection with the acquisition, construction and installation of the Project; and
- (g) interest on the Bonds coming due during the period of acquisition, construction and installation of the Project.

“Project Fund” means the fund by that name established and held by the Trustee under Section 3.03.

“Record Date” means, with respect to any Interest Payment Date, the 15<sup>th</sup> calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

“Registration Books” means the records maintained by the Trustee under Section 2.07 for the registration and transfer of ownership of the Bonds.

“Revenue Fund” means the fund by that name established and held by the Trustee under Section 4.02(a).

“Revenues” means: (a) all amounts payable by the Participating Members under the respective Financing Agreements, representing the portion of debt service on the Bonds which is allocable to each Participating Member; (b) any proceeds of the Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established hereunder; and (c) income and gains with respect to the investment of amounts on deposit in the funds and accounts established hereunder. The term “Revenues” does not include amounts payable by the Participating Members under the Financing Agreements with respect to any bonds, notes or other obligations of the Authority other than the Bonds.

“S&P” means Standard & Poor’s Ratings Services, its successors and assigns.

“Securities Depositories” means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such

other securities depositories as the Authority may designate in a Request of the Authority delivered by the Authority to the Trustee.

“Supplemental Indenture” means any indenture, agreement or other instrument hereafter duly executed by the Authority and the Trustee in accordance with the provisions of Section 7.01.

“Tax Code” means the Internal Revenue Code of 1986, as amended. Any reference to a provision of the Tax Code shall include the applicable temporary and permanent regulations promulgated under or with respect to Section 103 and Sections 141 through 150, inclusive, of the Tax Code.

“Term Bonds” means the Bonds maturing on August 1 in each of the years 20\_\_ and 20\_\_.

“Trust Office” means the corporate trust office of the Trustee in Los Angeles, California, or such other or additional offices as the Trustee may designate in writing to the Authority from time to time as the corporate trust office for purposes of this Indenture; except that with respect to the presentation of Bonds for payment or for registration of transfer and exchange, the term “Trust Office” means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted.

“Trustee” means Zions Bank, a Division of ZB, National Association and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in Article VI.

“Written Certificate”, “Written Request” or “Written Requisition” mean, respectively, a certificate, request or requisition in writing signed by the Manager or Treasurer of the Authority, or by any other officer of the Authority duly authorized by the Commission of the Authority for that purpose, written notice of which authorization is given to the Trustee.



## APPENDIX B

No.

\$

# SILICON VALLEY CLEAN WATER 2018 WASTEWATER REVENUE BOND

RATE OF INTEREST:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP:
%		February , 2018	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

SILICON VALLEY CLEAN WATER, a joint powers authority organized and existing under the laws of the State of California (the “Authority”), for value received, hereby promises to pay (but only out of the Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the “Registered Owner”), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding such Interest Payment Date (a “Record Date”), in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to July 15, 2018, in which event it shall bear interest from the Original Issue Date identified above; *provided, however*, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on February 1 and August 1 in each year, commencing August 1, 2018 (the “Interest Payment Dates”) until payment of such Principal Amount in full.

The Principal Amount hereof is payable upon presentation hereof at the principal corporate trust office or such other place as designated by the Trustee (the "Trust Office") of Zions Bank, a Division of ZB, National Association, as trustee (the "Trustee"), in Los Angeles, California. Interest hereon is payable by check or draft of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of the Registered Owner as it appears on the Registration Books of the Trustee as of the fifteenth calendar day of the month preceding such Interest Payment Date; *provided, however*, that at the written request of the Registered Owner of at least \$1,000,000 in aggregate principal amount of outstanding Bonds filed with the Trustee prior to any Record Date, interest on such Bonds shall be paid to such Registered Owner on

each succeeding Interest Payment Date by wire transfer of immediately available funds to an account in the United States designated in such written request.

This Bond is one of a duly authorized issue of bonds of the Authority designated the "Silicon Valley Clean Water 2018 Wastewater Revenue Bonds" (the "Bonds"), limited in principal amount to \$\_\_\_\_\_, secured by an Indenture of Trust dated as of February 1, 2018 (the "Indenture") between the Authority and the Trustee. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Revenues (as that term is defined in the Indenture), of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder; and all of the terms of the Indenture are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner hereof, and to all of the provisions of which Indenture the Registered Owner hereof, by acceptance hereof, assents and agrees.

The Bonds are authorized to be issued under the provisions of Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the Government Code of the State (the "Bond Law"). The Bonds are special obligations of the Authority and, as and to the extent set forth in the Indenture, are payable solely from and secured by a first lien and pledge of the Revenues and certain other moneys and securities held by the Trustee as provided in the Indenture. All of the Bonds are equally secured by a pledge of, and charge and lien upon, all of the Revenues and such other moneys and securities, and the Revenues and such other moneys and securities constitute a trust fund for the security and payment of the principal of and interest and premium (if any) on the Bonds. The full faith and credit of the Authority is not pledged for the payment of the principal of or interest or redemption premiums (if any) on the Bonds. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Revenues and such other moneys and securities as provided in the Indenture.

The Bonds maturing on or before August 1, 20\_\_, are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 20\_\_, are subject to redemption prior to maturity, at the option of the Authority, in whole or in part among maturities on such basis as designated by the Authority and by lot within a maturity, from any available source of funds, on August 1, 20\_\_, and on any date thereafter, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds maturing on August 1 in each of the years 20\_\_ and 20\_\_ are subject to mandatory redemption, in part by lot, from sinking fund payments made under the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate respective principal amounts and on August 1 in the respective years as set forth in the following tables:

**Term Bonds Maturing  
August 1, 20\_\_**

Payment Date ( <u>August 1</u> )	Payment <u>Amount</u>
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**Term Bonds Maturing  
August 1, 20\_\_**

Payment Date ( <u>August 1</u> )	Payment <u>Amount</u>
-------------------------------------	--------------------------

The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective owners of any Bonds designated for redemption, at their respective addresses appearing on the registration books maintained by the Trustee, to the Securities Depositories and to one or more Information Services (as such terms are defined in the Indenture), at least 30 but not more than 60 days prior to the redemption; *provided, however*, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest on the Bonds to be redeemed from and after the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the serial numbers of each maturity or maturities (except that in the event of redemption of all of the Bonds of any maturity, the Trustee shall designate such maturity without referencing each individual Bond number) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. Notice of any optional redemption may be rescinded by the Authority in the manner provided in the Indenture, in which event the Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent. The Authority and the Trustee have no liability to the Bond Owners or any other party related to or arising from such rescission.

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Bonds may be exchanged at the Trust Office of the Trustee for a like aggregate principal amount and maturity of Bonds of other authorized denominations.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee is not affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority and of the owners of the Bonds and of the Trustee may be amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest in this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all things, conditions and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and by the Bond Law, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

This Bond is not entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon has been manually signed by the Trustee.

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name and on its behalf by the facsimile signatures of its Chairman and Secretary all as of the Original Issue Date identified above.

**SILICON VALLEY CLEAN WATER**

By \_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds described in the within-mentioned Indenture and registered on the Registration Books.

Date:

**ZIONS BANK, A DIVISION OF ZB,  
NATIONAL ASSOCIATION, *as Trustee***

By \_\_\_\_\_  
Authorized Signatory

## FORM OF ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

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(Name, Address and Tax Identification or Social Security Number of Assignee)

the within registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the Registration Books of the Trustee with full power of substitution in the premises.

Dated: .

Signature Guaranteed:

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Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

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Note: The signature(s) on this Assignment shall correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

# OFFICIAL NOTICE OF SALE

**\$[138,345,000]\***

## **SILICON VALLEY CLEAN WATER 2018 WASTEWATER REVENUE BONDS**

### **Date of Sale:**

**[February 8], 2018  
8:30 a.m., Pacific Time**

**BIDS TO BE RECEIVED VIA PARITY®**

**For further information, please contact the Authority's Municipal Advisor:**

**Robert Porr, Senior Vice President  
Fieldman, Rolapp & Associates, Inc.  
(949) 660-7308  
[rporr@fieldman.com](mailto:rporr@fieldman.com)**

**Paul Pender, Vice President  
Fieldman, Rolapp & Associates, Inc.  
(949) 660-7319  
[ppender@fieldman.com](mailto:ppender@fieldman.com)**

**A copy of the Preliminary Official Statement  
may be obtained at:  
[www.munios.com](http://www.munios.com)**

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\* Preliminary, subject to change.

OFFICIAL NOTICE OF SALE  
\$[138,345,000]\*  
SILICON VALLEY CLEAN WATER  
2018 Wastewater Revenue Bonds

Notice is hereby given that all-or-none bids will be received by Silicon Valley Clean Water, a joint powers authority organized and existing under the laws of the State of California, (the “Authority”), for the purchase of \$[138,345,000]\* par value of 2018 Wastewater Revenue Bonds (the “Bonds”). All electronic bids must be submitted via *Parity*®, the electronic bidding system, up to the time and date specified as follows:

**TIME:**           **8:30 a.m., Pacific Time**  
**DATE:**           **[February 8], 2018**

provided, however, that without further advertising, and so long as an electronic bid has not been accepted by the Authority, electronic bids via *Parity*® will be accepted at such time and place on February 9, 2018 and each succeeding Business Day thereafter until the earlier of March 1, 2018 or receipt by the Authority of an acceptable electronic bid for the Bonds.

**This Official Notice of Sale contains certain information for quick reference only, is not a summary of the issue and governs only the terms of the sale of, bidding for and closing procedures with respect to the Bonds. Bidders must read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision.**

**Terms of the Bonds**

The Authority has made available a Preliminary Official Statement relating to the Bonds, a copy of which has been posted to [www.munios.com](http://www.munios.com). The Preliminary Official Statement, including the cover page and all appendices thereto, provides certain information concerning the sale and delivery of the Bonds. Each bidder must have obtained and reviewed the Preliminary Official Statement prior to bidding for the Bonds.

**Issue**

The Bonds will be dated the date of delivery of [February 22], 2018, will be in the denomination of \$5,000 each, or integral multiples thereof, and will bear interest from the date of the Bonds to the maturity of each of the Bonds at the rate or rates such that the interest rate shall not exceed 5.25% per annum, with interest payable on August 1, 2018 and semiannually on each February 1 and August 1 of each year during the term of each of the Bonds. The Bonds are projected to mature as shown in the table below:

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\* Preliminary, subject to change.



MATURITY (August 1)	PRINCIPAL AMOUNT*	MATURITY (August 1)	PRINCIPAL AMOUNT*
2018		2034	
2019		2035	
2020		2036	
2021		2037	
2022		2038	
2023		2039	
2024		2040	
2025		2041	
2026		2042	
2027		2043	
2028		2044	
2029		2045	
2030		2046	
2031		2047	
2032		2048	
2033			

### **Adjustment of Principal Amounts**

The principal amounts of each maturity of Bonds set forth above reflect certain assumptions of the Authority and Fieldman, Rolapp & Associates, Inc., the Authority's Independent Registered Municipal Advisor (the "Municipal Advisor") with respect to the likely interest rates of the winning bid or bids. Following the determination of the successful bidder, the Authority reserves the right to increase or decrease the principal amount of each maturity of the Bonds, in \$5,000 increments of principal amounts. Such adjustment shall be made within 4 hours of the bid opening and in the sole discretion of the Authority. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and the successful bid or bids may not be withdrawn, and the successful bidder will not be permitted to change its bid price or the interest rate(s) in its bid for the Bonds. The Authority shall not be responsible for the effect of any such adjustment on the compensation to the successful bidder and will use its reasonable best efforts to maintain a proportionate level of compensation to the successful bidder.

### **Interest Rates**

Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds shall represent interest from their dated date at a rate or rates to be determined at the sale thereof, but no maturity of such Bonds shall exceed 5.25% per annum and the true interest cost of the Bonds shall not exceed **4.5%**. Interest on the Bonds is payable semiannually on February 1 and August 1 in each year (the "Interest Payment Dates"), commencing August 1, 2018.

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\*preliminary, subject to change based upon coupons / yields in winning bid.

Bidders may specify any number of separate interest rates, and any rate may be repeated as often as desired; provided, however, that (i) each interest rate specified must be in a multiple of 1/20 of 1% or 1/8 of 1%; (ii) a zero rate of interest cannot be specified; (iii) each bond shall bear interest from its dated date to its stated maturity date at the interest rate specified in the bid; (iv) all Bonds of the same maturity date shall bear the same rate of interest (with the exception of split coupons for Bonds of the same maturity, which is allowed; (v) no bid will be accepted which provides for the cancellation and surrender of any interest payment or for the waiver of interest or other concession by the bidder as a substitute for payment in full of the purchase price of the Bonds. *Bids that do not conform to the terms of this paragraph will be rejected.*

### **Optional Redemption**

The Bonds with stated maturities on or after August 1, 2028 are subject to optional redemption without premium on or after August 1, 2027. Such redemption may be in whole or in part on any date in the order of maturity as directed by the Authority in a Written Request provided to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date and by lot within each maturity in integral multiples of \$5,000, on or after August 1, 2027, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

### **TERMS OF SALE**

#### **Basis of Award – Lowest True Interest Cost**

The Bonds will be awarded to the responsible bidder whose bid produces the **lowest true interest cost** on the Bonds. The true interest cost shall be the interest rate required to discount the payments of principal and interest on the Bonds which produces an amount equal to the bidder's purchase price, utilizing the Bonds expected date of delivery, respective maturity dates, and mandatory sinking fund redemption dates in the case of term bonds.

Bidders are requested to supply a calculation of the true interest cost of the Bonds to the Authority on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the Authority. In the event of a tied bid, the procedure for determining the winning bid will be selected at random by the Authority between such bidders whose bids have produced the tie.

#### **Term Bonds Permitted**

A bid may incorporate the use of term bonds, provided the sinking fund amounts in the bid correspond to the principal amounts in each year identified in this Notice under the "Issue" section.

#### **All or None Bid**

Any prospective purchaser may submit a bid for the Bonds, provided that if any of the Bonds are bid for, then all of the Bonds must be bid for.

#### **Minimum and Maximum Bid Prices Permitted**

The minimum purchase price bid permitted is [97]% of the principal amount of Bonds in this Notice. There is no maximum bid price restriction.

## **Form of Bid / Electronic Bids Only**

All bids for the Bonds must be unconditional and for not less than all of the Bonds offered for sale. Each bid must be in accordance with the terms and conditions set forth herein. Only electronic bids via PARITY® will be accepted in accordance with this Notice of Sale on the bid date. To the extent any instructions or directions set forth in PARITY® conflict with this Notice, the terms of this Notice shall control.

## **Bid Award Deposit**

The winning bidder will be required to submit a **Bid Award Deposit equal to \$[1,300,000]** not later than 12:00 p.m. Pacific Time on the first business day following the bid date ([February 9], 2018) for the Bonds. The deposit shall be made by wire to an account of the Authority; wire instructions will be provided directly to the winning bidder. In the event a bidder's Bid Award Deposit is not received by the designated time, the underlying bid may be disqualified at the option of the Authority.

No interest will be paid by the Authority on the amount of the Bid Award Deposit. The proceeds of the Bid Award Deposit of the winning bidder will be applied to the purchase price of the Bonds, or in the event of the failure of a winning bidder to pay for the Bonds in compliance with the terms of the bid, at the option of the Authority, its Bid Award Deposit may be retained as liquidated damages, as partial payment of actual damages or as security for any other remedy available to the Authority.

## **Delivery and Payment**

Delivery of the Bonds will be made to the Purchaser on the closing date of **[February 22], 2018**. Payment of the purchase price (less the amount of the good faith deposit mentioned below) must be made in funds immediately available to the Authority.

## **Right to Modify or Amend**

The Authority reserves the right to modify or amend this Notice including, but not limited to the right to adjust and change the aggregate principal amount of the Bonds being offered. Such notifications or amendments shall be made not later than 2:00 p.m. Pacific Standard Time on the business day immediately preceding the day of the bid opening through the PARITY® bidding platform.

## **Right to Reject Bids or Waive Irregularities**

The Authority reserves the right, in its discretion, to reject any and all bids and, to the extent permitted by law, to waive any irregularity or informality in any bid.

## **Right to Cancel, Postpone, or Reschedule Sale**

The Authority reserves the right to cancel, postpone or reschedule the sale of the Bonds upon notice given through the PARITY® bidding platform, Bloomberg News Service, Thompson Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)) or *The Bond Buyer* not less than eighteen (18) hours prior to the time bids are to be received. If the sale is postponed, bids will be received as set forth above and at a date (not later than March 1, 2018) and time as the Authority shall determine. Notice of the new sale date and time, if any, will be given through the PARITY® bidding platform, Bloomberg News Service, Thompson Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)) or *The Bond Buyer* no later than eighteen (18) hours prior to the new time bids are to be received.

## **Registration of Bonds as to Principal and Interest and Place of Payment**

The Bonds, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds, as described in the Preliminary Official Statement.

## **CUSIP Numbers and Other Fees**

Application for and cost of CUSIP numbers will be purchaser’s responsibility. Any delay, error or omission with respect thereto will not constitute cause for the purchaser to refuse to accept delivery of and pay for the Bonds. The successful bidder shall also be required to pay all fees required by The Depository Trust Company, Municipal Securities Rulemaking Board, and any other similar entity imposing a fee in connection with the issuance of the Bonds (see, “California Debt Advisory and Investment Commission” below).

## **California Debt Advisory and Investment Commission Fee**

The successful bidder will be required, pursuant to state of California law, to pay any fees to the California Debt and Investment Advisory Commission (“CDIAC”). CDIAC will invoice the successful bidder after the closing of the Bonds.

## **Legal Opinion**

The Bonds are sold with the understanding that the purchaser will be furnished with the approving opinion of Bond Counsel, Jones Hall, a Professional Corporation.

## **Tax-Exempt Status**

In the opinion of Jones Hall, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of such corporations.

Should changes in the law cause Bond Counsel’s opinion to change prior to delivery of the Bonds to the purchaser, the purchaser will be relieved of its responsibility to take delivery of and pay for the Bonds, and in that event its Bid Award Deposit will be returned.

## **No Litigation and Non-Arbitrage**

The Authority will deliver a certificate stating that no litigation is pending affecting the issuance and sale of the Bonds. The Authority will also deliver an arbitrage certificate covering its reasonable expectations concerning the Bonds and the use of proceeds thereof.

## **Preliminary Official Statement and Final Official Statement Dissemination**

The Authority has made available a Preliminary Official Statement relating to the Bonds, a copy of which has been posted to [www.munios.com](http://www.munios.com). Such Preliminary Official Statement, together with any supplements thereto, shall be in form “deemed final” by the Authority for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final official statement. The Authority shall deliver, at closing, a certificate, executed by appropriate officers of the Authority acting in their official capacities, to the effect that the facts contained in the Official Statement relating to the Bonds are true and correct in all material respects, and that the Official Statement does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statement therein, in light of the circumstances under which they were made, not misleading.

By making a bid for the Bonds, the successful bidder agrees (1) to disseminate to all members of the underwriting syndicate copies of the final Official Statement, including any supplements prepared by the Authority, (2) to promptly file a copy of the final Official Statement, including any supplements prepared by the Authority, with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System, and (3) to take any and all other actions necessary to comply with applicable SEC rules and MSRB rules governing the offering, sale and delivery of its Bonds to ultimate purchasers. The Final Official Statement for the Bonds will be made available electronically not later than 7 business days following the bid date; no hard copies will be provided to the winning bidder.

## **Continuing Disclosure**

In order to assist the Purchaser in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, the Authority will undertake in a Continuing Disclosure Certificate to provide certain annual financial information and Notice of the occurrence of certain events, if material. A description of this undertaking and a form of the Continuing Disclosure Certificate is included in the Preliminary Official Statement.

A summary regarding the Authority’s past compliance with its continuing disclosure obligations is contained in the Preliminary Official Statement under the section “CONTINUING DISCLOSURE UNDERTAKING.”

## **Rating**

Rating from S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, and Moody’s Investors Service have been assigned to the Bonds. The ratings are shown in the Preliminary Official Statement under the section “RATING.”

## **Establishment of Issue Price / Bidder’s Certificate**

(a) The winning bidder shall assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Attachment 1, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Authority and Bond Counsel. All actions to be taken by the Authority under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Authority by the Authority’s Municipal Advisor identified herein and any notice or report to be provided to the Authority may be provided to the Authority’s Municipal Advisor.

(b) The Authority intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because:

- (1) the Authority shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Authority may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Authority anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the competitive sale requirements are not satisfied, the Authority shall so advise the winning bidder. The Authority shall treat the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Authority if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Authority will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test in order to establish the issue price of the Bonds.

(d) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the Authority the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

(e) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each

maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(f) Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date that the Bonds are awarded by the Authority to the winning bidder.

### **Right of Cancellation**

The successful bidder will have the right, at its option, to cancel its purchase of the Bonds if the Authority fails to execute the Bonds and tender the same for delivery within 60 days from the date of the award thereof. In such event, the successful bidder will be entitled to the return of the deposit accompany the bid.

Dated: [January 25], 2018

SILICON VALLEY CLEAN WATER

/s/ Matt Anderson  
Chief Financial Officer  
Silicon Valley Clean Water

ATTACHMENT 1 - BIDDER'S CERTIFICATE

\$ \_\_\_\_\_  
Silicon Valley Clean Water  
2018 Wastewater Revenue Bonds

The undersigned, on behalf of \_\_\_\_\_, hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by \_\_\_\_\_ are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by \_\_\_\_\_ in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by \_\_\_\_\_ to purchase the Bonds.

(b) \_\_\_\_\_ was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by \_\_\_\_\_ constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_, 2018

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents \_\_\_\_\_'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied



upon by the Silicon Valley Clean Water (the “Authority”) with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Authority from time to time relating to the Bonds.

\_\_\_\_\_, as Underwriter

By:\_\_\_\_\_

Name:\_\_\_\_\_

Dated: \_\_\_\_\_, 2018

**SCHEDULE A**  
**EXPECTED OFFERING PRICES**  
*(Attached)*

**SCHEDULE B**  
**COPY OF UNDERWRITER'S BID**  
*(Attached)*

## **FINANCING AGREEMENT**

### **Relating to 2018 Wastewater Revenue Bonds of Silicon Valley Clean Water**

This FINANCING AGREEMENT (this "Agreement"), dated as of February 1, 2018, is between SILICON VALLEY CLEAN WATER, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the CITY OF SAN CARLOS, a municipal corporation duly organized and existing under the laws of the State of California (the "City").

#### ***B A C K G R O U N D :***

1. In order to provide for the transmission, treatment and disposal of wastewater, the cities of Belmont, Redwood City and San Carlos and the West Bay Sanitary District (collectively, the "Members") have previously entered into a Joint Exercise of Powers Agreement dated as of February 13, 1975, as amended (the "Joint Powers Agreement"), under which the Authority has been organized as a joint powers authority which is a public entity separate and apart from the Members.

2. Under the Joint Powers Agreement, the Authority owns and operates a sub-regional wastewater treatment plant and related conveyance facilities which serve the Members, and the Commission of the Authority has approved a 10-Year Capital Improvement Program for the construction of improvements to such plant and facilities (the "Project").

3. In order to provide additional funding for the Project, the Authority has authorized the issuance of its Silicon Valley Clean Water 2018 Wastewater Revenue Bonds in the aggregate principal amount of \$\_\_\_\_\_ (the "2018 Bonds"), under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California.

4. Concurrently with the execution and delivery of this Agreement the Authority is issuing the 2018 Bonds under an Indenture of Trust dated as of February 1, 2018 (the "2018 Bond Indenture"), between the Authority and Zions Bank, a Division of ZB, National Association, as trustee (the "Bond Trustee").

5. Under the Joint Powers Agreement, the Members are obligated to pay their allocable share of debt service on the 2018 Bonds, as such allocable shares are determined in accordance with the existing provisions of the Joint Powers Agreement.

6. The Authority and the City wish to enter into this Agreement in order to implement the existing provisions of the Joint Powers Agreement with respect to the repayment of the 2018 Bonds and to provide adequate security for the 2018 Bonds, on terms and provisions which are substantially the same as those contained in previous

agreements entered into between the Authority and the City in connection with the issuance of prior wastewater revenue bond issues of the Authority.

#### *A G R E E M E N T :*

In consideration of the foregoing and the material covenants hereinafter contained, the City and the Authority formally agree as follows:

**Section 1. Definitions.** Unless the context clearly otherwise requires or unless otherwise defined herein, the terms defined in the recitals above and in Appendix A hereto have the respective meanings given those terms when used in this Agreement. Capitalized terms which are defined in the Joint Powers Agreement and which are not otherwise defined herein shall have the respective meanings given those terms in the Joint Powers Agreement.

**Section 2. Issuance of 2018 Bonds; Deposit of Bond Proceeds.** The Authority and the City hereby agree that all of the available proceeds of the 2018 Bonds will be applied to finance the Project and that the Project is of proportionate benefit to all of the Participating Members. The City and the Authority agree that \_\_\_\_\_% of the proceeds of the 2018 Bonds are allocable to the City, and that such percentage constitutes the "Allocable Share" as that term is used in this Agreement.

**Section 3. Debt Service Payments.** The City shall be solely responsible for payment of its Allocable Share of the Bond Interest and Redemption Expenses relating to the 2018 Bonds. Payment of Authority Bond Payments by the City shall be made as follows:

- (a) Payment Dates and Amounts. The City shall pay the Authority Bond Payments in semiannual installments in the amounts and at the times set forth in the Appendix B.
- (b) Payments to Bond Trustee. The Authority hereby directs the City to pay the Authority Bond Payments directly to the Bond Trustee.

**Section 4. Pledge of Net Revenues.** The City hereby establishes a pledge of, lien on and security interest in all of the Net Revenues to secure the Authority Bond Payments.

The City shall deposit all of the Gross Revenues in the Wastewater Fund immediately upon receipt. Amounts on deposit in the Wastewater Fund shall be applied by the City to pay when due the following amounts in the following order of priority:

- (a) all Operation and Maintenance Costs;
- (b) the Authority Bond Payments and all payments of principal of and interest and premium (if any) on outstanding Parity Debt;
- (c) any other payments required to comply with the provisions of the Joint Powers Agreement and any Parity Debt Documents; and

- (d) any other lawful purposes of the Wastewater System.

The City shall manage, conserve and apply amounts on deposit in the Wastewater Fund in such a manner that all deposits required to be made under this Section will be made at the times and in the amounts so required. So long as the City is not in default in the payment of the Authority Bond Payments or the payment of principal of and interest and premium (if any) on outstanding Parity Debt, the City may use and apply amounts in the Wastewater Fund for (i) the payment of any subordinate obligations or any unsecured obligations, (ii) the acquisition and construction of improvements to the Wastewater System, (iii) the establishment of a rate stabilization fund, or (iv) any other lawful purposes of the City.

**Section 5. Special Obligation of the City; Obligations Absolute.** The City's obligation to pay the Authority Bond Payments and any other amounts coming due and payable hereunder is a special obligation of the City limited to the Net Revenues of the Wastewater System of the City. Under no circumstances is the City required to advance moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Authority Bond Payments and such other amounts. No other funds or property of the City are liable for the payment of the Authority Bond Payments and any other amounts coming due and payable hereunder.

The obligations of the City to pay the Authority Bond Payments from the Net Revenues and to perform and observe the other agreements contained herein are absolute and unconditional and are not subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Authority of any obligation to the City or otherwise with respect to the Wastewater System, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the City by the Authority. Until all of the Authority Bond Payments are fully paid or prepaid, the City will (a) not suspend or discontinue payment of any Authority Bond Payments, (b) perform and observe all other agreements contained in this Agreement, and (c) not terminate this Agreement for any cause, including but not limited to the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Wastewater System, failure by the Authority to complete the acquisition and construction of the Project by the estimated completion date thereof, sale of the Wastewater System, the taking by eminent domain of title to or temporary use of any component of the Wastewater System, commercial frustration of purpose, any change in the tax or law other laws of the United States of America or the State of California or any political subdivision of either thereof or any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the 2018 Bond Indenture or this Agreement.

**Section 6. Rates and Charges.**

(a) Gross Revenue Covenant. The City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater System during each Fiscal Year, which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues which are sufficient to pay all obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable from, the Gross Revenues in such Fiscal Year, including all Authority Bond Payments and payments of principal of and interest on Parity Debt.

(b) Net Revenue Covenant. In addition, the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater System during each Fiscal Year which are sufficient to yield Net Revenues at least equal to 120% of the Authority Bond Payments and payments of principal of and interest on Parity Debt coming due in such Fiscal Year. The amount of the Unencumbered Fund Balance as of the last day of the immediately preceding Fiscal Year shall be credited towards the City's obligations under this subsection (b), in an amount not to exceed 20% of the Authority Bond Payments and payments of principal of and interest on Parity Debt referred to in the preceding sentence.

(c) Effect of Refundable Credits. For purposes of this Section, in computing the amount of payments coming due and payable in by the City in any Fiscal Year with respect to the 2009 Bonds, such amount shall be reduced by 15.921053% of the Refundable Credits which are received or estimated by the Authority to be received in such Fiscal Year.

**Section 7. No Senior Lien Debt.** So long as the Authority Bond Payments remain unpaid, the City shall not issue or incur any additional bonds or other obligations which are senior to the Authority Bond Payments.

**Section 8. Issuance of Parity Debt.** The City may issue Parity Debt which is payable from and secured by a pledge of and lien on the Net Revenues on a parity with the Authority Bond Payments, upon satisfaction of the following conditions:

- (a) The City is not then in default in the payment of the Authority Bond Payments and in the payment of principal of and interest on any Parity Debt.
- (b) The amount of Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the City for the latest Fiscal Year for which audited financial statements are available, or as shown by the books of the City for any more recent 12-month period selected by the City, are at least equal to 120% of the amount of Maximum Annual Debt Service. For purposes of determining the amount of Net Revenues under this subsection, the following shall apply:
  - (i) the amount of Net Revenues may be increased to reflect any increase in the rates and charges levied for service from the Wastewater System which has been adopted prior to the date the Parity Debt is issued, in an amount by which the Net Revenues would have been increased if such increase in charges (based on the highest adopted rate which will be in effect for any of the next three Fiscal Years) had been in effect during the whole of such Fiscal Year or other 12-month period;
  - (ii) the amount of Net Revenues may be increased (in an amount not exceeding 20% of Maximum Annual Debt Service) by the amount of the Unencumbered Fund Balance as of the last day of the immediately preceding Fiscal Year; and

- (iii) the amount of Net Revenues may be increased to take into account any additions or improvements to or extensions of the Wastewater System to be financed from the proceeds of such Parity Debt or from any other source but in any case which, during all or any part of such Fiscal Year or other 12-month period, were not in service, in an amount equal to the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is to be in operation, all as shown by the certificate or opinion of a qualified independent engineer or qualified independent financial consultant employed by the City.
- (c) The City shall comply with all conditions to the issuance of Parity Debt as set forth in the Parity Debt Documents.

**Section 9. Issuance of Subordinate Debt.** Nothing in Section 7 or in Section 8 limits or affects the ability of the City to issue or incur obligations which are unsecured or which are secured by an interest which is junior and subordinate to the pledge of and lien upon the Net Revenues established hereunder.

**Section 10. Operation and Insurance of the Wastewater System.** The City covenants and agrees to operate the Wastewater System in an efficient and economical manner and to operate, maintain and preserve the Wastewater System in good repair and working order. The City shall at all times maintain with responsible insurers all such insurance on the Wastewater System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Wastewater System. The City shall also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the City, the Authority and the Owners of the Bonds.

**Section 11. Records and Accounts.** The City shall keep proper books of record and accounts of the Wastewater System in which complete and correct entries are made of all transactions relating to the Wastewater System. Said books shall, upon prior written request, be subject to the reasonable inspection of the Authority and the Bond Trustee, or their representatives authorized in writing, upon not less than two business days' prior notice to the City. The City shall cause the books and accounts of the Wastewater System to be audited annually by an Independent Accountant not more than nine months after the close of each Fiscal Year, and shall make a copy of such report available for inspection by the Authority and the Bond Trustee. Such report may be part of a combined financial audit or report covering all or part of the City's finances.

**Section 12. Tax Covenants.**

(a) Private Business Use Limitation. The City shall assure that the Wastewater System is not used in a manner which would cause the 2018 Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The City may not take any action or permit or suffer any action to be taken with respect to the Wastewater System if the result of the



same would be to cause the 2018 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

(c) Rebate of Excess Investment Earnings to United States. The Authority shall calculate or cause to be calculated the amount of excess investment earnings on the 2018 Bonds in all respects at the times and in the manner required under the Tax Code, and shall pay the full amount of any such excess investment earnings to the United States of America when and as due. In the event and to the extent the Authority reasonably determines that any such excess investment earnings are allocable to the City, the City shall pay the amount thereof to the Authority from available Net Revenues.

**Section 13. Cooperation with 2018 Bond Issuance.** The City agrees that it will execute and deliver any and all such closing certificates, agreements, instruments or other assurances as may be reasonably requested by the Authority to complete the issuance and sale of the 2018 Bonds. Without limiting the generality of the foregoing, the City agrees to:

- (a) furnish the Authority such financial and operating information as the Authority may reasonably request for disclosure in any official statement or other prospectus which is prepared in connection with the issuance of the 2018 Bonds; and
- (b) execute and deliver a Continuing Disclosure Certificate in connection with the 2018 Bonds, in substantially the form attached hereto as Appendix C.

**Section 14. Scope of this Agreement.** This Agreement does not obligate the City to make any payments in respect of any issue of bonds other than the 2018 Bonds. In the event the Authority issues an additional series of bonds, notes or other obligations in accordance with the Joint Powers Agreement to provide financing for the Project, the City may (but is not obligated to) determine to raise its portion of the costs thereof by participating in the issuance of such bonds, notes or other obligations, and in such event the City may (but is not obligated to) enter into an additional agreement with the Authority to obligate the City to pay and secure the payment of its obligations in respect thereof. Such additional obligations of the City, if any, may (but are not required to) be issued as Parity Debt upon compliance with the conditions set forth in Section 8; in that event, but only in that event, all references in this Agreement to “Parity Debt” will apply to such additional obligations of the City.

**Section 15. Termination or Amendment.** In the event that the Authority assumes responsibility for setting rates and receiving revenues of the Wastewater System, the City and the Authority may declare the City’s obligations hereunder discharged in whole or in part by termination or amendment of this Agreement.

**Section 16. Governing Law.** This Agreement will be construed in accordance with and governed by the laws of the State of California.

**Section 17. Binding Effect.** This Agreement inures to the benefit of and is binding upon the Authority, the City and their respective successors and assigns, subject, however, to the limitations contained herein.

**Section 18. Severability of Invalid Provisions.** If any one or more of the provisions contained in this Agreement are for any reason held to be invalid, illegal or unenforceable in any respect, then such provision or provisions will be deemed severable from the remaining provisions contained in this Agreement and such invalidity, illegality or unenforceability will not affect any other provision of this Agreement, and this Agreement will be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority and the City each hereby declares that it would have entered into this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Agreement may be held illegal, invalid or unenforceable.

**Section 19. Payment on Non-Business Days.** Whenever any payment is required to be made hereunder on a day which is not a business day, such payment will be made on the immediate preceding business day.

**Section 20. Execution of Counterparts.** This Agreement may be executed in any number of counterparts, each of which will for all purposes be deemed to be an original and all of which together constitute but one and the same instrument.

**Section 21. Third Party Beneficiary.** The Bond Trustee is hereby made a third party beneficiary hereof and are entitled to the benefits of this Agreement with the same force and effect as if the Bond Trustee were a party hereto.

IN WITNESS WHEREOF, the Authority and the City have caused this Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

**SILICON VALLEY CLEAN WATER**

By \_\_\_\_\_  
Manager

ATTEST:

By \_\_\_\_\_  
Chief Financial Officer

**CITY OF SAN CARLOS**

By \_\_\_\_\_  
City Manager

ATTEST:

By \_\_\_\_\_  
City Clerk

**APPROVED AS TO FORM:**

DATED: February \_\_, 2018

By \_\_\_\_\_  
City Attorney

## **APPENDIX A**

### **DEFINED TERMS**

“Allocable Share” means the portion of the proceeds of the 2018 Bonds which are applied to finance projects which are of benefit to the City, either separately or jointly with the other members of the Authority. The Authority and the City agree that the Allocable Share is equal to \_\_\_\_\_.%

“Authority Bond Payments” means the amounts paid by the City under this Agreement representing the Bond Interest and Redemption Expenses due on an Allocable Share of the 2018 Bonds, as such payments are set forth in Appendix B.

“Bond Interest and Redemption Expenses” has the meaning given that term in the Joint Powers Agreement.

“Bond Trustee” means Zions Bank, a Division of ZB, National Association, as trustee for the 2018 Bonds.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other 12-month period selected and designated by the City as its official fiscal year period.

“Gross Revenues” means all gross charges received for, and all other gross income and receipts derived by the City from, the ownership and operation of the Wastewater System or otherwise arising from the Wastewater System, including but not limited to investment earnings thereon and including connection or capacity charges; but excluding (a) the proceeds of any *ad valorem* property taxes levied for the purpose of paying general obligation bonds of the City relating to the Wastewater System, (b) the proceeds of any special assessments or special taxes levied upon real property within any improvement district for the purpose of paying special assessment bonds or special tax obligations of the City relating to the Wastewater System; and (c) customers’ deposits or any other deposits subject to refund until such deposits have become the property of the City, or contributions in aid of construction.

“Maximum Annual Debt Service” means, as of the date of any calculation, the maximum sum obtained for the current or any future Fiscal Year by totaling the following amounts for such Fiscal Year: (a) the aggregate amount of the Authority Bond Payments coming due and payable in such Fiscal Year; and (b) the amount of principal of and interest on all outstanding Parity Debt coming due and payable by their terms in such Fiscal Year. The amount of Maximum Annual Debt Service with respect to the 2009 Bonds for any Fiscal Year shall be reduced by 15.921053% of the Refundable Credits which are received or estimated by the Authority to be received in such Fiscal Year.

“Net Revenues” means, for any period, an amount equal to all of the Gross Revenues received during such period minus the amount required to pay all Operation and Maintenance Costs coming payable during such period.

“Operation and Maintenance Costs” means the reasonable and necessary costs paid or incurred by the City for maintaining and operating the Wastewater System, determined in accordance with generally accepted accounting principles, including but not limited to (a) all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Wastewater System in good repair and working order, (b) amounts payable for operation and maintenance under the Joint Powers Agreement, and (c) all administrative costs of the City that are charged directly or apportioned to the operation of the Wastewater System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums. “Operating and Maintenance Costs” does not include (i) payments of debt service on bonds, notes or other obligations issued by the City with respect to the Wastewater System, (ii) payments made by the City under the Joint Powers Agreement in respect of debt service on notes, bonds or other obligations issued by the Authority to finance the project, (iii) depreciation, replacement and obsolescence charges or reserves therefor, and (iv) amortization of intangibles or other bookkeeping entries of a similar nature.

“Parity Debt” means any bonds, notes, leases, installment sale agreements or other obligations of the City payable from and secured by a pledge of and lien upon any of the Net Revenues on a parity with the Authority Bond Payments, entered into or issued under and in accordance with Section 8. The term “Parity Debt” does not apply to any obligations of the Authority which are payable to the California State Water Resources Control Board or any other financial institution, which are not secured by a pledge of and lien upon the Net Revenues.

“Parity Debt Documents” means, collectively, the indenture of trust, trust agreement, loan agreement, installment sale agreement or other document authorizing the issuance of any Parity Debt.

“Refundable Credits” means, with respect to the 2009 Bonds, the amounts which are payable by the Federal government under Section 6431 of the Tax Code, which the Authority has elected to receive under Section 54AA(g)(1) of the Tax Code.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

“2009 Bonds” means the South Bayside System Authority 2009 Wastewater Revenue Bonds (Federally Taxable – Build America Bonds – Direct Payment) issued by the Authority in the aggregate original principal amount of \$55,855,000.

“2018 Bonds” means the Silicon Valley Clean Water 2018 Wastewater Revenue Bonds issued by the Authority in the aggregate principal amount of \$\_\_\_\_\_.

“Unencumbered Fund Balance” means, for any Fiscal Year, the balance of Net Revenues remaining on deposit in any of the funds and accounts of the City (including but not limited to the Wastewater Fund and any rate stabilization fund established by the City)

as of the last day of such Fiscal Year, as shown on the books of the City, which may lawfully be used to pay the Authority Bond Payments. The amount of the Unencumbered Fund Balance as of the last day of any Fiscal Year does not include any funds which the City determines will be required for payment of the Authority Bond Payments or the principal of and interest on any Parity Debt during the next six months.

“Wastewater Fund” means the fund or funds established and held by the City with respect to the Wastewater System for the receipt and deposit of Gross Revenues.

“Wastewater System” means the entire system of the City for the collection and transmission of wastewater, including but not limited to all facilities, properties and improvements at any time owned, controlled or operated by the City for the collection and transmission of wastewater within the service area of the City, and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the City.

**APPENDIX B**  
**AUTHORITY BOND PAYMENT SCHEDULE**  
**City of San Carlos**

Payment Date*	Principal	Rate	Interest	Period Debt Service
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\* Payments are due on the 5<sup>th</sup> business day preceding the payment dates listed in the foregoing schedule.

## APPENDIX C

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”), is executed and delivered by the CITY OF SAN CARLOS (the “City”) in connection with the issuance by Silicon Valley Clean Water (the “Authority”) of its \$\_\_\_\_\_ Silicon Valley Clean Water 2018 Wastewater Revenue Bonds (the “Bonds”). The Bonds are being issued under an Indenture of Trust dated as of February 1, 2018 (the “Indenture”), between the Authority and Zions Bank, a Division of ZB, National Association, as trustee (the “Trustee”). The Bonds are payable from revenues including payments to be made by the City under a Financing Agreement (the “Financing Agreement”), between the Authority and the City. The City covenants and agrees as follows:

**Section 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

**Section 2. Definitions.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

*“Annual Report”* means any Annual Report provided by the City under and as described in Sections 3 and 4.

*“Annual Report Date”* means the date that is nine months after the end of the City’s fiscal year (currently March 31 based on the City’s fiscal year end of June 30).

*“Dissemination Agent”* means any Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation. As of the date of this Disclosure Certificate, no Dissemination Agent has been appointed.

*“MSRB”* means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

*“Participating Underwriter”* means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

*“Rule”* means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended from time to time.

### **Section 3. Provision of Annual Reports.**

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing with the report for the 2017-18 fiscal year, provide to the MSRB, in an electronic format prescribed by the MSRB, an Annual Report which is



consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in this Section 4; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the City's fiscal year changes, it shall give notice of such change through the MSRB. The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the City shall send a notice to the Municipal Securities Rulemaking Board and the appropriate State Repository, if any, in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall: (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and (ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided under this Disclosure Certificate, and stating the date it was provided and listing all the Repositories to which it was provided.

**Section 4. Content of Annual Reports.** The City's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed under Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not contained in the audited financial statements filed under the preceding clause (a), the Annual Report shall contain information showing the following:

- (i) revenues by class of user for the Wastewater System for the most recently completed fiscal year;
- (ii) the top ten Wastewater System users by revenue for the most recently completed fiscal year;
- (iii) a description of any revisions to the wastewater rates which were adopted or which took effect during the most recently completed fiscal year;

- (iv) the Wastewater System's revenues and expenses and Net Revenues, including debt service and coverage ratios, for the most recently completed fiscal year; and
- (v) a description of any additional indebtedness incurred by the City during the most recently completed fiscal year which is payable from revenues of the Wastewater System.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the City shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

**Section 5. Termination of Reporting Obligation.** The City's obligations under this Disclosure Certificate shall terminate upon the payment or prepayment in full by the City of its obligations under the Financing Agreement. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination to the MSRB.

**Section 6. Dissemination Agent.** The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

**Section 7. Amendment; Waiver.** The City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a) or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the

opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended under the provisions hereof, the first annual financial information filed hereunder containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed with the MSRB.

**Section 8. Additional Information.** Nothing herein prevents the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report.

**Section 9. Default.** If the City fails to comply with any provision of this Disclosure Certificate any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Financing Agreement or the Indenture, and the sole remedy under this Disclosure Certificate if the City fails to comply with this Disclosure Certificate shall be an action to compel performance.

**Section 10. Beneficiaries.** This Disclosure Certificate inures solely to the benefit of the City, the Authority, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and creates no rights in any other person or entity.

**Section 14. Counterparts.** This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Dated: February \_\_, 2018

**CITY OF SAN CARLOS**

By: \_\_\_\_\_  
Name  
Title

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Silicon Valley Clean Water

Name of Issue: 2018 Wastewater Revenue Bonds

Date of Issuance: February \_\_\_, 2018

NOTICE IS HEREBY GIVEN that the City of San Carlos has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated February \_\_\_, 2018. The City anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated:

**CITY OF SAN CARLOS**

By: \_\_\_\_\_

Name

Title

New Issue: Book-Entry Only

Ratings: Standard & Poor's "\_\_\_"  
Moody's "\_\_\_"

(See "CONCLUDING INFORMATION – Ratings")

*In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2018 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "CONCLUDING INFORMATION – Tax Matters."*

\$ \_\_\_\_\_ \*

**Silicon Valley Clean Water  
(San Mateo County, California)  
2018 Wastewater Revenue Bonds**

**Due:** August 1, as shown on the inside cover

**Dated:** Date of Delivery

**The Authority:** Silicon Valley Clean Water (formerly named the South Bayside System Authority) (the "Authority") is a joint exercise of powers authority established to provide wastewater transmission, treatment, and effluent disposal for the cities of Belmont, Redwood City, and San Carlos, and the West Bay Sanitary District (collectively, the "Members").

**Purpose:** The captioned bonds (the "2018 Bonds") are being issued to (i) finance the acquisition and construction of capital improvements to the Authority's wastewater system and (ii) pay costs of issuing the 2018 Bonds.

**Book-Entry; Denominations; Payment Dates:** The 2018 Bonds will bear interest at the rates shown on the inside cover, payable semiannually on February 1 and August 1 of each year, commencing on August 1, 2018, and will be issued in fully registered form without coupons in the denomination of \$5,000 or any integral multiple of \$5,000. The 2018 Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the 2018 Bonds will not receive certificates representing their interests in the 2018 Bonds. Payments of the principal of, premium, if any, and interest on the 2018 Bonds will be made by to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2018 Bonds. See "THE 2018 BONDS."

"Record Date" for the 2018 Bonds is defined in the Indenture as the 15th calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

**Security:** The 2018 Bonds are limited obligations of the Authority, which are payable solely from and secured solely by the Revenues pledged under the Indenture, consisting primarily of payments made by the City of Redwood City, the City of San Carlos, and the West Bay Sanitary District (the "Participating Members") under the Financing Agreements. The 2018 Bonds do not constitute an indebtedness of the Authority, the Participating Members, the State of California or any political subdivision or agency thereof within the meaning of any constitutional or statutory provisions. Neither the faith and credit nor the taxing power of the State of California, nor any political corporation or subdivision or agency thereof, nor the faith and credit of the Authority or the Participating Members, is pledged to the payment of the principal of or interest on the 2018 Bonds.

The Participating Members' obligations under their respective Financing Agreements are secured by a pledge of Net Revenues derived from the respective wastewater systems of the Participating Members. The Participating Members executed and delivered these or similar Financing Agreements in connection with issuance by the Authority of its (i) \$55,855,000 initial principal amount 2009 Wastewater Revenue Bonds (the "2009 Bonds"), (ii) \$60,000,000 initial principal amount of 2014 Wastewater Revenue Bonds (the "2014 Bonds") and (iii) \$70,200,000 initial principal amount of 2015 Wastewater Revenue Bonds (the "2015 Bonds"). Under the Financing Agreements, each Participating Member's obligation with respect to the 2009 Bonds, the 2014 Bonds, the 2015 Bonds, and its obligation with respect to the 2018 Bonds is payable on a parity basis from Net Revenues of the Participating Member's wastewater collection system. In addition, the Participating Members are authorized to incur additional obligations payable from Net Revenues on a parity basis with their obligations under the Financing Agreements.

The Authority is not funding a debt service reserve account for the 2018 Bonds.

**Redemption\*:** The 2018 Bonds are subject to optional and mandatory sinking fund redemption prior to their stated date of maturity.

**MATURITY SCHEDULE  
(see inside cover)**

*The Bonds will be sold and awarded pursuant to competitive bidding processes to be held on January \_\_, 2018, as set forth in the Official Notice of Sale with respect to the 2018 Bonds. The 2018 Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters also will be passed upon for the District by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel. It is anticipated that the 2018 Bonds in definitive form will be available for delivery to Cede & Co., as nominee of DTC, on or about February \_\_ 2018.*

Dated: January \_\_, 2018

\* Preliminary; subject to change

## MATURITY SCHEDULE\*

Base CUSIP†: \_\_\_\_\_

\$\_\_\_\_\_ Serial Bonds

Maturity Date ( <u>August 1</u> )	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	<u>CUSIP†</u>
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\$\_\_\_\_\_ % Term Bond due August 1, 20\_\_; Yield \_\_\_\_\_%; CUSIP† \_\_\_\_\_

*\*Preliminary; subject to change. Identification of Term Bonds subject to mandatory sinking fund redemption is at bidder's option.*

*† CUSIP Copyright 2017, CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the District nor the Purchasers take any responsibility for the accuracy of the CUSIP data.*





# SILICON VALLEY CLEAN WATER

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## **Authority Commissioners**

<b><u>Commissioner</u></b>	<b><u>Title</u></b>	<b><u>Member Agency Represented</u></b>
John Seybert	Chair	City of Redwood City
Warren Lieberman	Vice Chair	City of Belmont
Robert Grassilli	Secretary	City of San Carlos
George Otte	Member	West Bay Sanitary District

## **Authority Management**

Daniel T. Child, *Manager*  
Teresa Herrera, *Assistant Manager/Authority Engineer*  
Monte Hamamoto, *Wastewater Superintendent*  
Matthew Anderson, *Chief Financial Officer*

## **Professional Services**

*Bond Counsel and Disclosure Counsel*  
Jones Hall, A Professional Law Corporation  
San Francisco, California

*Municipal Advisor*  
Fieldman, Rolapp & Associates Inc.  
Irvine, California

*Authority Counsel*  
Fitzgerald Law Offices  
Burlingame, California

*Trustee*  
Zions Bank, a Division of ZB National Association  
Los Angeles, California

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**Use of Official Statement.** This Official Statement is submitted in connection with the sale of the 2018 Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the 2018 Bonds.

**Estimates and Forecasts.** When used in this Official Statement and in any continuing disclosure by the Authority and the Participating Members, in any press release and in any oral statement made with the approval of an authorized officer of the Authority and the Participating Members, the words or phrases “will likely result,” “are expected to”, “will continue”, “is anticipated”, “estimate”, “project,” “forecast”, “expect”, “intend” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Authority and the Participating Members since the date of this Official Statement.

**Limit of Offering.** No dealer, broker, salesperson or other person has been authorized by the Authority, the Participating Members or the Purchaser to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2018 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

**Limited Scope of Information.** The Authority and the Participating Members have obtained certain information set forth in this Official Statement from sources which are believed to be reliable, but such information is neither guaranteed as to accuracy or completeness, nor to be construed as a representation of such by the Authority and the Participating Members. The information and expressions of opinions in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale of the 2018 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority and the Participating Members since the date of this Official Statement. All summaries of or references to the documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings given in the Indenture.

The Purchaser has provided the following sentence for inclusion in this Official Statement: The Purchaser has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Purchaser does not guarantee the accuracy or completeness of such information.

**Stabilization of Prices.** In connection with this offering, the Purchaser may overallocate or effect transactions which stabilize or maintain the market price of the 2018 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Purchaser may offer and sell the 2018 Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page and the public offering prices may be changed from time to time by the Purchaser.

THE 2018 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE 2018 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

**Website.** The Authority and the Members maintain Internet websites. The information on those websites is not incorporated by reference in this Official Statement.

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\$ \_\_\_\_\_  
**Silicon Valley Clean Water  
(San Mateo County, California)  
2018 Wastewater Revenue Bonds**

## **INTRODUCTION**

*This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and attached appendices, and the documents that it summarizes or describes. A full review should be made of the entire Official Statement. Unless otherwise indicated, capitalized terms used but not defined in this Official Statement have the respective meanings ascribed to them in the Indenture (as that term is defined below).*

This Official Statement, including the cover page and attached appendices, is provided to furnish information regarding the bonds captioned above (the “**2018 Bonds**”) to be issued by Silicon Valley Clean Water (formerly the South Bayside System Authority) (the “**Authority**”) under authority conferred by its Joint Powers Agreement (as that term is defined below).

### **Silicon Valley Clean Water**

Silicon Valley Clean Water is a joint exercise of powers authority that provides wastewater transmission, treatment, and effluent disposal services to the Cities of Belmont, Redwood City, and San Carlos, and the West Bay Sanitary District (collectively, the “**Members**”), all of which are located in the northern part of Silicon Valley, between the Cities of San Francisco and San Jose. The Authority’s wastewater treatment plant is located in the City of Redwood City. The Authority serves more than 200,000 people and businesses located predominantly in San Mateo County, California. See “THE AUTHORITY AND THE WASTEWATER SYSTEM” below.

The Authority owns and operates a regional wastewater treatment plant with an average dry weather flow permit capacity of 29 million gallons per day, an approximately nine-mile influent force main pipeline that conveys wastewater from the Members to the Authority’s treatment plant, five wastewater pump stations, and a 1.25-mile effluent disposal pipeline that discharges treated effluent into the San Francisco Bay. The Authority also provides recycled water to the City of Redwood City.

Since 2008, the Authority has been rebuilding, rehabilitating, and upgrading its wastewater transmission and treatment facilities, which are approaching the end of their useful operating lives. The Authority has previously funded or has received funding commitments for over \$244 million to be used for capital improvements. An October 2017 update of the Authority’s 2008 10-Year Capital Improvement Program (the “**CIP**”) identified approximately \$596 million of capital projects to be funded between 2018 and 2025, of which \$450.3 million (75.5%) is to replace the sewer conveyance system, \$80.0 million (13.4%) is to for treatment plant improvements, and \$66 million (11%) is to address anticipated regulatory changes regarding nutrient removal. The Authority anticipates funding its remaining CIP expenditures via a combination of bonds (including the 2018 Bonds), State Revolving Fund Loans issued by the California State Water Resources Control Board (the “**SWRCB**”), a line of credit with Wells Fargo Bank, National Association and cash funding. See “THE AUTHORITY AND THE WASTEWATER SYSTEM – Capital Improvement Program” and “THE AUTHORITY AND THE WASTEWATER SYSTEM – Financial Plan.”

The 2018 Bonds are being issued to generate funding for the next phase of the Authority's CIP. Financing Agreements adopted between the Authority and the City of Redwood City, the City of San Carlos, and the West Bay Sanitary District (collectively, the "**Participating Members**") obligate each of these agencies to make payments to the Authority for their respective allocable share of debt service on the 2018 Bonds. The City of Belmont is not a Participating Member for this financing and is not obligated to make any debt service payments on the 2018 Bonds. The Participating Members include:

- **City of Redwood City** - The City of Redwood City ("**Redwood City**") is located approximately 25 miles south of San Francisco and 23 miles north of San Jose. Redwood City has a population of roughly 85,601 and owns and operates a sanitary sewer collection system consisting of approximately 200 miles of sewer pipelines and 31 sewer lift stations. In addition to providing wastewater service within its boundaries, Redwood City also conveys wastewater from five San Mateo County sewer maintenance districts and the Town of Woodside to the Authority for treatment and effluent disposal pursuant to agreements with each agency.
- **City of San Carlos** - The City of San Carlos ("**San Carlos**") is located approximately 22 miles south of San Francisco and about 26 miles north of San Jose. San Carlos has a population of roughly 29,311 and owns and operates a sanitary sewer collection system consisting of approximately 105 miles of sewer pipelines and 6 sewer lift stations. In addition to providing wastewater service within its boundaries, San Carlos also conveys wastewater from four San Mateo County sewer maintenance districts to the Authority for treatment and effluent disposal pursuant to agreements with each agency.
- **West Bay Sanitary District** - The West Bay Sanitary District ("**West Bay Sanitary District**") is an independent special district that provides wastewater service to the City of Menlo Park and surrounding areas. The West Bay Sanitary District is located approximately 26 miles south of San Francisco and 20 miles north of San Jose. The West Bay Sanitary District serves a population of approximately 55,000 and owns and operates a sanitary sewer collection system consisting of approximately 200 miles of sewer pipelines and 13 sewer pump stations.

Each of the Members has been proactively raising sewer rates to support their allocable share of funding requirements for the Authority's operations and CIP, as well as their own operating and capital programs. See "THE AUTHORITY AND THE WASTEWATER SYSTEM - Participating Member Historical & Adopted Sewer Rate Increases."

### **Purpose of the 2018 Bonds**

The 2018 Bonds are being issued to (i) finance the acquisition and construction of capital improvements to the Authority's wastewater system (the "**Project**") and (ii) pay costs of issuing the 2018 Bonds. The Project includes capital improvements that are allocable to the Participating Members. The City of Belmont will fund its share of the allocable improvements independently.

## Security for the 2018 Bonds

The 2018 Bonds are being issued under an Indenture of Trust, dated as of February 1, 2018 (the “**Indenture**”), between the Authority and Zions Bank, a Division of ZB National Association, as trustee (the “**Trustee**”). The 2018 Bonds are limited obligations of the Authority, payable solely from “**Revenues**” under the Indenture consisting primarily of (i) certain amounts payable by the Participating Members under the Financing Agreements described below (the “**SVCW Bond Payments**”), representing the portion of debt service on the 2018 Bonds that is allocable to each Participating Member (the “**Allocable Share**”), and (ii) amounts on hand from time to time in the funds established under the Indenture. The 2018 Bonds are not secured by other revenues of the Authority.

Each Participating Member is obligated to pay debt service for its Allocable Share of the 2018 Bonds as follows:

<u>Participating Member</u>	<u>Allocable Share of 2018 Bonds (\$)</u>	<u>Allocable Share of 2018 Bonds (%)</u>
Redwood City	\$80,650,000	58.30%
San Carlos	25,150,000	18.18
West Bay Sanitary District	32,545,000	23.52
Total	<b>\$138,345,000*</b>	<b>100.00%</b>

\* Preliminary; subject to change.

Each Participating Member is obligated to pay debt service for the Authority’s prior series of bonds, as follows:

<u>Participating Member</u>	<u>2009 Bonds</u>	<u>Allocable Share</u> <u>2014 Bonds</u>	<u>2015 Bonds</u>	<u>Total</u>	<u>% of Total Bonds</u>
Redwood City	\$1,500,000.00	\$30,678,753.72	\$35,225,000.00	\$67,403,753.72	52.50%
San Carlos	390,000.00	9,563,029.26	12,180,000.00	22,133,029.26	17.24
West Bay Sanitary District	665,000.00	16,953,217.02	21,245,000.00	38,863,217.02	30.27
Total	\$2,555,000.00	\$57,195,000.00	68,650,000.00	\$128,400,000.00	100.00%

The Authority anticipates that the City of Belmont will contribute approximately \$16.9 million towards the next phase of the CIP.

The Authority previously entered into the following Financing Agreements (each, a “**Financing Agreement**”):

- Financing Agreements with Redwood City and the West Bay Sanitary District, as amended by a First Amendment to Financing Agreement dated as of March 20, 2014, obligates those parties to make payments to the Authority with respect to the Authority’s (i) \$55,855,000 initial principal amount 2009 Wastewater Revenue Bonds (the “**2009 Bonds**”), which were partially refunded, on a crossover basis, in October 2015, (ii) \$60,000,000 initial principal amount of 2014 Wastewater Revenue Bonds (the “**2014 Bonds**”), (iii) \$70,200,000 initial principal amount of 2015 Wastewater Revenue Bonds (the “**2015 Bonds**”), (iv) the 2018 Bonds and (v) all future bond issuances of the Authority.
- Financing Agreements with San Carlos, dated as of (i) July 1, 2009, in connection with the Authority’s issuance of its 2009 Bonds, which were partially refunded, on a crossover basis, in October 2015, (ii) March 1, 2014, in connection with the

Authority's issuance of its 2014 Bonds, (iii) November 1, 2015, in connection with the Authority's issuance of its 2015 Bonds and (iv) January 1, 2018, in connection with the Authority's issuance of its 2018 Bonds.

Under the Financing Agreements, each Participating Member is obligated to make SVCW Bond Payments to the Authority in an amount sufficient to pay that Participating Member's Allocable Share of debt service on (i) the 2009 Bonds, (ii) the 2014 Bonds, (iii) the 2015 Bonds, (iv) the 2018 Bonds, and (v) any bonds issued by the Authority in the future.

Each Participating Member's obligation to make the SVCW Bond Payments under its respective Financing Agreement is secured by a lien on and pledge of Net Revenues derived from the wastewater system of the Participating Member, and is not secured by the full faith and credit or general funds of the Participating Member. Each Participating Member's obligation to make SVCW Bond Payments with respect to the 2018 Bonds is payable on a parity basis with its obligation to pay its Allocable Share of debt service on the 2009 Bonds, the 2014 Bonds, and the 2015 Bonds. There is no joint or several liability among the Participating Members, and each Participating Member is obligated only for its Allocable Share. See "THE AUTHORITY AND THE WASTEWATER SYSTEM - Outstanding Debt."

The Authority is not funding a debt service reserve for the 2018 Bonds.

#### **Parity Debt of the Participating Members**

The Participating Members are authorized under their respective Financing Agreements to incur additional obligations payable from Net Revenues, which may be on a parity with the SVCW Bond Payments that secure the 2018 Bonds. As of the date hereof, none of the Participating Members has incurred any obligations on a parity with their obligations in respect of the 2009 Bonds, the 2014 Bonds, and the 2015 Bonds. See "SECURITY FOR THE 2018 BONDS – Issuance of Parity Debt by the Participating Members."

#### **Other Debt of the Authority**

The Authority is not authorized to issue additional obligations payable from Revenues, because "Revenues" is defined to include the SVCW Bond Payments that represent debt service payments on the 2018 Bonds. However, the Authority has previously issued the 2009 Bonds, the 2014 Bonds, and the 2015 Bonds, each of which are payable from SVCW Bond Payments that represent debt service on those bonds, and may issue bonds in the future payable from increased SVCW Bond Payments.

**SRF Loans.** The Authority has previously been awarded funding commitments for a combined total of approximately \$57 million under three loans from the SWRCB (each an "**SRF Loan**"). Going forward, the Authority intends to continue to apply for low-cost SRF Loans. At present, the Authority is estimating that it will apply for SRF Loans of approximately \$65 million from the SWRCB in order to fund the nutrient removal projects. There can be no guarantee that the Authority will be awarded additional SRF Loans, in which case the Authority may alternatively issue additional parity debt. SRF Loans are payable from a source of the Authority's revenues that is separate and distinct from the source of revenues which is pledged for payment of the 2009 Bonds, the 2014 Bonds, the 2015 Bonds, and the 2018 Bonds; and each Participating Member will be responsible for payments to the Authority for repayment of the SRF Loans pursuant to the Joint Powers Agreement (as defined below). While the SRF Loans are not direct obligations of the Participating Members, and are not secured by a pledge of Net Revenues, payments from

each Participating Member are paid to the Authority pursuant to the Joint Powers Agreement (as defined below). Payments made by the Participating Members with respect to the SRF Loans are not secured by a pledge of or lien on the Net Revenues from the respective wastewater systems of such Participating Members, nor are they an Operation and Maintenance Cost of the Participating Members. See “SECURITY FOR THE 2018 BONDS - State Revolving Fund Loans of the Authority”.

**Line of Credit.** The Authority has a short-term line of credit with Wells Fargo Bank, National Association (the “**Line of Credit**”), which is used to provide interim funding. Specifically, the Line of Credit furnishes interim cash flow funding as needed when the Authority is awaiting reimbursement from its SRF Loans. The Line of Credit is also payable from a source of the Authority’s revenues that is separate and distinct from the source of revenues which is pledged for payment of the 2009 Bonds, the 2014 Bonds, the 2015 Bonds, and the 2018 Bonds; and each Participating Member will be responsible for payments to the Authority for repayment of the Line of Credit pursuant to the Joint Powers Agreement (as defined below). Although the line of credit is secured by Authority revenues, payments made by the Participating Members with respect to the Line of Credit are not secured by a pledge of or lien on the Net Revenues of the respective wastewater systems of such Participating Members. See “SECURITY FOR THE 2018 BONDS – Line of Credit.”

## **Disclaimer**

This introduction is not a summary of this Official Statement. Information presented in this section is described more completely elsewhere in this Official Statement, which should be read in its entirety. Terms used in this Official Statement and not otherwise defined have the meanings ascribed to them in the Indenture. All references herein to the 2018 Bonds, the Indenture, the Joint Powers Agreement, and the Financing Agreements are qualified in their entirety by reference to the actual documents. Documents referred to in this Official Statement can be obtained from the financial advisor prior to the closing, and from the Authority thereafter.

*[remainder of page intentionally left blank]*



## FINANCING PLAN

### General

The 2018 Bonds are being issued to (i) finance the acquisition and construction of capital improvements to the Authority's wastewater system (the "**Project**") and (ii) pay costs of issuing the 2018 Bonds.

### The Project

The Authority continues to move forward with construction of CIP projects to rebuild, rehabilitate, and upgrade its wastewater conveyance and treatment facilities. Current CIP activities are concentrated on the Regional Environmental Sewer Conveyance Upgrade program (the "**RESCU Program**") that will replace aging pipelines, rehabilitate pump stations, and construct receiving and headworks facilities at the treatment plant. See "THE AUTHORITY AND THE WASTEWATER SYSTEM – Capital Improvement Plan" for additional information about the RESCU Program.

In addition to activities related to the RESCU Program, projects include technological upgrades and system-wide automation designed to improve operational efficiency, manage electricity use, and ensure wastewater treatment is not interrupted.

The Authority has previously funded or received funding commitments for over \$244 million to be used for capital improvements, including funds from the 2008 Bonds, the 2009 Bonds, the 2014 Bonds, the 2015 Bonds, cash contributions from the City of Belmont and Redwood City, SRF Loans, the Line of Credit, and interest earned on project funds. An October 2017 update of the CIP identified roughly \$596 million of additional capital funding still needed through 2025. The Authority anticipates funding its remaining capital improvement costs via a combination of bonds (including the 2018 Bonds), SRF Loans issued by the SWRCB, the Line of Credit and cash funding.

Under the Joint Powers Agreement, each of the Members is contractually obligated to fund its allocable share of the Authority's capital improvements. The City of Belmont anticipates providing cash (either from its own financing or its reserves) for its allocable share of related capital improvements of the Authority's CIP rather than participating in the issuance of the 2018 Bonds.

See "THE AUTHORITY AND THE WASTEWATER SYSTEM – Capital Improvement Plan" and "THE AUTHORITY AND THE WASTEWATER SYSTEM – Financial Plan" for additional information about the CIP and the Authority's plans for meeting the capital funding needs.

## Anticipated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds with respect to the 2018 Bonds.

### **Sources:**

Bond Proceeds  
Original Issue [Premium/Discount]  
Other Sources of Funds  
*Total Sources*

### **Uses:**

Deposit to Project Fund  
Purchaser's Discount  
Costs of Issuance<sup>(1)</sup>  
*Total Uses*

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- (1) Estimate includes legal and financing costs, printing costs, initial fees of the Trustee, Bond Counsel and Disclosure Counsel fees, Financial Advisor fees, Rating Agency fees, certain other costs, and contingency.

## DEBT SERVICE SCHEDULE

The following table presents the annual debt service on the 2018 Bonds, assuming there are no optional redemptions. The Participating Members' payments under the Financing Agreements are scheduled to be sufficient in time and amount to pay debt service on the 2018 Bonds when due.

<b>Period Ending (August 1)</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
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Total

## COMBINED DEBT SERVICE SCHEDULE

The following table presents the annual debt service on the 2009 Bonds, the 2014 Bonds, the 2015 Bonds, and the 2018 Bonds (including sinking fund redemptions), assuming there are no optional redemptions. The Participating Members' scheduled payments under the Financing Agreements are scheduled to be sufficient to pay debt service on the 2009 Bonds, the 2014 Bonds and the 2015 Bonds, and the 2018 Bonds when due.

Period Ending (August 1)	2009 Bonds	2014 Bonds	2015 Bonds <sup>(1)</sup>	2018 Bonds	Total Debt Service
2018	\$4,948,117.50	\$3,833,600.00	\$2,316,000.00		
2019	4,926,492.50	3,839,800.00	2,319,200.00		
2020	--	3,833,500.00	5,381,250.00		
2021	--	3,834,000.00	5,379,750.00		
2022	--	3,831,500.00	5,378,250.00		
2023	--	3,830,875.00	5,376,500.00		
2024	--	3,827,000.00	5,389,250.00		
2025	--	3,824,750.00	5,370,500.00		
2026	--	3,823,875.00	5,361,500.00		
2027	--	3,824,125.00	5,371,500.00		
2028	--	3,820,375.00	5,369,250.00		
2029	--	3,817,500.00	5,360,000.00		
2030	--	3,815,250.00	4,723,750.00		
2031	--	3,813,375.00	4,721,500.00		
2032	--	3,811,625.00	4,712,750.00		
2033	--	3,809,750.00	4,712,500.00		
2034	--	3,807,500.00	4,700,000.00		
2035	--	3,811,800.00	4,700,500.00		
2036	--	3,800,850.00	4,698,000.00		
2037	--	3,797,225.00	4,687,250.00		
2038	--	3,792,225.00	4,683,250.00		
2039	--	3,790,475.00	4,670,250.00		
2040	--	3,798,800.00	1,688,250.00		
2041	--	3,780,375.00	1,685,250.00		
2042	--	3,777,625.00	1,689,250.00		
2043	--	3,776,625.00	1,684,750.00		
2044	--	3,772,000.00	1,687,000.00		
2045	--	--	1,690,500.00		
Total	\$9,874,610.00	\$102,896,400.00	\$115,507,700.00		

(1) Excludes debt service payments made from escrow funds as a result of the partial crossover refunding of the 2009 Bonds in October of 2015.

## THE 2018 BONDS

### Authority for Issuance

The 2018 Bonds will be issued by the Authority in accordance with Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code (commencing with Section 6584) (the “**Bond Law**”) of the State of California (the “**State**”), resolutions adopted by the governing boards of the Authority and the Participating Members, and the Indenture.

### Description of the 2018 Bonds

**Bond Terms:** The 2018 Bonds will be dated their date of delivery and issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple of \$5,000. The 2018 Bonds will mature in the amounts and on the dates, and bear interest at the rates per annum, set forth on the inside cover page of this Official Statement.

**Payments of Principal and Interest:** Interest on the 2018 Bonds will be payable on February 1 and August 1 in each year, beginning August 1, 2018 (each an “**Interest Payment Date**”).

Interest on the 2018 Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

- (i) a 2018 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,
- (ii) a 2018 Bond is authenticated on or before July 15, 2018, in which event interest thereon will be payable from the Closing Date, or
- (iii) interest on any 2018 Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest is payable on the 2018 Bonds on each Interest Payment Date to the persons in whose names the ownership of the 2018 Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any 2018 Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such 2018 Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the 2018 Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of 2018 Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such 2018 Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written

request will remain in effect until rescinded in writing by the Owner. The Trustee will pay principal of the Bonds in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

## Redemption\*

**Optional Redemption:** The 2018 Bonds maturing on or before August 1, 2027 are not subject to optional redemption prior to maturity. The 2018 Bonds maturing on or after August 1, 2028 may be called prior to maturity and redeemed at the option of the Authority on any date on or after August 1, 2027, as a whole or in part, from any source of available funds, at a redemption price of 100% of the of the principal amount of the 2018 Bonds to be redeemed, together with accrued interest to the date of redemption.

**Mandatory Sinking Fund Redemption:** Subject to certain provisions of the Indenture, the 2018 Bonds maturing on August 1, 20\_\_ and August 1, 20\_\_ are subject to mandatory redemption in whole, or in part by lot, from sinking fund payments made under the Indenture at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate respective principal amounts and on August 1 in the years shown in the following tables:

### Term Bond maturing August 1, 20\_\_

Payment Date (August 1)	Payment Amount
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(Maturity)

### Term Bond maturing August 1, 20\_\_

Payment Date (August 1)	Payment Amount
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(Maturity)

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\* Preliminary; subject to change. Term bonds subject to mandatory sinking fund redemption, if any, are at bidder's option.

**Notice of Redemption:** The Trustee will mail notice of any redemption to the respective Owners of any 2018 Bonds designated for redemption at their respective addresses appearing on the registration books, to the Securities Depositories and to the Municipal Securities Rulemaking Board, at least 30 but not more than 60 days prior to the date fixed for redemption; *provided, however*, that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such 2018 Bonds or the cessation of the accrual of interest thereon.

The Authority has the right to rescind any notice of optional redemption of the 2018 Bonds under the Indenture by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2018 Bonds then called for redemption, and such cancellation shall not constitute an event of default. The Authority and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption.

**Manner of Redemption of 2018 Bonds of the Same Maturity:** Whenever provision is made in the Indenture for the redemption of less than all of the 2018 Bonds of the same maturity, the Trustee will select the 2018 Bonds to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, all 2018 Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate 2018 Bonds which may be separately redeemed.

## **SECURITY FOR THE 2018 BONDS**

### **General**

The 2018 Bonds are limited obligations of the Authority, payable solely from “**Revenues**” under the Indenture consisting primarily of (i) SVCW Bond Payments to be received by the Trustee on behalf of the Authority from Participating Members, and (ii) amounts on hand from time to time in the funds established under the Indenture. In conjunction with the issuance of the 2018 Bonds, and pursuant to the Financing Agreements, the Authority has directed the Participating Members to make the SVCW Bond Payments directly to the Trustee.

All SVCW Bond Payments received by the Trustee will be deposited in the Revenue Fund which will be maintained by the Trustee under the Indenture. On or before each date on which principal of or interest or premium (if any) on the 2018 Bonds becomes due and payable, the Trustee will transfer the amounts necessary to make scheduled principal and interest payments on the 2018 Bonds and pay the redemption price of any 2018 Bonds called for redemption.

### **Financing Agreements**

**General.** As described in this Official Statement, the Authority and each of the Participating Members originally entered into Financing Agreements concurrently with the issuance of the 2008 Bonds, which were defeased in October 2015; and San Carlos entered into new Financing Agreements relating to the 2009 Bonds, the 2014 Bonds, and the 2015 Bonds. A more complete description of the Financing Agreements is set forth in Appendix E. Certain key provisions are summarized below.

**SVCW Bond Payments.** Each of the Participating Members is responsible for paying its Allocable Share of debt service on the 2009 Bonds, the 2014 Bonds, the 2015 Bonds, the 2018 Bonds, and any bonds the Authority may issue in the future that such Participating Member chooses to participate in. These issuances constitute SVCW Bond Payments under the Financing Agreements of the Participating Members. The Authority allocates debt service to each of the Participating Members in accordance with the Joint Powers Agreement. See “THE AUTHORITY AND THE WASTEWATER SYSTEM” below.

**Pledge of Net Revenues.** Under each Financing Agreement, the SVCW Bond Payments of a Participating Member are secured by a lien on and pledge of Net Revenues derived from the wastewater system of the Participating Member. “**Net Revenues**” consist generally of wastewater system “**Gross Revenues**” remaining after payment of “**Operation and Maintenance Costs.**” The Net Revenues from one Participating Member’s wastewater system are pledged solely to its own SVCW Bond Payments and any other indebtedness of such Participating Member secured by a lien on and pledge of Net Revenues; no Participating Member has any liability or responsibility for the SVCW Bond Payments of another Participating Member.

**Flow of Funds.** Each of the Participating Members covenants and agrees that all Gross Revenues derived from its wastewater system will be deposited in a wastewater fund, which will be maintained so long as the related Financing Agreement remains outstanding. Amounts on deposit in each Participating Member’s wastewater fund will be used to pay, in the following order of priority:

- (a) all Operation and Maintenance Costs of the Participating Member’s wastewater collection and transmission system;
- (b) the SVCW Bond Payments of such Participating Member, and payments of principal of and interest on any Parity Debt (as defined below) issued by such Participating Member;
- (c) any other payments required to comply with the provisions of the Joint Powers Agreement, including payments due with respect to SRF Loans or the Line of Credit, and any Parity Debt Documents;
- (d) any other lawful expenses of the Participating Member’s wastewater collection and transmission system.

**Rate Covenants.** Each of the Participating Members covenants to establish rates and charges for its wastewater system during each fiscal year, as follows:

- To yield Gross Revenues sufficient to pay Operation and Maintenance Costs of the Participating Member’s wastewater collection and transmission system, fund its allocable share of debt service on the 2009 Bonds, the 2014 Bonds, the 2015 Bonds and any additional Parity Debt, and pay any other obligations payable from the Gross Revenues of its wastewater system; and
- Generate wastewater system Net Revenues equal to at least 120% of the Participating Member’s allocable share of debt service on the 2009 Bonds, the 2014 Bonds, the 2015 Bonds, the 2018 Bonds (i.e., the Participating Member’s SVCW Bond Payments), and any Parity Debt, provided that the unencumbered fund balance of the Participating Member’s wastewater system as of the last day of the immediately preceding fiscal year



can be counted as Net Revenues in an amount not to exceed 20% of debt service on the 2009 Bonds, the 2014 Bonds, the 2015 Bonds, the 2018 Bonds, and any Parity Debt.

**No Senior Lien Debt.** Each of the Participating Members covenants that it will not issue or incur any additional bonds or other obligations which are senior to its allocable share of debt service payments for the 2018 Bonds.

**Pro Rata Nature of SVCW Bond Payments.** As described above, each Participating Member's SVCW Bond Payment obligation is equal to its Allocable Share of debt service with respect to the 2009 Bonds, the 2014 Bonds, the 2015 Bonds, the 2018 Bonds, and any future bonds issued by the Authority that are payable from SVCW Bond Payments. Each Participating Member's Allocable Share of debt service is calculated based on its allocated share of the Authority's capital improvement costs to be funded by each debt issue (as determined in accordance with the Joint Powers Agreement, as defined herein) less any cash contributions toward their share of allocated costs. SVCW Bond Payments will be allocated to the 2009 Bonds, the 2014 Bonds, the 2015 Bonds, and the 2018 Bonds (and any such future bonds issued by the Authority) on a pro rata basis. The Participating Member's SVCW Bond Payments are projected to be sufficient to pay debt service on the 2009 Bonds, the 2014 Bonds, the 2015 Bonds, the 2018 Bonds.

**Issuance of Parity Debt by the Participating Members.** Each of the Participating Members may issue parity debt ("**Parity Debt**") payable from the Net Revenues of its wastewater systems provided that the following conditions are met:

(a) the Participating Member is not in default on payment of the SVCW Bond Payments or any parity debt;

(b) the amount of Net Revenues as shown by the books of the Participating Member for the latest fiscal year for which audited statements are available, or as shown by the books of the Participating Member for any more recent 12-month period, are at least equal to 120% of the amount of Maximum Annual Debt Service on the related SVCW Bond Payments and any parity debt issued by the Participating Member, provided that Net Revenues may be increased to reflect:

(i) any increase in wastewater system rates and charges that have been adopted prior to the issuance of parity debt and that will be in effect in any of the subsequent three fiscal years in an amount by which the Net Revenues would have increased if the increase had been in effect during that period;

(ii) unencumbered wastewater system fund balances as of the last day of the immediately preceding fiscal year, but in no case in an amount exceeding 20% of Maximum Annual Debt Service;

(iii) any additions or improvements or extensions of each Participating Member's wastewater system that were not in effect during the 12-month period in an amount equal to the estimated additional average annual Net Revenues that would be derived during the first three years in which the addition, improvement, or extension is to be in operation, all as shown by the certificate of a qualified independent financial consultant employed by the Participating Member;

(c) the Participating Member shall be in compliance with all conditions for issuing parity debt as set forth in any Parity Debt Documents.

**Issuance of Subordinate Debt.** Each of the Participating Members may issue unsecured or subordinate obligations.

**Third-Party Beneficiaries.** The Trustee is a third-party beneficiary and is entitled to the benefits of the Financing Agreements with the same force and effect as if the Trustee were a party to each of the Financing Agreements.

### **No Reserve Fund**

The Authority is not establishing a debt service reserve fund for the 2018 Bonds.

### **Issuance of Parity Debt by the Authority**

Under the Indenture, the Authority covenants that, except for the 2018 Bonds, no additional bonds, notes, or other indebtedness will be issued or incurred which are payable from Revenues in whole or in part. However, the Authority has the right to issue additional bonds, notes or other obligations that are secured by payments made by any or all of the Members, which payments may be secured by a pledge of and lien on Net Revenues of such Members on a parity with the SVCW Bond Payments. In such case, Participating Members must satisfy the conditions for their respective issuance of Parity Debt. See “- Financing Agreements - Issuance of Parity Debt by the Participating Members.” Nothing in the Indenture limits the authority of the Participating Members to issue parity obligations in accordance with their respective Financing Agreements as described under “- Financing Agreements” above.

### **State Revolving Fund Loans of the Authority**

The Authority has previously borrowed \$11,489,095 under that certain Project Finance Agreement, dated February 1, 2012, by and between the Authority and the SWRCB, \$31,549,337 under that certain Project Finance Agreement, dated May 10, 2012, by and between the Authority and the SWRCB and \$14,000,000 under that certain Project Finance Agreement, dated April 28, 2016 (each, as amended, an “**SRF Loan**”), which SRF Loans account for a combined total of \$57,038,432 of capital project funding commitments. The final amount of the SRF Loans may be amended depending on the amount of final project costs determined eligible for funding after the projects have been completed. The SRF Loans, and any future loans from the SWRCB to the Authority, if any, constitute indebtedness of the Authority and do not constitute indebtedness of the Participating Members pursuant to the Financing Agreements. The Authority anticipates applying for additional funding of approximately \$65 million through SRF Loans over the next eight years. There can be no assurance that the Authority will be awarded additional funding through SRF Loans, in which case the Authority may alternatively issue debt on a parity with the 2018 Bonds.

The SRF Loans are secured by a pledge of the Authority’s net revenues, which net revenues do not include the revenues securing the SVCW Bond Payments. Pursuant to the Joint Powers Agreement, the Authority is authorized to charge its Members for their proportionate share of debt service payments on the SRF Loans. This revenue source is separate and distinct from Revenues pledged to the 2018 Bonds, and the SRF Loans are accordingly not considered parity debt to the 2009 Bonds, 2014 Bonds, 2015 Bonds, or 2018 Bonds. The 2009 Bonds, 2014 Bonds, 2015 Bonds, and 2018 Bonds have priority in payment over the SRF Loans because each

Participating Member's SVCW Bond Payments are secured by a pledge of the Participating Member's Net Revenues, while the payments made by each Participating Member to the Authority that are used to pay the SRF Loans are not secured by a pledge of the Participating Member's Net Revenues.

### **Line of Credit**

The Authority has also obtained a \$30,000,000 short-term line of credit (the "**Line of Credit**") with Wells Fargo Bank, National Association, which is used to provide interim financing. Specifically, the Line of Credit furnishes interim cash flows whenever the Authority is awaiting reimbursement from its SRF Loans. This Line of Credit replaced a previous line of credit with Bank of the West, and is secured by a source of revenues of the Authority that is distinct from the Revenues securing the 2018 Bonds and revenues securing the 2009 Bonds, the 2014 Bonds and 2015 Bonds. As of January 1, 2018, \$8,900,000 is outstanding under the Line of Credit.

The 2009 Bonds, 2014 Bonds, 2015 Bonds, and 2018 Bonds have priority in payment over the Line of Credit because each Participating Member's SVCW Bond Payments are secured by a pledge of the Participating Member's Net Revenues, while the payments made by each Participating Member to the Authority that are used to pay the Line of Credit are not secured by a pledge of the Participating Member's Net Revenues.

The Line of Credit expires on May 29, 2018. The Authority expects to renew the Line of Credit, but there can be no assurance that the Line of Credit will in fact be renewed, or what the terms or amount will be.

## THE AUTHORITY AND THE WASTEWATER SYSTEM

### The Authority

The Authority is a joint exercise of powers authority that provides wastewater transmission, treatment, and effluent disposal services to the Cities of Belmont, Redwood City, and San Carlos, and the West Bay Sanitary District (defined as the “**Members**” in this Official Statement). The Members are all located in the northern part of Silicon Valley, nearly midway between the cities of San Francisco and San Jose. The Authority’s wastewater treatment plant is located in Redwood City and serves more than 200,000 people in located in its Members’ communities.

The Authority is a distinct public entity that operates under a Joint Exercise of Powers Agreement (the “**Joint Powers Agreement**”) dated November 13, 1975, as amended, among the Members. Under the Joint Powers Agreement, the Authority owns and operates certain wastewater facilities and the Members are obligated to pay the Authority for their allocable share of the Authority’s operating, maintenance, and capital expenses. The Authority is organized and exists under the laws of the State of California.

Authority facilities include: a wastewater treatment plant located in Redwood City, wastewater pump stations in Menlo Park, Redwood City, Belmont, and San Carlos; a booster pump station located in San Carlos; an approximately nine-mile influent force main pipeline that conveys wastewater from Members to the wastewater treatment plant; and a 1.25-mile effluent disposal pipeline to discharge treated effluent into the San Francisco Bay. The Authority also provides recycled water to Redwood City through equipment owned by Redwood City. The Authority operates in full compliance with its Waste Discharge Permit issued by the State of California.

Participating Members in this 2018 Bond issue include Redwood City, San Carlos, and the West Bay Sanitary District. Each has covenanted to pay its allocable share of debt service on the 2018 Bonds. The City of Belmont has opted not to be a Participating Member and has no obligation to pay any debt service on the 2018 Bonds.

- **City of Redwood City** - Redwood City is located approximately 25 miles south of San Francisco, roughly midway between San Francisco and San Jose, and has a population of roughly 85,600 people. Redwood City owns and operates a sanitary sewer collection system consisting of approximately 200 miles of sewer pipelines and 31 sewer lift stations. In addition to providing wastewater service within its boundaries, the City also conveys wastewater from five San Mateo County sewer maintenance districts and the Town of Woodside to the Authority for treatment and effluent disposal pursuant to agreements with each agency. See Appendix A for a description of the City of Redwood City and its Sewer System.
- **City of San Carlos** - San Carlos is located approximately 22 miles south of San Francisco and about 26 miles north of San Jose. San Carlos has a population of roughly 29,000 people and owns and operates a sanitary sewer collection system consisting of approximately 105 miles of sewer pipelines ranging in size from 5 to 27 inches in diameter, and 6 sewer lift stations. In addition to providing wastewater service within its boundaries, San Carlos also conveys wastewater from four San Mateo County sewer maintenance districts to the Authority for treatment and effluent disposal pursuant to agreements with each agency. See Appendix B for a description of the City of San Carlos and its Sewer System.

- **West Bay Sanitary District** - The West Bay Sanitary District (“**WBSD**”) is an independent special district that provides wastewater service to the City of Menlo Park and surrounding areas. The WBSD is located approximately 26 miles south of San Francisco and about 20 miles north of San Jose. WBSD serves a population of approximately 55,000 people and owns and operates a sanitary sewer collection system consisting of approximately 200 miles of sewer pipelines, and 13 sewer pump stations. See Appendix C for a description of the WBSD and its Sewer System.
- **City of Belmont** - The City of Belmont is located approximately 20 miles south of San Francisco and has a population of roughly 28,000 people. The City of Belmont owns and operates a sanitary sewer collection system consisting of approximately 80 miles of sewer pipelines and 12 sewer lift stations. The City of Belmont is not a Participating Member with respect to the 2018 Bonds. The City of Belmont is obligated to contribute its share towards the completion of the Authority’s CIP. Belmont has historically contributed amounts towards the CIP from cash or the sale of bonds by the City of Belmont. The City of Belmont is expected to contribute approximately \$16.9 million towards the Projects over the next 18 months.

See “APPENDIX A”, “APPENDIX B” and “APPENDIX C” for additional information regarding the Participating Members.

## **Governance & Management**

**Commission.** The Authority is governed by a four-member “**Commission**” consisting of one appointed member from each of the Members’ governing bodies. Current Commission Members are:

<u><b>Commissioner</b></u>	<u><b>Title</b></u>	<u><b>Agency Represented</b></u>
John Seybert	Chair	City of Redwood City
Warren Lieberman	Vice Chair	City of Belmont
Robert Grassilli	Secretary	City of San Carlos
George Otte	Member	West Bay Sanitary District

Voting is proportional to the Members’ respective ownership interests in the Authority’s wastewater system. There is currently a total of 100 votes which are allocated as follows:

Redwood City	42 votes
West Bay Sanitary District	28 votes
San Carlos	19 votes
City of Belmont	11 votes

A proportionally-weighted vote of at least three-fourths of the total Commission votes is required to adopt or amend bylaws, rules, and regulations; to adopt or modify any budget; to approve any capital costs, contracts, appropriations, or transfers of more than \$75,000; to employ the manager, engineers, and certain other consultants; to sell or dispose of property; and to approve other designated items. Other actions of the Commission must be approved by a majority of total possible votes.

Any amendment of the Joint Powers Agreement requires the concurrence of all of the Members. In addition, any amendment to the Joint Powers Agreement must also be approved by a four-fifths vote by each of the Members' governing bodies.

SVCW has no taxing power and therefore receives nearly all of its funding, other than interest earnings and other miscellaneous revenues, according to rules established by the Joint Powers Agreement. Combined, Members pay all expenditures associated with operations, capital repairs, capital improvements, contributions to capital improvement reserves, debt service, and debt reserves. According to the Joint Powers Agreement, capital improvement costs and contributions to capital improvement reserves are allocated as follows:

Redwood City	48.57%
West Bay Sanitary District	26.84%
San Carlos	15.14%
City of Belmont	9.45%

**Capital and Operating Budgets.** Each year the SVCW Commission adopts an Operating and Capital budget for the following year. The budget establishes the funding requirements for each of the Members. Operating expenses, capital project contributions, and cash reserve contributions are paid in twelve monthly installments. Payments in respect of debt service on the SRF Loans are paid on an annual basis.

Operating costs are allocated to each Member based on a three-year average of each Member's annual pro-rata share of total wastewater flow and strength loadings as measured by biological oxygen demand ("**BOD**") and suspended solids ("**SS**"). As a result, the Budget for fiscal year 2017-18 allocated operating costs as follows:

Redwood City	46.5%
West Bay Sanitary District	27.9%
San Carlos	12.8%
City of Belmont	12.8%

After the close of the fiscal year, the payments made by each Member towards operating budgets are reconciled against the actual expenditures allocated to each Member according to the Joint Powers Agreement. Any difference is applied toward fund reserves held by the Authority on behalf of each Member.

**Member Residential Sewer Charges.** Significant rate increases were necessary to fund SVCW's capital improvement projects. Since 2008, Members have proactively raised sewer rates to support their allocable share of the CIP, as well as to fund their own operating and capital programs. See Table 3 for the single-family residential monthly sewer rate increases as adopted by each Member from 2007-08 to current.

## Comparative Residential Sewer Charges

**Wastewater Rates.** Each of the Participating Members' wastewater rates has increased in recent years, and it is anticipated that rates will continue to increase annually. See the sections entitled "Wastewater Rates" in each of Appendices A, B and C for information about the Participating Members' current wastewater rates. The table below shows single-family residential monthly sewer charges for each of the Participating Members since for fiscal years 2012-13 through 2017-18.

**Table 1**  
**SILICON VALLEY CLEAN WATER**  
**Single-Family Residential Monthly Sewer Service Charges**

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Redwood City	\$57.88	\$63.09	\$68.77	\$74.95	\$75.11	76.68
San Carlos	53.10	67.29	80.75	88.82	93.26	97.93
West Bay Sanitary District	62.67	68.33	74.42	81.08	85.92	89.33

Source: Participating Members

**Comparative Rates.** The following table shows a comparison of regional monthly sewer service charges for a typical single-family home billed as of December, 2017.

**Table 2**  
**SILICON VALLEY CLEAN WATER**  
**Single-Family Residential Monthly Sewer Service Charges**

City of Palo Alto	\$34.83
City of Los Altos	38.34
City of Sunnyvale	47.18
East Palo Alto SD	47.92
South San Francisco	62.00
Foster City	65.27
Mountain View	74.87
<b>Redwood City</b>	<b>76.68</b>
Belmont*	<b>78.67</b>
Los Altos Hills	85.00
San Bruno*	85.56
<b>West Bay Sanitary District</b>	<b>89.33</b>
<b>San Carlos</b>	<b>97.93</b>
Burlingame	98.00
San Mateo	98.48
Emerald Lake Hts Zone 2	106.67
Montara*	108.93
Pacifica*	111.12
Crystal Springs CSD	112.50
Millbrae	123.00
Brisbane*	123.33
Daly City	123.33
Burlingame Hills SMD	132.92
Hillsborough	213.17

\* Based on 800 cubic feet of monthly winter water use. All others use fixed charges that do not vary with consumption.

Source: Prepared by SVCW based on data from each agencies published rates.

## Participating Member Historical & Adopted Sewer Rate Increases

The Participating Members levy fixed sewer service charges for residential accounts and consumption-based charges for non-residential accounts. Sewer service charges from West Bay Sanitary District and San Carlos are billed on San Mateo County's property tax bills. San Mateo County is on the Teeter Plan, under which the County pays each agency for the full amount of sewer service charges assessed on the County's tax rolls. The County has the option to discontinue agency's participation in the Teeter Plan. Redwood City collects sewer charges on a combined utility bill that also includes water and garbage services.

The table below shows historical and adopted sewer rate increases for each of the Participating Members since the 2012-13 fiscal year.

**Table 3**  
**SILICON VALLEY CLEAN WATER**  
**Historical and Adopted Sewer Rate Increases**

<b>Fiscal Year</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Redwood City	9%	9%	9%	9%	3%	3%	3%
San Carlos	6	25	20	10	0	5	5
West Bay SD	9	9	9	9	6	4	TBD

Source: Based on rate studies as provided by each Member.

**Fund Reserves.** In recent years, the Authority and each of the Participating Members have increased the amount of reserves available for funding operating and capital expenses and debt service. The following table shows a summary of each Participating Member's combined operating and capital fund reserves as of June 30, 2016 and 2017. The Authority can make no assurance that the Participating Members will maintain their reserves in the future at the levels shown in the following table.



**Operating and Capital Fund Reserves<sup>(1)</sup>**  
**(\$ in millions)**

	June 30, 2016	June 30, 2017
Redwood City	\$ 25.3	\$ 31.5
San Carlos	15.8	12.3
West Bay Sanitary	38.7	46.2
Subtotal	79.8	90.0
Silicon Valley Clean Water	<u>28.3</u>	<u>30.0</u>
<b>Total</b>	<b>\$108.1</b>	<b>\$120.1</b>

(1) Excludes debt service reserve funds for the 2009 Bonds, and remaining project funds from the 2014 Bonds and 2015 Bonds.

Source: Audited Financial Statements

**Manager.** The Commission appoints a Manager who is responsible for day-to-day management of the Authority under policy guidelines set by the Commission. In 2006, the Commission appointed Daniel Child as Manager. Mr. Child has more than 35 years of experience in the management of various municipal, industrial, and public works facilities. Before joining the Authority, he served as area manager/vice president of operations for Veolia Water North America West LLC, the nation's leading water services provider for local and federal governments and business and industry. In that capacity, he managed the activities of more than 60 water treatment, wastewater treatment and public works operations throughout the western U.S. Before that, he served as an account manager for US Filter Corporation/Davis Products Division (which was acquired by Veolia), providing municipalities and consulting firms with products and engineering support to meet various wastewater treatment needs.

Mr. Child began his career in 1981, working six years as wastewater superintendent for the Price River Water Improvement District in Carbon County, Utah. He served as operations manager with the Victor Valley Wastewater Reclamation Authority in southern California, from September 1987 to February 1989 and also from February 1992 to August 1995. In between, he served as wastewater superintendent for the City of San Diego's Metropolitan Wastewater Division. He is a past president of the Desert and Mountain Section of the California Water Environment Association.

**Chief Engineer / Assistant Manager.** Teresa Herrera has over 35 years of wastewater engineering experience, and joined Silicon Valley Clean Water in 2008 as Plant Engineer to create an Engineering Department and implement its inaugural Capital Improvement Program. In 2012 Teresa was promoted to Assistant Manager/Authority Engineer. Teresa now oversees the Authority's \$833 million CIP and is implementing SVCW's first Design-Build projects.

Teresa received her Bachelor's degree in Civil Engineering from California Polytechnic State University and her Masters of Science in Civil Engineering from the University of California, Davis. Teresa then joined the consulting firm of Whitley Burchett & Associates (WBA). She served as president of the company from 2001 to 2008. WBA served public agencies throughout Northern California as District Engineer, Program Managers and Project Managers for both large and small wastewater agency facilities.

**Chief Financial Officer.** Matt Anderson joined SVCW in 2014 as the Chief Financial Officer. He has 25 years of financial management experience in the water and transportation industries. Prior to joining SVCW Matt served as Chief Financial Officer for the Goleta Water District in Santa Barbara, California. He also worked in the airline sector for fourteen years, most recently as

Managing Director of Finance and Administration for Northwest Airlines' international division. Matt has managed \$500 million annual operating budgets spanning nine countries, 200 cost centers, and 2,000 employees. He brings private-sector experience to the public utility sector by introducing long-range financial planning, zero-based budgeting, and effective management reporting. Matt started his career with the accounting firm KPMG and maintains his Certified Public Accountant designation. He has an MBA from California Polytechnic State University.

## **The Wastewater System**

The Authority owns and operates a wastewater conveyance, treatment, and effluent disposal system for the shared benefit of the Members. The Members each own and operate their own wastewater collection systems serving their respective service areas. Wastewater is conveyed from each of the Members to the Authority's wastewater treatment plant via the Authority's conveyance system.

The wastewater treatment plant has been in operation since its construction in 1980, and major electrical, mechanical and instrumentation components are nearing the end of their useful lives. In addition, both concrete structures and the miscellaneous metal components of the facilities are in need of rehabilitation to ensure a continued useful life into SVCW's future.

Reliable and efficient operation and maintenance of the plant and conveyance system infrastructure are required to ensure the continued health and protection of the environment and for meeting the effluent quality and discharge requirements set forth in the Authority's National Pollution Discharge Eliminations System ("NPDES") Permit issued by the state (NPDES Permit No. CA0038369). Other regulatory permit requirements are also placed upon SVCW including air quality, odor control, safety, and record-keeping. The various regulatory permits under which SVCW operates require expenditure of capital to prevent fines for violations and to meet possible future, restrictive changes to the permits. It is also necessary to upgrade the facilities to improve operations in an effort to reduce costs as well as improving the facility's operational reliability. Finally, it is necessary to expend capital funds to match the capacity needs of the service area.

In 2008, the Authority began evaluating the operational integrity of existing facilities, and determined extensive improvements were necessary to ensure uninterrupted treatment operations, address future regulatory changes, increase treatment capacity, and strengthen safety. The original 2008 CIP 10-Year plan included 131 projects necessary to achieve this. The CIP has been updated five times since 2008, most recently in October 2017. As of the date of this Official Statement, the 2017 CIP remains the Authority's guiding document. The 2017 CIP now includes 201 projects, half of which are complete, each the result of defining the project scope, estimating necessary budgets, determining the timing of implementation, and identifying specific sources of funds. While the original CIP was a 10-Year Plan, the 2017 update anticipates completion of the CIP in 2025.

**Wastewater Conveyance System: Force Mains and Pump Stations.** The conveyance system consists of approximately 9 miles of influent force main pipeline and four pump stations. The influent force main varies in diameter from 33 to 63 inches as the pipeline approaches the treatment plant. A portion of the influent force main originally served as the outfall for Redwood City's and San Carlos' wastewater systems and was converted into an influent force main when the Authority's treatment plant was constructed in 1980. This portion of the influent force main has been operating at a higher pressure than it was originally designed for.

Four pump stations pump raw wastewater through the influent force main including one pump station for each of the Members and a booster pump station benefiting West Bay Sanitary

District and Redwood City, the two agencies whose wastewater travels furthest to the treatment plant. The Authority's pump stations are approximately 40 to 50 years old and need to be rehabilitated and/or replaced in the near future. See "THE AUTHORITY AND THE WASTEWATER SYSTEM – Capital Improvement Program".

**Wastewater Treatment Plant.** The Authority's wastewater treatment plant was constructed in 1980 and is located in the Redwood Shores area of Redwood City bordering the San Francisco Bay. The treatment plant processes all wastewater conveyed from each of the Members' sewer service areas. The treatment plant is comprised of liquid and solids treatment processes. Most of the treated effluent is disposed via the Authority's effluent disposal pipeline. However, a portion of the Authority's wastewater undergoes a higher level of treatment and disinfection and is used to supply recycled water to Redwood City.

**Liquid Processing.** Wastewater is delivered directly to the treatment plant's primary sedimentation tanks ("PST"). The PST provides the first step of treatment to the raw sewage. By allowing heavy material to settle and light material to float and be sent to the solids processing units. The water from the PST process is then sent to biological treatment that consists of 4 fixed film reactors and aeration in 4 aeration basins to remove biological contaminants. The water in the aeration basins is then directed to the secondary sedimentation tank ("SST") for separation of solids from the liquid. The SST process generates fairly clear effluent that flows to the dual media filters for further removal of small solids from the water. Dual media filtration followed by disinfection with sodium hypochloride concludes the treatment of the liquid stream in the treatment plant. The disinfected and dechlorinated advanced secondary treated effluent is then pumped to the bay via a 66-inch diameter outfall.

**Solids Processing.** The primary functions of the solids handling facilities are to stabilize the organic solids in the wastewater stream, reclaim the heat value of the organic solids for power generation, and reduce the sludge volume to minimize the cost of disposal. The treatment plant processes a solids stream that is predominantly made up of a primary sludge consisting of a slurry of settled solids and primary scum (slurry with floated oil/grease/scum) withdrawn from the primary sedimentation tanks and the waste activated sludge ("WAS") derived from the aeration basins. In addition to the primary sludge, the primary scum and the WAS, the anaerobic digesters also receive grease and oily wastewater delivered to the septic receiving station at the treatment plant. With mixing and heating, the two designated primary digesters stabilize the sludge feed and generate sufficient digester gas to fire a co-generation facility that generates electricity to power much of the electrical demand within the treatment plant.

The digested solids are transferred periodically from the designated primary digesters to a third digester that currently functions as a holding tank. The stored sludge is eventually withdrawn and transferred to the dewatering centrifuge to reduce its volume. The centrifuge removes liquid from the stabilized sludge, transforming the liquid sludge into a loose sludge cake. The dewatered sludge cake is disposed off-site in accordance with government regulations.

**Treatment Plant Capacity & Flow.** The capacity of the Authority's wastewater treatment plant during average dry weather and peak wet weather conditions, as measured in million gallons per day (mgd), is identified below:

- |  |        |
|--|--------|
| • Average Dry Weather Flow, Permit Capacity  | 29 mgd |
| • Average Dry Weather Flow, Current Capacity | 27 mgd |
| • Peak Wet Weather Capacity Rating           | 68 mgd |

Average daily wet weather and dry weather flow is shown below for the past ten years.

<u>Year</u>	<b>Average Dry Weather Flow (mgd)</b>	<b>Average Wet Weather Flow (mgd)</b>
	<u>Plant Effluent</u>	<u>Plant Effluent</u>
2017	13.06	17.25
2016	12.86	16.11
2015	12.04	13.18
2014	11.93	14.33
2013	11.36	14.20
2012	13.03	14.17
2011	12.82	17.02
2010	16.30	17.42
2009	13.72	15.88
2008	14.45	16.81

Source: Silicon Valley Clean Water

Wastewater influent flows to the treatment plant in fiscal year 2016-17 are as shown below:

- Fiscal year 2016-17 Average Dry Weather Flow (Jul-Oct & May-June) 12.6 mgd
- Fiscal year 2016-17 Average Wet Weather Flow (November-April) 20.2 mgd
- The peak wet weather event in fiscal year 2016-17 occurred on February 21, 2017 with a peak wet weather flow during that event of 51.6 mgd.

The Authority has never exceeded peak wet weather capacity and has been able to handle all flows with no spills or permit violations. The Authority anticipates that additional treatment processes will be required to provide adequate capacity to handle flows for the next 25-30 years, the improvements for which have been included in the 2017 CIP update.

**Wastewater Effluent Outfall.** Approximately 1.25 miles of 66-inch diameter pipeline carries treated effluent from the treatment plant for discharge to the San Francisco Bay. The outfall is reinforced concrete pipe and extends approximately one mile into the bay for a deep-water discharge.

### **Sewer Utility Regulatory Issues**

**General.** Regulatory requirements applicable to the Authority's wastewater conveyance, treatment and effluent disposal system are contained in or imposed by regulation pursuant to the Federal Water Pollution Control Act, as amended, and the State of California Porter Cologne Water Quality Control Act of 1969, as amended. Both federal and State regulations are administered through the San Francisco Bay Regional Water Quality Control Board (the "**Regional Board**"). The Authority is not aware of any environmental or regulatory issues that would adversely impact its ability to provide sewer collection service.

**Waste Discharge Requirements.** The Authority operates pursuant to a National Pollution Discharge Eliminations System ("**NPDES**") Permit issued by the state (NPDES Permit No. CA0038369) which establishes effluent quality and discharge requirements for the Authority's treated wastewater. The NPDES Permit was renewed in 2017 and is set to expire in 2022. The Authority operates in full compliance with its discharge permit.

## Capital Improvement Program

The Authority is in the process of rebuilding, rehabilitating, and upgrading its wastewater transmission and treatment facilities, which are approaching the end of their useful operating lives. The Authority initially developed its 10-Year Capital Improvement Program in 2008 to provide a proactive plan for addressing the Authority's near-term and long-term capital needs. The Authority's Engineering Division staff updated the CIP in October 2017, which as of the date of this Official Statement remains the Authority's guiding CIP document.

Since 2008 the Authority has been improving / upgrading / updating its capital facilities and has spent nearly \$244 million on capital infrastructure and upgrades. Following is a table summarizing the expenditures and completed projects as of October 2017.

<u>CIP Program Description</u>	<u>Expenditures</u>
Conveyance System	\$ 85.1
Energy and Automation	77.1
General Plant Facilities	35.2
Solids Handling	17.6
Plant Processes	15.3
Corrosion and Odor Control	12.7
Biological/Secondary Process Optimization	0.6
CIP Support	0.4
<b>TOTAL</b>	<b>\$244.0</b>

Approximately \$596 million of additional capital funding is needed over approximately the next eight years (including funding from the 2018 Bonds and excluding future cost inflation). The Authority anticipates funding its remaining CIP costs via a combination of bonds, SRF Loans issued by the SWRCB, and cash funding.

The updated CIP identifies 101 projects targeted for completion over the next eight years. SVCW believes these projects, when complete, will comprehensively address all known issues with the Authority's wastewater system, including:

- substantial rehabilitation and replacement of aging infrastructure and equipment, particularly the conveyance pipeline, pump stations, and headworks facilities;
- improvements to substantially enhance reliability and increase wet weather hydraulic capacity;
- technological upgrades and system-wide automation projects to improve operational efficiency and reliability, which are anticipated to help reduce future operating and maintenance expenses;
- additional energy production solutions; and
- treatment plant improvements necessary to remove nitrogen and phosphorous compounds in compliance with anticipated regulations by the SWRCB.

Contemplated within the CIP is the Authority's Regional Environmental Sewer Conveyance Upgrade program (the "**RESCU Program**"), which will replace aging conveyance infrastructure that is at the end of its expected useful life and no longer able to provide reliable and safe conveyance of a projected maximum of 108 mgd of untreated wastewater. Elements of the RESCU Program

include a 3.2-mile gravity pipeline, a headworks facility, and four pump stations. Total estimated costs of these improvements are approximately \$420 million. The Environmental Impact Report (the “EIR”) for the RESCU Program was certified in April of 2017, and a resulting Notice of Determination was filed with the County of San Mateo. The EIR assessed that, through proposed mitigation measures, the proposed project presents no significant and unavoidable negative impact to the environment.

Preliminary construction of the RESCU Program has already commenced with soil stabilization and installation of project management facilities. The project is using a progressive design-build delivery method, and agreements with two contractors are in place for the gravity pipeline and receiving headworks components, respectively. Major construction of these components is scheduled to begin by mid-2018 and is scheduled to be completed in 2022.

The following table shows a summary of CIP funding requirements for the various types of capital improvements identified in the CIP with projected 4% cost inflation for large conveyance system projects.

**Table 4**  
**SILICON VALLEY CLEAN WATER**  
**Projected CIP Funding Requirements (\$ Millions)**

	<u><b>CIP Funding Requirements</b></u>
Treatment Plant Improvements	\$ 303.3
Conveyance System Improvements	463.0
Nutrient Removal (Biological Process Optimization)	<u>67.4</u>
<b>Total</b>	<b>\$ 833.7</b>
 Existing Funding to date	 \$244.0
Anticipated Funding from 2018 Bonds, WBSD and City of Belmont	 <u>178.9</u>
<b>Remaining CIP Funding Needs</b>	<b>\$410.8</b>

Source: Silicon Valley Clean Water

The Authority has already funded or has received funding commitments for \$244 million in capital improvements including funds from the 2008 Bonds, 2009 Bonds, 2014 Bonds, 2015 Bonds, cash contributions from the City of Belmont, SRF Loans, and interest earned on project funds. The Authority projects it will need to fund an additional \$596 million of capital improvements over approximately the next eight years. The 2018 Bonds are projected to finance approximately \$149 million of these outstanding capital improvement funding needs. After issuance of the 2018 Bonds and Member Agency contributions, the Authority anticipates it will need to finance approximately an additional \$410.8 million of capital improvements.

## Financial Plan

Since 2008, the Authority has provided Members with periodic updates to its Long Range Financial Plan (the “**Financial Plan**”). The Financial Plan provides Members with a strategic roadmap as they plan to fund SVCW’s CIP and operating costs. The Financial Plan describes the annual revenue requirements needed from each Member for its share of SVCW operating, capital, and debt service expenditures. Members can then subsequently determine their respective need to increase wastewater rates. Based on past and current Financial Plan updates, Members have already substantially increased sewer rates in anticipation of future debt service payments. The Financial Plan was most-recently updated and received by the Commission in January, 2017.

The following table summarizes the estimated annual future funding requirements for the Authority’s CIP based on a recent interim CIP update.

**Table 5**  
**SILICON VALLEY CLEAN WATER**  
**Estimated CIP Funding Requirements by Type of Improvement**  
**(\$, Millions in 2017 dollars)**

<b>Year Ending June 30</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
Treatment Plant	\$20.0	\$20.0	\$20.0	\$20.0	\$ --	\$ --	\$ --	\$ --	\$80.0
Conveyance System	24.9	113.4	167.2	112.5	26.3	6.0	--	--	450.3
Nutrient Removal	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>6.6</u>	<u>19.8</u>	<u>26.5</u>	<u>11.7</u>	<u>66.0</u>
<b>Total</b>	<b>\$45.2</b>	<b>\$133.7</b>	<b>\$187.5</b>	<b>\$132.8</b>	<b>\$33.0</b>	<b>\$25.9</b>	<b>\$26.5</b>	<b>\$11.7</b>	<b>\$596.3</b>

Source: Silicon Valley Clean Water

The following table shows estimates of the future funding requirements from each of the Authority’s Members assuming all projects are completed as scheduled in the CIP.

**Table 6**  
**SILICON VALLEY CLEAN WATER**  
**Estimated SVCW CIP Funding Requirements by Member Agency**  
**(\$, Millions in 2017 dollars)**

<b>Year Ending June 30</b>	<b>% Share</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
Redwood City	48.56%	\$21.95	\$64.93	\$91.08	\$64.50	\$16.01	\$12.57	\$12.85	\$5.70	\$289.59
West Bay SD	26.84	12.13	35.89	50.34	35.65	8.85	6.95	7.10	3.15	160.05
San Carlos	15.14	6.84	20.25	28.40	20.11	4.99	3.92	4.01	1.78	90.30
Belmont	<u>9.45</u>	<u>4.27</u>	<u>12.64</u>	<u>17.73</u>	<u>12.55</u>	<u>3.12</u>	<u>2.45</u>	<u>2.50</u>	<u>1.11</u>	<u>56.37</u>
<b>Total</b>	<b>100.00%</b>	<b>\$45.20</b>	<b>\$133.71</b>	<b>\$187.54</b>	<b>\$132.81</b>	<b>\$32.96</b>	<b>\$25.89</b>	<b>\$26.46</b>	<b>\$11.74</b>	<b>\$596.31</b>

Source: Silicon Valley Clean Water

The Authority anticipates funding remaining CIP costs with a combination of bonds payable from SVCW Bond Payments and SRF Loans issued by the SWRCB, supplemented by the Line of Credit and potential pay-as-you-go cash funding, pending future approval by the Members.

**Table 7**  
**SILICON VALLEY CLEAN WATER**  
**Projected Sources of Funding for the SVCW CIP**  
**(\$, Millions in 2017 dollars)**

<b>Year Ending June 30</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
Member Agency Contributions <sup>(1)</sup>	\$4.27	\$25.66	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$29.93
Gov't Loan Programs	--	--	--	--	6.62	19.85	26.46	11.74	64.67
Fixed Rate Bonds <sup>(2)</sup>	40.92	108.05	143.06	94.68	--	--	--	--	386.71
Variable Rate Bonds <sup>(2)</sup>	--	--	44.48	38.13	26.35	6.04	--	--	115.00
<b>Total</b>	<b>\$45.20</b>	<b>\$133.71</b>	<b>\$187.54</b>	<b>\$132.81</b>	<b>\$32.96</b>	<b>\$25.89</b>	<b>\$26.46</b>	<b>\$11.74</b>	<b>\$596.31</b>

(1) Member Agency contributions are anticipated to be funded by either available cash, bond financings or available interim financing.

(2) Reflects funding from bond financings issued by SVCW.

Source: Silicon Valley Clean Water

## Member Financial Projections

Each of the Members has been proactively raising sewer rates to support its allocable share of funding requirements for the Authority's operations and CIP, as well as its own operating and capital programs. Appendices A, B, and C show long-term financial projections for each Participating Member that incorporates updated CIP cost and financing projections from the Financial Plan. See "APPENDIX A," "APPENDIX B" and "APPENDIX C."

## Budget and Billing Process

Each year, the Authority's Commission adopts a budget for the upcoming fiscal year. The budget establishes the funding requirements for each of the Members. Operating and maintenance expenses, as well as capital and reserve contributions, are paid in 12 monthly installments. Payments in respect of debt service on the SRF Loans are paid on an annual basis. After the close of the fiscal year, the annual payments made by each Member are reconciled against the actual expenditures allocated to each Member, and any difference is applied toward fund reserves held by the Authority on behalf of each Member.

Currently, the Authority has adopted two cash reserve policies established to mitigate the negative impact of revenue shortfalls from economic fluctuations, to fund unforeseen expense requirements, to provide stable rates for member entities, and to help fund future long-term capital needs. The operating reserve is currently at approximately \$3.49 million, which is equal to 10% of the approved operating and capital budget plus an additional \$1 million. A separate CIP program reserve is currently at approximately \$16.1 million which, with annual contributions from Members, will grow to the calculated amount of depreciation of SVCW facilities to meet the long-term needs of replacing capital assets upon reaching the end of their useful life. The Authority also holds an additional "Stage 2" reserve of \$9.2 million in funds that are available to finance projects that add capacity. If the amount of fund reserves held by the Authority on any Member's behalf falls below the target, the Authority includes a line item in its budget to bring the reserves back up to the target level. The Authority has the ability to amend its reserve policy at any time.



The Authority has no taxing power. The Authority receives almost all of its funding, other than interest earnings and other miscellaneous revenues, from payments made by the Members, which include payments for operations, capital repairs, capital reserves, SRF loans and SRF loan reserve requirements. To the best of the knowledge of Authority staff, there have never been any payment delinquencies by any of the Members.

### Maximum Capacity Rights Owned by Members

Under the Joint Powers Agreement, each of the Members has rights to capacity in the treatment plant as shown on the following table.

**Table 8**  
**SILICON VALLEY CLEAN WATER**  
**Maximum Capacity Rights Per Member**

<b>Member</b>	<b>Average Daily Dry Weather Flow (mgd)</b>	<b>Peak Wet Weather Flow (mgd)</b>	<b>BOD (lbs per day)</b>	<b>SS (lbs per day)</b>
Belmont	2.3	8.8	5,204	5,678
Redwood City <sup>(1)</sup>	11.4	30.5	38,727	36,510
San Carlos	3.7	14.3	6,982	9,554
West Bay SD	<u>6.6</u>	<u>14.4</u>	<u>14,137</u>	<u>13,308</u>
Total	24.0	68.0	65,050	65,050

(1) Peak Wet Weather Flow shown for Redwood City is for capacity rights in treatment plant. Redwood City's Peak Wet Weather Flow capacity in the conveyance system is 25.9 mgd.

Source: SVCW Joint Powers Agreement

Under the Joint Powers Agreement, any of the Members can purchase or lease available capacity from any of the other Members subject to written approval from the Authority.

### Wastewater Flow

The following table shows a history of average daily wastewater flow conveyed to the Authority's wastewater treatment plant from each Member for the last five fiscal years.

**Table 9**  
**SILICON VALLEY CLEAN WATER**  
**Average Wastewater Flow (mgd)**

<b>Member</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Redwood City	6.4	6.6	6.1	6.4	8.0
WBSD	3.5	3.5	3.6	3.8	4.1
San Carlos	1.7	1.9	1.8	1.9	2.7
Belmont	<u>1.7</u>	<u>1.9</u>	<u>1.9</u>	<u>1.7</u>	<u>2.1</u>
Total	13.3	13.9	13.4	13.8	16.9

Source: Silicon Valley Clean Water

## **Capacity Fees for New Development**

Pursuant to the Joint Powers Agreement, the Authority has established a capacity fee to recover costs for future expansion of Authority facilities. The fee is levied on new development within the Authority's service area and is collected by the Members on the Authority's behalf. The current capacity fee is \$7.91 per gallon per day of estimated wastewater flow. For example, for a new single-family residence with an estimated wastewater discharge of 200 gallons per day, the Authority's capacity fee would total approximately \$1,582. The Authority has initiated a discussion of capacity fees with Members and may update its capacity fee schedule in the next fiscal year.

## **Outstanding Debt**

The Authority has not previously issued bonds payable from its Revenues. However, the Authority previously issued: (i) the 2008 Bonds, which were payable from SVCW Bond Payments until they were defeased in October 2015, (ii) the 2009 Bonds, which were partially defeased in October 2015 but remain secured by SVCW Bond Payments until August 1, 2019, and (iii) the 2014 Bonds and 2015 Bonds, both of which are currently payable from SVCW Bond Payments under the Financing Agreements with respect to each of such bond issues.

The obligations of the Participating Members to make SVCW Bond Payments with respect to the 2009 Bonds, SVCW Bond Payments with respect to the 2014 Bonds, SVCW Bond Payments with respect to the 2015 Bonds, and SVCW Bond Payments with respect to the 2018 Bonds are secured by their respective Net Revenues on a parity basis.

The Authority has obtained three SRF Loans for a combined total of \$57 million of capital project funding commitments. The SRF Loans constitute indebtedness of the Authority, payments of which are made to the Authority by the Participating Members pursuant to the Joint Powers Agreement, and do not constitute indebtedness of the Participating Members pursuant to the Financing Agreements. The Authority anticipates obtaining additional funding through SRF Loans in the future. See "SECURITY FOR THE 2018 Bonds - State Revolving Fund Loans of the Authority."

The Authority has a \$30 million Line of Credit to provide interim funding and facilitate the continued funding of capital projects prior to issuing the 2018 Bonds, payments of which are also made to the Authority by the Participating Members pursuant to the Joint Powers Agreement. See "SECURITY FOR THE 2018 Bonds – Line of Credit."

## **Drought and Response**

In recent years, the State of California has experienced drought conditions. However, as a result of above-average rainfall and snowfall, in April of 2017 the Governor issued an executive order declaring the drought to officially have ended in all but a few areas of the State. The Authority cannot predict whether drought conditions will return. Should drought conditions return, the financial impacts to each Participating Agency's wastewater system are expected to be minimal. Each of the Participating Members levy fixed residential charges for sewer service that do not vary with changes in water consumption. Additionally, all of the Participating Members have already adopted wastewater rate increases that are projected to provide adequate financial capacity to fund their share of payments for the Authority's operating and capital programs.

See "APPENDIX I" for the Authority's audited financial statements.

## CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS

### Article XIII B Gann Limit

Article XIII B of the California State Constitution limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and population. The "base year" for establishing such appropriation limit is the 1978-79 fiscal year and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if (i) the financial responsibility for a service is transferred to another public entity or to a private entity, (ii) the financial source for the provision of services is transferred from taxes to other revenues, or (iii) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations subject to Article XIII B generally include the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions and refunds of taxes. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to an entity of government from (i) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), and (ii) the investment of tax revenues. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit including payments of indebtedness existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by the voters and payments required to comply with court or federal mandates which without discretion require an expenditure for additional services or which unavoidably make the providing of existing services more costly.

Each of the Participating Members is of the opinion that its charges with respect to its wastewater system do not exceed the costs it reasonably bears in providing wastewater service and are not subject to the limits of Article XIII B.

### Articles XIII C and XIII D

**General.** On November 5, 1996, California voters approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, changed, among other things, the procedure for the imposition of any new or increased property-related "fee" or "charge," which is defined as "any levy other than an ad valorem tax, a special tax or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service" (and referred to in this section as a "property-related fee or charge").

On November 2, 2010, California voters approved Proposition 26, the so-called "Supermajority Vote to Pass New Taxes and Fees Act". Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as

“fees.” Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Proposition 26’s amendments to Article XIII C broadly define “tax,” but specifically exclude, among other things:

- “(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.
- (2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.
- ...
- (6) A charge imposed as a condition of property development.
- (7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.”

**Property-Related Fees and Charges.** Under Article XIID, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIID, revenues derived from a property-related fee or charge may not exceed the funds required to provide the “property-related service” and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

**Initiative Power.** In addition, Article XIIC states that “the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.”

**Judicial Interpretation of Articles XIIC and XIID.** After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General’s opinion initially indicated that fees and charges levied for water and wastewater services would not be considered property-related fees and charges, and thus not subject to the requirements of Article XIID regarding notice, hearing and protests in connection with any increase in the fees and charges being imposed. However, three subsequent cases have held that certain types of water and wastewater charges could be subject to the requirements of Article XIID under certain circumstances.

In *Richmond v. Shasta Community Services District* (2004) 32 Cal.4th 409, the California Supreme Court addressed the applicability of the notice, hearing and protest provisions of Article

XIIID to certain charges related to water service. In *Richmond*, the Court held that capacity charges are not subject to Proposition 218. The Court also indicated in dictum that a fee for ongoing water service through an existing connection could, under certain circumstances, constitute a property-related fee and charge, with the result that a local government imposing such a fee and charge must comply with the notice, hearing and protest requirements of Article XIIID.

In *Howard Jarvis Taxpayers Association v. City of Fresno* (2005) 127 Cal.App.4th 914, the California Court of Appeal, Fifth District, concluded that water, sewer and trash fees are property-related fees subject to Proposition 218 and a municipality must comply with Article XIIID before imposing or increasing such fees. The California Supreme Court denied the City of Fresno's petition for review of the Court of Appeal's decision on June 15, 2005.

In July 2006 the California Supreme Court, in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205, addressed the validity of a local voter initiative measure that would have (a) reduced a water agency's rates for water consumption (and other water charges), and (b) required the water agency to obtain voter approval before increasing any existing water rate, fee, or charge, or imposing any new water rate, fee, or charge. The court adopted the position indicated by its statement in *Richmond* that a public water agency's charges for ongoing water delivery are "fees and charges" within the meaning of Article XIIID, and went on to hold that charges for ongoing water delivery are also "fees" within the meaning of Article XIIC's mandate that the initiative power of the electorate cannot be prohibited or limited in matters of reducing or repealing any local tax, assessment, fee or charge. Therefore, the court held, Article XIIC authorizes local voters to adopt an initiative measure that would reduce or repeal a public agency's water rates and other water delivery charges. (However, the court ultimately ruled in favor of the water agency and held that the entire initiative measure was invalid on the grounds that the second part of the initiative measure, which would have subjected future water rate increases to prior voter approval, was not supported by Article XIIC and was therefore invalid.)

The court in *Bighorn* specifically noted that it was not holding that the initiative power is free of all limitations; the court stated that it was *not* determining whether the electorate's initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay for operating expenses, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due.

**Articles XIIC and XIIID and the Participating Members' Water Rates and Charges.** The Participating Members' current sewer rates (see Appendices A, B and C) were adopted by the governing boards of the respective Participating Members following notice to property owners and a public hearing held at least 45 days after the notice had been mailed, in compliance with the *Bighorn* decision.

The Participating Members believe their sewer rates and charges do not constitute "taxes" under Article XIIC as revised by Proposition 26 because, as described in subsection 1(e)(7) of Article XIIC, they are "property-related fees imposed in accordance with the provisions of Article XIIID" (and are also charges for a "property-related service" as defined in subsection 2(g) of Article XIIID) and because, as described in subsection 1(e)(2) of Article XIIC, they are charged for sewer service, which is "a specific government service or product provided directly to the payor that is not provided to those not charged."

**Conclusion.** It is not possible to predict how courts will further interpret Article XIIC and Article XIID in future judicial decisions, and what, if any, further implementing legislation will be enacted.

Under the *Bighorn* case, local voters could adopt an initiative measure that reduces or repeals the Participating Members' rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the Financing Agreements.

There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIIC and Article XIID to limit the ability of local agencies to impose, levy, charge and collect increased fees and charges for sewer service, or to call into question previously adopted sewer rate increases.

## **RISK FACTORS**

The following factors, along with other information in this Official Statement, should be considered by potential investors in evaluating the risks in the purchase of the 2018 Bonds.

### **Demand for the Sewer Service**

There can be no assurance that the demand for sewer service provided by the Participating Members' wastewater systems will be maintained at current or historical levels. Reduction in the level of demand could require an increase in rates or charges in order to produce Net Revenues sufficient to comply with each Participating Member's rate covenant in their related Financing Agreement. Such rate increases could increase the likelihood of nonpayment, and could also further decrease demand.

### **Wastewater System Expenses**

There can be no assurance that the wastewater system operating and maintenance expenses of each Participating Member or the Authority will be consistent with the levels described in this Official Statement. Increases in the cost of staffing, energy, or other expenses would reduce Net Revenues, and could require substantial increases in rates or charges in order to comply with the rate covenant. Furthermore, there can be no assurance that any other entity with regulatory authority over the Participating Members' wastewater systems or the Authority's system will not adopt further restrictions on operation of those wastewater systems, leading to increased rates. Such rate increases could increase the likelihood of nonpayment, and could also decrease demand.

If costs of the Project are higher than projected in the CIP, the Authority may have additional financing needs. The CIP projections are based on current engineering and construction cost estimates.

### **Parity Debt**

The Authority will not issue bonds payable from Revenues on a parity basis with the 2018 Bonds. However, the Authority has the right to issue additional bonds, notes or other obligations that are secured by payments made by any or all of the Members, which payments may be secured by a pledge of and lien on Net Revenues of such Members on a parity with the SVCW Bond Payments.

The Participating Members are authorized by the respective Financing Agreements to issue indebtedness with a lien on Net Revenues on a parity basis with the SVCW Bond Payments, if certain financial tests are met. See "SECURITY FOR THE 2018 BONDS – Financing Agreements – Issuance of Parity Debt" above. These financial tests may involve, to some extent, projections of Net Revenues. There can be no assurance that the assumptions which form the basis of such projections, if any, will be actually realized subsequent to the date of such projections. If such assumptions are not realized, the amount of future Net Revenues may be less than projected, and the actual amount of Net Revenues may be insufficient to provide for the payment of the 2018 Bonds and such additional indebtedness.

## **Natural Disasters**

**General.** The Authority and the Participating Members, like all northern California communities, are subject to unpredictable seismic activity, fires, floods, or other natural disasters. A severe natural disaster, such as an earthquake, fire, or flood, could result in substantial damage to the Authority and/or each of the Participating Members, including their wastewater systems. Such an event—which could increase the costs of operating and maintaining the Participating Members’ wastewater systems and could reduce revenues as a result of widespread damage—could adversely impact the Participating Members’ ability to pay their SVCW Bond Payment with which the Authority will pay principal and interest on the 2018 Bonds.

**Seismic Activity.** The Authority and/or each of the Participating Members could experience ground shaking, ground failure, landslides or fault creep related to major faults in the area. The San Andreas Fault runs near the western edge of each Participating Member’s respective service areas. Large earthquakes on the San Andreas Fault were recorded in 1838, 1865, 1890, 1906 and 1989.

**Flooding.** A portion of each of the Participating Members’ service areas is mapped within the 100-year flood plain and could be flooded during heavy rains.

**Fire.** Wildfires have occurred in recent years in different regions of the State and a number of fires were recently burning in California, damaging and threatening thousands of homes. There can be no assurance fires will not occur in the boundaries of the Authority in the future, leading to decreased usage of the Authority’s or any of the Members’ wastewater system, and a potential decline in Net Revenues available to pay debt service on the 2018 Bonds. The Authority carries property insurance for fire damage.

**Drought.** On April 1, 2015, for the first time in California’s history, Governor Edmund G. Brown directed the SWRCB to implement mandatory water reductions in cities and towns across California to reduce water usage by 25%, which in many cases led to declines in wastewater usage as well. Following a wet winter in 2016-17, most of the mandatory water reductions have been lifted. However, there can be no assurance that future drought conditions would not re-appear in the future, leading to decreased usage of the Authority’s and each Members’ wastewater system, and a potential decline in Net Revenues available to each Participating Member with which to pay their respective SVCW Bond Payments.

The Authority does not maintain insurance covering damage to the Project caused by earthquakes or flooding.

## **Limitations on Remedies Available; Bankruptcy**

The enforceability of the rights and remedies of the Owners and the obligations of the Authority and/or any of the Participating Members may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the



Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

### **Limited Obligations**

The 2018 Bonds are limited obligations of the Authority payable solely from and secured solely by the Revenues pledged in the Indenture. Revenues consist primarily of the SVCW Bond Payments payable under the Financing Agreements and amounts on deposit from time to time in the funds and accounts held by the Trustee. If for any reason, the Authority does not collect sufficient Revenues to pay debt service on the 2018 Bonds, the Authority will not be obligated to utilize any other of its funds, other than certain amounts on deposit in the funds and accounts established under the Indenture, to pay debt service on the 2018 Bonds. The Authority has no taxing power. The obligation of the Authority to pay debt service on the 2018 Bonds does not constitute a debt of the Authority or the State or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The SVCW Bond Payments are limited obligations of the Participating Members payable solely from and secured solely by the Net Revenues of their respective wastewater systems. If for any reason, any Participating Member does not have Net Revenues available in an amount sufficient to make its SVCW Bond Payments, the Participating Member will not be obligated to utilize any other of its funds to make SVCW Bond Payments. See “SECURITY FOR THE 2018 BONDS – Financing Agreements – Rate Covenants.”

The obligation of the Participating Members to pay the SVCW Bond Payments does not constitute an obligation of any Participating Member for which the Participating Member is obligated to levy or pledge any form of taxation or for which the Participating Member has levied or pledged any form of taxation. Each of the Participating Members has covenanted to establish rates and charges for its wastewater system to yield Gross Revenues sufficient to make the SVCW Bond Payments. See “SECURITY FOR THE 2018 BONDS – Financing Agreements – Rate Covenants.”

The obligation of each Participating Member to pay SVCW Bond Payments does not constitute a debt of that Participating Member or the State or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The Net Revenues from one Participating Member's wastewater system are pledged solely to that Participating Member's obligations under the Financing Agreement to which it is a party. No Participating Member has any liability or responsibility for the SVCW Bond Payment of another Participating Member.

### **Change in Law**

In addition to the other limitations described herein, the California electorate or Legislature could adopt a constitutional amendment, legislation, or an initiative with the effect of reducing revenues payable to or collected by the Authority and/or the Participating Members. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could have the effect of reducing the Net Revenues of a Participating Member and adversely affecting the security of the 2018 Bonds.

See also “-Loss of Tax Exemption” below

### **Loss of Tax Exemption**

As discussed in this Official Statement under the caption “CONCLUDING INFORMATION – Tax Matters,” interest on the 2018 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2018 Bonds were issued, as a result of future acts or omissions of the Authority in violation of its covenants in the Indenture or the Participating Members in violation of their covenants in the Financing Agreements.

In addition, current and future legislative proposals, if enacted into law, may cause interest on the 2018 Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by individuals.

Should such an event of taxability occur, the 2018 Bonds are not subject to a special redemption and will remain outstanding until maturity.

### **Secondary Market for Bonds**

There can be no guarantee that there will be a secondary market for the 2018 Bonds or, if a secondary market exists, that any 2018 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

### **Build America Bonds**

The 2009 Bonds were issued as taxable Build America Bonds, and as a result, the Authority is eligible for a Refundable Credit equal to 35% of each bond interest payment on the 2009 Bonds. However, as part of the federal budget sequestration, the Internal Revenue Service has announced that direct bond subsidy payments are being reduced by a federal fiscal year 2018 sequestration rate of 6.6%. The 2018 sequestration rate will continue through fiscal year 2024, unless Congress takes additional action to modify the sequestration reduction. Decreased Refundable Credits increases the debt service costs of the Authority and the Participating Members on the 2009 Bonds, which could adversely impact the availability of Revenues to pay debt service on the 2018 Bonds. Certain maturities of the 2009 Bonds were refunded on a crossover basis in October, 2015 from proceeds of the 2015 Bonds. As a result of such crossover refunding, the 2009 Bonds will remain outstanding through August 1, 2019, and will continue to be payable from SVCW Bond Payments and from direct bond subsidy payments.

## CONCLUDING INFORMATION

### Continuing Disclosure

**Authority.** Under the Indenture, the Authority has covenanted for the benefit of the holders and beneficial owners of the 2018 Bonds to provide certain financial information and operating data relating to the District (an “**Annual Report**”) to the Municipal Securities Rulemaking Board not later than nine months after the end of the District’s fiscal year (which currently would be March 31), commencing March 31, 2018 with the report for the 2016-17 fiscal year, and to provide notices of the occurrence of certain enumerated events, to assist the participating underwriter in complying with SEC Rule 15c2-12(b)5 (the “**Rule**”). A form of the Continuing Disclosure Certificate of the Authority is attached in Appendix F.

The Authority has made previous undertakings under the Rule in connection with the delivery of prior bonds. Specific instances of non-compliance with prior undertakings in the previous five years include (i) failure to timely file the Authority’s financial statements for fiscal year 2012-13 and operating data for fiscal year 2013-14, and (ii) failure to file notice of rating changes on several occasions. The Authority has made remedial filings to address all material non-compliance in the past five years.

Identification of such instances of non-compliance does not constitute a representation that such non-compliance was material. The Authority believes it has established procedures to ensure that it will comply with all material provisions of its continuing disclosure undertakings in the future.

**Participating Members.** Under the Financing Agreements, each of the Participating Members has covenanted for the benefit of the holders and beneficial owners of the 2018 Bonds to provide Annual Reports to the Municipal Securities Rulemaking Board not later than nine months after the end of the Participating Member’s fiscal year (which currently would be March 31), commencing March 31, 2018 with the report for the 2016-17 fiscal year, and to provide notices of the occurrence of certain enumerated events, to assist the participating underwriter in complying with the Rule. A form of the Continuing Disclosure Certificate of each Participating Member is attached in Appendix F.

Redwood City has made previous undertakings under the Rule in connection with the delivery of prior bonds. Specific instances of non-compliance by Redwood City with prior undertakings in the previous five years include: [to come].

San Carlos has made previous undertakings under the Rule in connection with the delivery of prior bonds. Specific instances of non-compliance by San Carlos with prior undertakings in the previous five years include [to come].

The West Bay Sanitary District has made previous undertakings under the Rule in connection with the delivery of prior bonds. Specific instances of non-compliance by the West Bay Sanitary District with prior undertakings in the previous five years include [to come].

### Absence of Litigation

There is no action, suit, or proceeding known to be pending or threatened, restraining or enjoining the execution or delivery of the 2018 Bonds, the Indenture, or the Financing

Agreements, or in any way contesting or affecting the validity of the foregoing or any proceedings of the Authority or the Participating Members taken with respect to any of the foregoing.

## **Legal Matters**

Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will render an opinion with respect to the legality and enforceability of the 2018 Bonds. The form of such legal opinion is attached in Appendix G. Jones Hall is also acting as Disclosure Counsel to the Authority. Certain legal matters will be passed upon by the General Counsels of the Authority and the West Bay Sanitary District, and by the City Attorneys of Redwood City and San Carlos.

Compensation of Bond Counsel and Disclosure Counsel is contingent upon issuance of the 2018 Bonds.

## **Tax Matters**

**Federal Tax Law.** In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2018 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority and the Participating Members comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the 2018 Bonds. The Authority and the Participating Members have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2018 Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a 2018 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a 2018 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2018 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2018 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2018 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2018 Bonds who purchase the 2018 Bonds after the initial offering

of a substantial amount of such maturity. Owners of such 2018 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2018 Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2018 Bond (said term being the shorter of the 2018 Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2018 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2018 Bond is amortized each year over the term to maturity of the 2018 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2018 Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2018 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2018 Bonds. Prospective purchasers of the 2018 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

**California Law.** In the further opinion of Bond Counsel, interest on the 2018 Bonds is exempt from California personal income taxes.

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2018 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2018 Bonds. Prospective purchasers of the 2018 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

**Other Consequences.** Owners of the 2018 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2018 Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2018 Bonds other than as expressly described above.

**Form of Bond Counsel Opinion.** The form of Bond Counsel's opinion is attached in Appendix G.

## Ratings

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("**S&P**") has assigned its municipal bond rating of "\_\_\_" to the 2018 Bonds, and Moody's Investors Service ("**Moody's**") and has assigned its municipal bond rating of "\_\_\_" to the 2018 Bonds.

These ratings reflect only the views of the respective rating agency, and an explanation of the significance of these ratings, and any outlook assigned to or associated with these ratings, should be obtained from the respective rating agency.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Authority and the Participating Members have provided certain additional information and materials to the rating agencies (some of which does not appear in this Official Statement).

There is no assurance that these ratings will continue for any given period of time or that these ratings will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating on the 2018 Bonds may have an adverse effect on the market price or marketability of the 2018 Bonds.

## Competitive Sale of Bonds

The 2018 Bonds were sold pursuant to a competitive bidding process held on \_\_\_\_\_, 2018 pursuant to the terms set forth in an Official Notice of Sale with respect to the Bonds. The Bonds were awarded to \_\_\_\_\_ (the "Purchaser").

The Purchaser has agreed to purchase the 2018 Bonds at a price of \$\_\_\_\_\_, which is equal to the initial principal amount of the 2018 Bonds of \$\_\_\_\_\_ plus an original issue premium of \$\_\_\_\_\_, less a Purchaser's discount of \$\_\_\_\_\_. The Purchaser intends to offer the 2018 Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Purchaser may offer and sell to certain dealers and others at a price lower than the offering prices stated on the inside cover page hereof. The offering price may be changed from time to time by the Purchaser.

## Municipal Advisor

The Authority has retained Fieldman, Rolapp & Associates, Inc., of Irvine, California, as municipal advisor (the "**Municipal Advisor**") in connection with the issuance of the 2018 Bonds. The Municipal Advisor is not obligated to undertake, and not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The payment of the fees of the Municipal Advisor is contingent upon the issuance of the 2018 Bonds.

**Miscellaneous**

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the 2018 Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this official statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs in the Authority or any of the Participating Members since the date thereof.

**Execution of the Official Statement**

The Authority has duly authorized the execution and delivery of this Official Statement.

SILICON VALLEY CLEAN WATER

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Manager



## APPENDIX A

### INFORMATION ABOUT REDWOOD CITY'S WASTEWATER SYSTEM

#### City of Redwood City

The City of Redwood City (the “City”) is located in the northern part of Silicon Valley, approximately 25 miles south of San Francisco, roughly midway between San Francisco and San Jose. The City is the county seat of San Mateo County. The City’s economy is well diversified, with a strong industrial and commercial base, including many “high-tech” companies such as Oracle Corporation. The City encompasses approximately 19 square miles within its corporate limits and has a population of approximately 85,601.

#### Form of Government

The City was incorporated in 1867 and became a charter city in 1929, under the charter laws of the State of California. The City is governed by a seven-member City Council whose members are elected at large to staggered terms of four years. The City Council selects a mayor from among its members. The current members of the City Council are:

<u>Council Member</u>	<u>Current Term Expires</u>
Ian Bain, Mayor	November 2020
Diane Howard, Vice-Mayor	November 2018
John D. Seybert	November 2018
Alicia C. Aguirre	November 2020
Janet Borgens	November 2020
Jeffrey Gee	November 2018
Shelly Masur	November 2020

The City operates under a council-manager form of government. The City Council appoints a City Manager who is responsible for the day-to-day administration and management of the City. The City Manager is Melissa Stevenson Diaz, and the Director of the Public Works Services Department is Ramana Chinnakotla.

#### City Leadership

***Melissa Stevenson Diaz, City Manager.*** Melissa Stevenson Diaz has over 25 years of local government leadership experience in the San Francisco Bay Area. Prior to becoming City Manager of Redwood City, Ms. Diaz served as both Assistant City Manager and Interim City Manager for the City of Mountain View. She previously held various leadership roles in the cities of Fremont and Morgan Hill, and was responsible for a wide range of functions including human resources, finance and budget, policy analysis, redevelopment and economic development, information technology management, community engagement and communications. Ms. Diaz is a member of the International City/County Management Association, the California Public Employers Labor Relations Association, the Urban Land Institute and the Municipal Management Association of Northern California. She holds a Masters of Public Administration from San Jose State University and a Bachelor of Arts from Mills College, where she is also a Board Trustee.

**Ramana Chinnakotla, Public Works Director.** Ramana Chinnakotla has more than 22 years of experience in public works, most of which has been in the public sector. He most recently was on assignment in Sri City, India, as Director of Infrastructure and Utilities. In that role, he oversaw the planning, designing, and building of the city's entire infrastructure including roads, recycled water and sewer systems, power, landscaping, and other elements. Mr. Chinnakotla also has extensive experience in multiple public works roles with the City of Grapevine, Texas, where he served as Assistant Director of Public Works, Transportation and Utilities Manager, Transportation Manager, and City Traffic Engineer. Mr. Chinnakotla holds an MBA in Finance and General Management, an MS in Civil Engineering, and a Bachelor of Technology in Civil Engineering.

## **The Sewer Utility System**

The City owns and operates a sanitary sewer collection system consisting of approximately 200 miles of sewer pipelines and 31 sewer lift stations. The City's wastewater is conveyed to the Authority for treatment and disposal. The City's sewer utility is accounted for as a separate enterprise fund.

The Public Works Services Department oversees management, maintenance and operation of the City's sewer collection system. The City's Engineering and Construction Division of the Community Development Department is responsible for the design and construction of capital improvements to the City's sewer collection system. Financial management of the City's Sewer Utility System is provided by the City's Administrative Services Department under which the Revenue Services Division is responsible for all City utility billing and collections, including processing of connection and facilities fees.

## **Wastewater Flows**

The following table shows the City's recent average daily wastewater flows to the Authority.

**Table A1**  
**Redwood City - Annual Wastewater Flow**

	2012-13	2013-14	2014-15	2015-16	2016-17
Average Daily Flow (mgd)	6.4	6.6	6.1	6.4	8.0

Source: Silicon Valley Clean Water

## **Service Area and Customer Base**

The City's sewer enterprise provides wastewater service to most of the incorporated area of the City as well as some surrounding adjacent areas. The City also provides wastewater conveyance and treatment services to five sewer districts and a small sewer assessment district as discussed later on in this section.

The following table shows a history of accounts by customer class for the City's sewer customers.

**Table A2**  
**Redwood City - Historical Sewer Accounts**

	<u>2013-14</u>		<u>2014-15</u>		<u>2015-16*</u>		<u>2016-17</u>	
	Accounts	% of Total	Accounts	% of Total	Accounts	% of Total	Accounts	% of Total
<b>City Sewer Accounts</b>								
Residential	18,308	93.6%	18,344	93.7%	18,362	93.8%	18,380	93.8%
Class A - Standard Strength, Low Flow	12	0.1%	12	0.1%	12	0.1%	11	0.1%
Class B - Low Strength	98	0.5%	101	0.5%	108	0.6%	102	0.5%
Class C - Standard Strength	1,048	5.4%	1,038	5.3%	1,002	5.1%	996	5.1%
Class D - Mod-High Strength	N/A		N/A		N/A		3	0.0%
Class E - High Strength	98	0.5%	96	0.5%	95	0.5%	93	0.5%
Flat Rate	4	0.0%	4	0.0%	4	0.0%	4	0.0%
<b>Total</b>	<b>19,568</b>	<b>100.0%</b>	<b>19,595</b>	<b>100.0%</b>	<b>19,583</b>	<b>100.0%</b>	<b>19,589</b>	<b>100.0%</b>

\* New sewer classes were established in August 2016.  
Source: City of Redwood City

The following table shows a history of service charge revenues.

**Table A3**  
**Redwood City - Historical Sewer Service Charge Revenues<sup>(1)</sup>**

User Group	<u>2013-14</u>		<u>2014-15</u>		<u>2015-16</u>		<u>2016-17</u>	
	Revenues	% of Total	Revenues	% of Total	Revenues	% of Total	Revenues	% of Total
<b>City Sewer Accounts</b>								
Residential	\$19,493,403	69.26%	\$21,758,111	69.75%	\$24,017,780	71.93%	24,570,932	66.82%
Class A - Standard Strength, Low Flow	54,048	0.19%	44,040	0.14%	24,681	0.07%	12,919	0.04%
Class B - Low Strength	458,349	1.63%	437,717	1.40%	462,642	1.39%	508,402	1.38%
Class C - Standard Strength	3,045,950	10.82%	3,054,358	9.79%	3,251,198	9.74%	3,447,050	9.37%
Class D - Mod-High Strength	N/A		N/A		N/A		10,560	0.03%
Class E - High Strength	523,510	1.86%	566,027	1.81%	600,807	1.80%	722,903	1.97%
Flat Rate	2,709	0.01%	2,709	0.01%	2,709	0.01%	6,400	0.02%
Other	137,395	0.49%	16,802	0.05%	1,312	0.00%	13,516	0.04%
Subtotal	\$23,715,364	84.26%	\$25,879,764	82.97%	\$28,361,129	84.94%	\$29,292,681	79.66%
<b>Outside Agencies Served</b>								
Fair Oaks SMD	\$3,372,627	11.98%	\$3,837,926	12.30%	3,726,185	11.16%	4,996,266	13.59%
Emerald Lake Heights SMD	876,047	3.11	1,259,022	4.04	1,024,204	3.07	2,104,367	5.72%
Oak Knoll SMD	74,567	0.26	99,447	0.32	110,094	0.33	177,739	0.48%
Woodside Town Ctr SAD	101,704	0.36	50,233	0.16	93,554	0.28	89,385	0.24%
Kensington Square SMD	--	0	58,546	0.19	63,812	0.19	99,964	0.27%
Edgewood SMD	6,251	0.02	6,767	0.02	11,553	0.03	13,491	0.04%
Subtotal	\$4,431,196	15.74%	\$5,311,940	17.03%	\$5,029,402	15.06%	7,481,212	20.34%
Total	\$28,146,560	100.00%	\$31,192,704	100.00%	\$33,390,531	100.00%	36,773,892	100.00%

(1) Revenues do not include facilities and connections fees, interest income, miscellaneous income or transfers from other funds.

Source: City of Redwood City and County of San Mateo.

The following table lists the City's largest sewer customers by service charge revenues for fiscal year 2016-17.

**Table A4**  
**Redwood City - Largest Customers, Fiscal Year 2016-17**

		2016-17 Sewer Service Charges	% of Total
<b><u>10 Largest City Sewer Accounts</u></b>			
County of San Mateo	Retail / Commercial	\$253,092	0.69%
Redwood Shores Apt.	Residential	251,074	0.68
The Irvine Company LLC	Residential	240,156	0.65
TGA 299 Franklin LLC	Residential	234,205	0.64
Essex Property Trust Inc.	Residential	218,038	0.59
AIMCO INDIGO LC	Residential	177,629	0.48
Ventana Del Mar HOA	Residential	176,743	0.48
Boardwalk	Residential	170,135	0.46
Shorebird H/O Assoc.	Residential	166,083	0.45
Oracle USA Inc.	Retail / Commercial	161,338	0.44
Subtotal		<b>\$2,048,493</b>	<b>5.57%</b>
<b><u>Outside Sewer Districts</u></b>			
Fair Oaks SMD	Predominantly Residential	\$4,996,266	13.59%
Emerald Lake Heights SMD	Predominantly Residential	2,104,367	5.72
Oak Knoll SMD	Predominantly Residential	177,739	0.48
Woodside Town Center SMD	Predominantly Residential	89,385	0.24
Kensington Square SMD	Predominantly Residential	99,964	0.27
Edgewood SMD	Predominantly Residential	13,491	0.04
Subtotal		<b>\$7,481,212</b>	<b>20.34%</b>
<b>All Other Customers</b>		<b>\$27,244,188</b>	<b>74.09%</b>
<b>Total <sup>(1)</sup></b>		<b>\$36,773,892</b>	<b>100.00%</b>

(1) Totals may not add due to rounding.  
Source: City of Redwood City.

### **Sewer Districts Served by Redwood City**

The City provides sewer service to five San Mateo County sewer maintenance districts and a small sewer assessment district that is part of the Town of Woodside. Together, these districts accounted for approximately 20.3% of the City's sewer charge revenues in fiscal year 2016-17, and are projected to account for approximately 17.7% of sewer service charge revenues in fiscal year 2017-18. The City provides these services pursuant to separate legal agreements with San Mateo County for each district, and the Town of Woodside. These districts provide their own local wastewater collection services and pay Redwood City for conveyance and wastewater treatment. The Authority bills Redwood City based on the City's share of wastewater flows and loading, which includes the wastewater conveyed from the six districts. Each of the districts pays Redwood City for wastewater service pursuant to each district's legal agreement with Redwood City. The sewer districts served by Redwood City are listed below along with a brief description of each district and the basis of its payments to Redwood City.

**Fair Oaks Sewer Maintenance District** – This is the largest sewer district served by the City and accounts for approximately 13.5% of the City's total sewer service charge revenues. Under the agreement, the district is obligated to pay the City for a pro rata share of Redwood City's payments to the Authority based on the sewer district's share of total wastewater flow sent to the Authority by Redwood City. The sewer district's annual flows are estimated by mutual consensus between the City and San Mateo County at 27.99% of the City's total wastewater flow to the Authority. In fiscal year 2016-17, the sewer district billed 7,054 accounts, of which 6,446, or approximately 91%, were residential. For fiscal year 2016-17, the sewer district's annual sewer rate was \$620 per residential unit or equivalent. San Mateo County collects these charges on its property tax rolls. See Table A6 for further discussion of San Mateo County's sewer charges.

**Emerald Lake Heights Sewer Maintenance District (Zone 2)** – This district includes approximately 1,468 sewer accounts, of which all but 4 are residential. The district pays the City for sewer service based on the number of accounts multiplied by the City's existing sewer rates.

**Oak Knoll Sewer Maintenance District** – This district includes approximately 132 accounts, of which all but 1 are residential. The district pays the City based on the number of accounts multiplied by the City's existing sewer rates.

**Kensington Square Sewer Maintenance District** – This district includes approximately 74 residential accounts and pays the City based on the number of accounts multiplied by the City's existing sewer rates.

**Woodside Town Center Sewer Assessment District** – This district includes approximately 158 accounts, of which all but 16 are residential. Under an agreement between the Town of Woodside on behalf of the district and Redwood City, the district is obligated to pay the City for a pro rata share of Redwood City's payments to the Authority based on the district's share of total wastewater flow sent to the Authority by Redwood City. The agreement also requires the district to pay a small sewer transmission fee and capacity rental fee.

**Edgewood Sewer Maintenance District** - This district includes approximately 15 residential accounts and pays the City based on the number of accounts multiplied by the City's existing sewer rates.

## **Sewer Utility Regulatory Issues**

**General.** Regulatory requirements applicable to the City's sanitary sewer collection system and conveyance system are contained in or imposed by regulation pursuant to the Federal Water Pollution Control Act, as amended, and the State of California Porter Cologne Water Quality Control Act of 1969, as amended. Both federal and State regulations are administered through the Regional Board. The City is not aware of any environmental or regulatory issues that would adversely impact its ability to provide sewer collection service.

**Waste Discharge Requirements.** The City is not subject to independent waste discharge requirements in connection with operation of its sanitary sewer collection system because it sends its wastewater to the Authority for treatment and discharge.

## Wastewater Rates

The City's wastewater rates are independently established by the City Council pursuant to a rate ordinance, and do not require approval by any other legal entity. Single family residential customers are billed a flat monthly rate for sewer service. Non-residential customers pay volumetric charges based on customer class and metered water use, subject to a minimum monthly charge.

The City has increased its sewer rates each year for the past 10 years. Rate increases have accounted for the anticipation of increased funding needs for the City's conveyance system capital improvement program, the City's pro rata share of the Authority's capital improvement program, and the City's sewer enterprise operating cost inflation. The following table shows the City's historical and adopted sewer rates. These rates were adopted pursuant to Article XIID of the California Constitution. See "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS – Articles XIIC and XIID".

**Table A5**  
**Redwood City - Adopted Monthly Sewer Rates**

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Rate Increase %</b>	9%	9%	9%	3%	3%	3%
<b>Residential</b>						
with 1-9 Dwelling Units	\$63.09	\$68.77	\$74.95	\$75.11	\$76.68	\$78.24
<b>Multi-Family Residential</b>						
with 10+ Dwelling Units	\$63.09	\$68.77	\$74.95	\$67.60	\$69.01	\$70.42
<b>Non-Residential/Commercial</b> (charge per hcf of metered water use)						
Class A - Standard Strength, Low Flow	\$4.14	\$4.51	\$4.91	\$5.75	\$5.87	\$5.99
Class B - Low Strength	4.64	5.06	5.52	6.69	6.83	6.97
Class C - Standard Strength	5.18	5.65	6.15	7.08	7.23	7.37
Class D - Mod-High Strength	N/A	N/A	N/A	11.27	11.51	11.76
Class E - High Strength	12.57	13.70	14.93	16.95	17.31	17.66
Minimum Monthly Charge	63.09	68.77	74.95	67.60	69.01	70.42

Source: City of Redwood City.

The following table shows sewer rates adopted by San Mateo County for the sewer districts served by Redwood City, which charges are collected on San Mateo County's property tax rolls. These rates were adopted pursuant to XIID of the California Constitution.

**Table A6**  
**San Mateo County Adopted Annual Sewer Service Charges**

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Sewer Districts Served by Redwood City	<u>Annual Charge per Residential Unit or Equivalent</u>						
Fair Oaks SMD	\$530	\$560	\$590	\$620	\$680	\$ --*	\$ --*
Emerald Lake Heights SMD (Zone 2)	890	930	970	1,010	1,280	1,415	1,490
Oak Knoll SMD	960	990	1,020	1,050	1,155	1,270	1,395
Kensington Square SMD	1,055	1,095	1,135	1,175	1,230	1,290	1,350
Edgewood SMD	1,100	1,175	1,250	1,325	1,405	1,490	1,580

\* Rates to be evaluated during fiscal year 2017-18.

Source: San Mateo County

## Billing and Collection

The City issues a combined utility bill to each of its customers for water, sewer, and solid waste collection services (the City acts as the billing and collection agent for Recology of San Mateo County, a private company that performs solid waste collection services under a franchise agreement with the City). The City bills its utility customers on a bi-monthly basis for residential customers and a monthly basis for commercial customers. Sewer service charges for Kensington Square SMD and Oak Knoll SMD are paid to the City bi-annually. Sewer service charges for Edgewood SMD are paid annually to the City. The utility bills are due and payable within 30 days of the bill date. If not paid within 30 days, the utility bill is delinquent, a 10-day reminder notice is mailed to the customer and assessed a 1.5% interest charge, and if still unpaid 40 days after the initial bill has been issued, a 7-day notice is mailed indicating that water will be shut off if the bill remains unpaid and another 5% interest charge is assessed. If the utility bill continues to be unpaid after the 5% interest charge, utility services will be disconnected until payment is made. [The reconnection fee ranges from \$20 to \$100 if paid during business hours, \$320 if paid after business hours.]

The following table shows a five-year history of sewer utility bill payment delinquencies.

**Table A7**  
**Redwood City - Sewer Bill Allowance for Bad Debt\***

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
<b>Amount</b>	\$44,624	\$30,528	\$60,688	\$24,953	\$24,953
<b>% of Revenue</b>	0.16%	0.11%	0.19%	0.07%	0.07%

\* A reserve for delinquent payments, estimated and adjusted annually based on previous and outstanding delinquent payments.

Source: City of Redwood City



## **Sewer Facilities Fee for New Development**

The City levies a sewer facilities fee on applicants for new (or expanded) wastewater service as a condition of obtaining a permit to connect to the sewer system. This fee is used to help fund the cost of sewer facilities that provide benefit to the new or expanded connection. The City's sewer facilities fees are established by the City Council of the City. The current sewer facilities fee for a new residential connection is \$960. New non-residential connections pay a fee equal to \$960 per each 2,000 square feet of building area.

In addition, pursuant to the Joint Powers Agreement, the City also collects the Authority's treatment capacity charges and periodically remits payment of these fees to the Authority.

## **Future Capital Needs**

The City budgets funds annually for capital improvements to its sewer conveyance system including repairs, replacements, upgrades, and expansions. The City budgeted \$6.7 million for sewer system capital funding in fiscal year 2017-18 and projects to budget approximately \$6 million annually through fiscal year 2024-25. The City anticipates fully funding its sewer system capital improvements on a pay-as-you-go basis.

The City's 2013 update to its Sanitary Sewer Master Plan identified approximately \$45,300,000 of recommended capital improvements to the City's wastewater conveyance system to address its capacity to accommodate growth. Additionally, the City conducts closed-circuit television inspections of the wastewater conveyance system to identify sources of infiltration and inflow and in general assess the condition of the system. Recommended capital improvements are adjusted periodically in light of real estate development and the physical condition of the conveyance system.

The City currently anticipates funding its conveyance system capital needs on a pay-as-you-go, cash basis, and has increased its sewer rates accordingly. However, the City might consider the future use of debt financing if such financing were either needed to fund high-priority projects or if it made economic sense to construct a number of improvements in a given year rather than spread the capital improvement expenditures over a longer timeframe. Any such debt, if issued, would likely be issued on a parity with the Bonds.

Additionally, the City could be liable for funding some additional expenditures related to the monitoring or clean-up of soil with perchloroethylene ("**PCE**") contamination located under Sequoia Station, a retail shopping center located next to a Caltrain station. Through mediation, the City has received approximately \$650,000 from the prior owner of a dry-cleaning business that used to be located near the site and was the source of the PCE. These funds are designated towards remedying the situation. The San Francisco Bay Area Regional Water Quality Control Board ("**RWQCB**") has jurisdiction over determining what actions need to be taken to remedy or monitor the situation. The RWQCB has determined that the City was partially responsible for the PCE contamination due to overflow/leaks from the City's sewer pipelines. In October 2014, the City contracted with an outside consultant to create a work plan that would propose steps to monitor the groundwater pollutant plume and develop a remedial action plan. In November 2016, the RWQCB approved the remedial action plan and required the City to submit quarterly groundwater monitoring reports. As of November 2017, the City has submitted 10 groundwater monitoring reports and is preparing to initiate a small-scale remediation study at the shopping center site in 2018. The full-scale remedial action plan contains 3 strategies and is anticipated to cost close to \$2 million.

The City anticipates financing most of its remaining allocable share of costs for the Authority's capital improvement plan, equal to approximately \$289.6 million from Fiscal Year 2017-2018 through Fiscal Year 2024-25, The City anticipates financing these costs through long-term debt issued by the Authority.

### **Sewer Utility System Finances**

The City's water and sewer utilities are accounted for as separate enterprise funds. Sewer enterprise operations and capital improvements are funded predominantly by sewer service charges supplemented by interest earnings, capacity fees, and other miscellaneous revenues.

## Outstanding Sewer Utility Debt

The City incurred obligations in connection with the issuance by the Authority of the 2009 Bonds, the 2014 Bonds, the 2015 Bonds, SRF Loans, and the Line of Credit, as described in "THE AUTHORITY AND THE WASTEWATER SYSTEM – Outstanding Debt". The City's payment obligations to the Authority with respect to the SRF Loans and the Line of Credit are payable from Net Revenues on an unsecured basis.

**Table A8**  
**Redwood City – Sewer Utility System Outstanding Debt**

Fiscal Year Ending June 30	2009 SVCW Bond Payment <sup>(1)</sup>	2014 SVCW Bond Payment	SRF Loan Payments (preliminary) <sup>(2)</sup>	2015 SVCW Bond Payment <sup>(3)</sup>	2018 SVCW Bond Payment	Total
2018	\$2,908,052.00	\$2,070,514.16	\$1,315,326.54	\$1,016,300.00		
2019	2,889,827.75	2,071,586.94	1,315,326.54	1,005,050.00		
2020	1,831,150.00	2,071,801.49	1,315,326.54	1,567,650.00		
2021	-	2,072,874.27	1,315,326.54	2,795,250.00		
2022	-	2,072,337.88	1,602,494.62	2,789,000.00		
2023	-	2,072,874.27	1,602,494.62	2,790,000.00		
2024	-	2,071,667.40	1,602,494.62	2,783,125.00		
2025	-	2,071,399.20	1,602,494.62	2,783,250.00		
2026	-	2,071,935.59	1,602,494.62	2,780,125.00		
2027	-	2,073,142.46	1,602,494.62	2,778,625.00		
2028	-	2,072,203.78	1,602,494.62	2,778,500.00		
2029	-	2,071,801.49	1,602,494.62	2,774,625.00		
2030	-	2,071,801.49	1,602,494.62	2,762,125.00		
2031	-	2,072,069.68	1,602,494.62	2,400,000.00		
2032	-	2,072,471.98	1,602,494.62	2,393,375.00		
2033	-	2,072,874.27	1,602,494.62	2,388,375.00		
2034	-	2,073,142.47	1,204,216.74	2,384,750.00		
2035	-	2,070,460.52	1,204,216.74	2,377,375.00		
2036	-	2,072,391.52	1,204,216.74	2,371,125.00		
2037	-	2,072,123.32	1,204,216.74	2,370,625.00		
2038	-	2,071,184.65	287,168.08	2,360,750.00		
2039	-	2,072,123.32	287,168.08	2,361,250.00		
2040	-	2,071,989.23	287,168.08	2,351,875.00		
2041	-	2,070,326.42	287,168.08	631,500.00		
2042	-	2,070,996.91	287,168.08	631,875.00		
2043	-	2,072,740.17	287,168.08	631,000.00		
2044	-	2,072,606.07	-	628,875.00		
2045	-	-	-	630,375.00		
2046	-	-	-	630,375.00		
Total:	\$7,629,029.75	\$55,943,440.95	\$31,031,116.96	\$58,947,125.00		

(1) Represents approximate allocated share of gross debt service on the Series 2009 Bonds; does not include any Refundable Credits.

(2) Preliminary debt service estimate shown; final amount will be determined after the project is completed.

(3) Excludes debt service payments made from escrow funds.

## Pension and Other Employee Benefit Costs

The City allocates a portion of its employee expenses to its sewer utility based on employees allocated to operation of the sewer utility. In fiscal year 2016-17, the City allocated 3.1% of its total employee costs to the sewer utility.

**Pension.** Substantially all City employees are eligible to participate in pension plans offered by California Public Employees' Retirement System ("**PERS**"), an agent multiple-employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. The City's employees participate in the separate safety (police and fire) and miscellaneous (all other) employee plans. Benefit provisions under both plans are established by state statute and City resolution.

Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both plans are determined annually on an actuarial basis as of June 30 by PERS; the City must contribute these amounts. See Note 9 of the City's June 30, 2017 audited financial report, which is attached to this Official Statement as Appendix J, for information as of June 30, 2017 related to the City's pension and post-retirement medical benefit costs.

The City's total PERS plan contributions are determined through PERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2016 (the measurement date), the average active employee contribution rate is 7.83% of annual pay for the Miscellaneous Plan and 9.04% of annual pay for the Safety Plan; and the employer contribution rate is 9.27% of annual payroll for the Miscellaneous Plan and 22.03% of annual payroll for the Safety Plan.

For the year ended June 30, 2017, the City recognized pension expense of \$8,864,628 for the Miscellaneous Plan and \$13,755,299 for the Safety Plan. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$17,721,552	\$ --
Changes of Assumptions	--	\$3,937,518
Differences between Expected & Actual Experiences	\$3,328,061	\$141,618
Net Differences between Projected & Actual Earnings on Plan Investments	\$21,940,552	--
Total	\$42,990,165	\$4,079,136

\$17,721,552 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expenses as follows:

<u>Fiscal Year Ending June 30:</u>	
2018	1,649,511
2019	3,020,849
2020	10,663,904
2021	5,855,213

Source: City of Redwood City 2017 Comprehensive Annual Financial Report

Three-year trend information for the City's pension plan for both miscellaneous and safety plans for fiscal years ending June 30 is set forth below:

### Three-year Trend of Annual Pension Cost

#### Miscellaneous

Fiscal year ended June 30	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligations
2015	\$6,799,358	100%	\$ --
2016	6,923,087	100	--
2017	7,428,605	100	--

Source: City of Redwood City

#### Public Safety

Fiscal year ended June 30	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligations
2015	\$9,667,759	100%	\$ --
2016	10,439,692	100	--
2017	10,292,946	100	--

Source: City of Redwood City

### Three-Year Trend of Funded Status of the Plan

#### Miscellaneous

Measurement Period (June 30)	Plan Fiduciary Net Position	Total Pension Liability	Plan Fiduciary Net Position Liability	Funded Ratio	Annual Covered Payroll	Plan Net Pension Liability as a Percentage of Payroll
2014	\$197,591,985	\$267,985,557	\$70,393,572	73.7%	\$28,592,551	246.2%
2015	198,433,873	274,601,243	76,167,370	72.3	28,944,841	263.2
2016	195,859	290,062,332	94,202,638	67.5	31,484,407	299.2

#### Public Safety

Measurement Period (June 30)	Plan Fiduciary Net Position	Total Pension Liability	Plan Fiduciary Net Position Liability	Funded Ratio	Annual Covered Payroll	Plan Net Pension Liability as a Percentage of Payroll
2014	\$215,992,153	\$309,747,565	\$93,755,412	69.7%	\$21,679,799	432.5%
2015	218,060,352	319,829,844	101,769,492	68.2	25,330,626	401.8
2016	216,012,863	337,012,416	120,999,553	64.1	25,867,584	467.8

Source: California Public Employee Retirement System ("PERS") GASB 68 Accounting Valuation Report July 2017.

The tables below show PERS' projected employer contribution rates (before employee cost sharing) for the next five fiscal years. Projected results reflect PERS' adopted changes to the discount rate. The projections also assume a 7.375% return for fiscal year 2016-17, that all actuarial assumptions will be realized, and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. The projected normal cost percentages in the projections below do not reflect that the normal cost will decline over time as new employees are hired under the California Public Employees' Pension Reform Act (PEPRA) or other lower cost benefit tiers.

#### Miscellaneous

	<u>New Rate</u>	<u>Projected Future Employer Contribution Rates</u>				
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Contribution Rates:	8.961%	9.5%	10.4%	10.4%	10.4%	10.4%

Source: PERS Actuarial Report July 2017

#### Public Safety

	<u>New Rate</u>	<u>Projected Future Employer Contribution Rates</u>				
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Contribution Rates:	21.925%	22.8%	24.6%	24.6%	24.6%	24.6%

Source: PERS Actuarial Report July 2017

**Recent Changes by PERS.** At its April 17, 2013, meeting, PERS' Board of Administration (the "Board of Administration") approved a recommendation to change the PERS amortization and smoothing policies. Prior to this change, PERS employed an amortization and smoothing

policy that spread investment returns over a 15-year period with experienced gains and losses paid for over a rolling 30-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a 20-year period with a five-year ramp-up, and five-year ramp-down, period. The new amortization and smoothing policy was used for the first time in the June 30, 2013, actuarial valuations in setting employer contribution rates for fiscal year 2015-16.

On February 18, 2014, the PERS Board approved new demographic actuarial assumptions based on a 2013 study of recent experience. The largest impact, applying to all benefit groups, is a new 20-year mortality projection reflecting longer life expectancies and that longevity will continue to increase. Because retirement benefits will be paid out for more years, the cost of those benefits will increase as a result. The Board of Administration also assumed earlier retirements for Police 3%@50, Fire 3%@55, and Miscellaneous 2.7%@55 and 3%@60, which will increase costs for those groups. As a result of these changes, rates will increase beginning in fiscal year 2016-17 (based on the June 30, 2014 valuation) with full impact in fiscal year 2020-21.

On November 18, 2015, the PERS Board adopted a funding risk mitigation policy intended to incrementally lower its discount rate – its assumed rate of investment return – in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. The policy establishes a mechanism to reduce the discount rate by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the existing discount rate, currently 7.5%, by at least four percentage points. PERS staff modeling anticipates the policy will result in a lowering of the discount rate to 6.5% in about 21 years, improve funding levels gradually over time and cut risk in the pension system by lowering the volatility of investment returns. More information about the funding risk mitigation policy can be accessed through PERS' web site at the following website address:

<https://www.calpers.ca.gov/page/newsroom/calpers-news/2015/adopts-funding-risk-mitigation-policy>

*The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City and is not incorporated in this Official Statement by reference.*

On December 21, 2016, the PERS Board voted to lower its discount rate from 7.5% to 7.0% over the next three years according to the following schedule.

<u>Valuation Date</u>	<u>Fiscal Year Required Contribution</u>	<u>Discount Rate</u>
June 30, 2016	2018-19	7.375%
June 20, 2017	2019-20	7.250
June 30, 2018	2020-21	7.000

For public agencies like the City, the new discount rate will increase contribution costs beginning in fiscal year 2018-19. Lowering the discount rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Public Employees' Pension Reform Act will also see their contribution rates rise. The three-year reduction of the discount rate will result in average employer rate increases of about 1 percent to 3 percent of

normal cost as a percent of payroll for most miscellaneous retirement plans, and a 2 percent to 5 percent increase for most safety plans. Additionally, many PERS employers will see a 30 to 40 percent increase in their current unfunded accrued liability payments. These payments are made to amortize unfunded liabilities over 20 years to bring the pension fund to a fully funded status over the long-term.

**Other Post-Employment Benefits (OPEB).** The City's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution ("**ARC**") of the employer, an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2017 and the two preceding fiscal years were as follows:

**Three-Year Trend of Annual OPEB Cost  
(Excluding the Port of Redwood City)**

Fiscal year ended <u>June 30</u>	Annual OPEB cost (AOC)	Percentage of AOC contributed	OPEB obligations (Asset)
2015	\$5,037,000	100%	\$6,962,477
2016	5,982,000	100	6,962,477
2017	6,163,000	100	6,962,477

Source: City of Redwood City 2017 Comprehensive Annual Financial Report

**Three-year Trend of  
Funded Status of the Plan  
(Excluding the Port of Redwood City)\***

Actuarial Valuation Date ( <u>June 30</u> )	Actuarial Value of Assets	Actuarial accrued liability for benefits	Unfunded/ (overfunded) liability (UAAL)	Funded ratio	Annual covered payroll	UAAL as a percentage of payroll
2013	\$11,001,000	\$56,177,000	\$45,176,000	19.6%	\$48,399,901	93.3%
2015	18,382,000	70,852,000	52,470,000	25.9	51,466,341	102.0
2017	26,570,000	84,172,000	57,602,000	31.6	57,404,000	100.3

\*Annual payroll of active employees covered by the plan

Source: City of Redwood City 2017 Comprehensive Annual Financial Report

As of June 30, 2017, the most recent actuarial valuation date, the plan was 31.6% funded. The actuarial accrued liability for benefits was \$84,172,000, and the actuarial value of plan assets was \$26,570,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$57,602,000. The covered payroll (annual payroll of active employees covered by the plan) was \$57,404,000 and the ratio of UAAL to the covered payroll was 100.3%.



## Historical Revenues and Expenses

The following table shows a five-year history of revenues, expenses, and net revenues based on information provided in the City's audited financial statements and by the City.

**Table A9**  
**Sewer Enterprise – Historical Revenues, Operating Expenses, and Net Revenues**  
**Fiscal Year Ended June 30**

Fiscal Year Ending June 30	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Audited)	2017 (Audited)
<b>Adopted Rate Increase (rounded)</b>	9%	9%	9%	9%	3%
<b>REVENUES</b>					
Sewer Service Charges	\$26,569,508	\$28,218,306	\$31,232,763	\$33,479,149	\$36,702,114
Connection Fees	1,057,492	877,109	1,329,542	1,272,329	366,664
Investment Earnings & Other Revenues	14,735	127,201	177,602	250,884	225,234
<b>Total Revenues</b>	<b>27,641,735</b>	<b>29,222,616</b>	<b>32,739,907</b>	<b>35,002,362</b>	<b>37,294,012</b>
<b>EXPENSES</b>					
<b><u>Operating &amp; Maintenance</u></b>					
Operating Expenses from Audit	19,287,430	19,989,758	22,081,105	34,345,565	26,675,533
Less Depreciation	(525,718)	(523,563)	(581,078)	(627,173)	(670,287)
Less SVCW Bond Debt Service	(2,598,152)	(2,869,674)	(4,819,301)	(4,669,331)	(5,701,084)
Less SVCW Non-Operating Payments	(753,070)	(974,433)	-	(2,254,223)	(1,611,375)
<b>Net Operating Expenses</b>	<b>15,410,490</b>	<b>15,622,088</b>	<b>16,680,726</b>	<b>26,794,838</b>	<b>18,692,787</b>
<b>Net Revenues</b>	<b>12,231,245</b>	<b>13,600,528</b>	<b>16,059,181</b>	<b>8,207,524</b>	<b>18,601,225</b>
<b><u>Debt Service</u> <sup>(1)</sup></b>					
City Share of SVCW 2008 Bonds	452,043	360,802	450,194	345,206	0
City Share of SVCW 2009 Bonds	2,146,109	2,110,594	2,180,607	1,731,416	2,193,074
City Share of SVCW 2014 Bonds	-	-	1,790,222	2,072,928	2,070,782
City Share of SVCW 2015 Bonds	-	-	-	121,503	1,038,950
<b>Total Senior Debt Service</b>	<b>2,598,152</b>	<b>2,471,396</b>	<b>4,421,023</b>	<b>4,271,053</b>	<b>5,302,806</b>
<b>Senior Debt Service Coverage</b>	<b>4.71</b>	<b>5.50</b>	<b>3.63</b>	<b>1.92</b>	<b>3.51</b>
City Share of SVCW SRF Loans	-	398,278	398,278	398,278	398,278
City Share of SVCW Line of Credit	-	-	-	-	-
<b>Total Debt Service</b>	<b>2,598,152</b>	<b>2,869,674</b>	<b>4,819,301</b>	<b>4,669,331</b>	<b>5,701,084</b>
<b>Total Debt Service Coverage</b>	<b>4.71</b>	<b>4.74</b>	<b>3.33</b>	<b>1.76</b>	<b>3.26</b>
<b>Net Revenues Remaining After Debt Service</b>	<b>9,633,093</b>	<b>10,730,854</b>	<b>11,239,880</b>	<b>3,538,193</b>	<b>12,900,141</b>
<b>Cash &amp; Investments June 30</b>	<b>\$14,771,134</b>	<b>\$21,643,469</b>	<b>\$27,497,483</b>	<b>\$25,342,608</b>	<b>\$31,507,971</b>
<b>Days Operating Cash June 30</b>	<b>350</b>	<b>506</b>	<b>602</b>	<b>345</b>	<b>615</b>

(1) Net of reserve and interest credits received by the City.

Source: City of Redwood City and City of Redwood City Comprehensive Annual Financial Reports for years 2013 - 2017.

## **Projected Revenues, Expenses, and Debt Service Coverage**

[assumptions to come]

**Table A10**  
**Redwood City Sewer Enterprise Cash Flow Projections**  
**Fiscal Year Ending June 30**

	2017-18	2018-19	2019-20	2020-21	2021-22
	Adopted 3%	Adopted 3%	Projected 5%	Projected 5%	Projected 5%
Rate Increase					
<b>Beginning Fund Reserves</b>	\$31,507,971	\$34,596,263	\$35,321,377	\$37,032,776	\$37,776,681
<b>REVENUES</b>					
Sewer Service Charges	\$30,059,000	\$31,007,000	\$32,606,000	\$34,288,000	\$36,056,000
Contract Agency Charges	6,538,000	7,281,000	8,267,000	9,344,000	10,044,000
Connection Fees	100,000	100,000	100,000	100,000	100,000
Investment Earnings	270,000	277,000	430,000	569,000	561,000
Other Revenues	50,000	50,000	50,000	50,000	50,000
<b>Total</b>	<b>\$37,017,000</b>	<b>\$38,715,000</b>	<b>\$41,453,000</b>	<b>\$44,351,000</b>	<b>\$46,811,000</b>
<b>EXPENSES</b>					
<b><u>Operating &amp; Maintenance</u></b>					
City Operating Expenses	8,570,000	8,827,000	9,095,000	9,373,000	9,663,000
SVCW Operating Expenses	10,830,466	11,232,486	11,644,530	12,095,049	12,145,653
Subtotal	19,400,466	20,059,486	20,739,530	21,468,049	21,808,653
<b>Net Revenues</b>	<b>17,616,534</b>	<b>18,655,514</b>	<b>20,713,470</b>	<b>22,882,951</b>	<b>25,002,347</b>
<b><u>Debt Service</u></b>					
<b><u>Senior Debt Service</u></b>					
City Share of SVCW 2009 Bonds (Net)	2,189,509	2,185,415	1,482,626	-	-
City Share of SVCW 2014 Bonds	2,070,514	2,071,587	2,071,801	2,072,874	2,072,338
City Share of SVCW 2015 Bonds	1,016,300	1,005,050	1,567,650	2,795,250	2,789,000
City Share of SVCW 2018 Bonds	-	3,101,412	3,293,535	4,614,660	4,615,160
City Share of Future SVCW Bonds	-	-	1,004,204	3,815,533	6,830,960
Total Senior Debt Service	\$5,276,323	\$8,363,464	\$9,419,816	\$13,298,317	\$16,307,458
<b>Senior Debt Service Coverage</b>	<b>3.34</b>	<b>2.23</b>	<b>2.20</b>	<b>1.72</b>	<b>1.53</b>
<b><u>Subordinate Debt Service</u></b>					
City Share of Outstanding SVCW SRF Loans	1,315,327	1,315,327	1,315,327	1,315,327	1,602,495
City Share of Future SVCW SRF Loans	0	0	0	0	0
City Share of SFR Reserve Contributions	0	0	0	0	397,622
City Share of SVCW Line of Credit Payments	0	0	0	0	0
Total Subordinate Debt Service	1,315,327	1,315,327	1,315,327	1,315,327	2,000,117
Total Combined Debt Service	6,591,650	9,678,790	10,735,143	14,613,644	18,307,575
<b>Total Debt Service Coverage</b>	<b>2.67</b>	<b>1.93</b>	<b>1.93</b>	<b>1.57</b>	<b>1.37</b>
<b><u>Capital &amp; Other Non-Operating</u></b>					
City Capital Improvements	6,700,000	7,000,000	7,000,000	6,000,000	7,000,000
SVCW Pay-Go Capital Funding	750,892	765,910	781,228	796,853	812,790
SVCW SRF Reserve Contributions	485,700	485,700	485,700	728,550	971,400
Subtotal	7,936,592	8,251,610	8,266,928	7,525,403	8,784,190
Revenues Less Expenses	3,088,292	725,114	1,711,399	743,905	(2,089,418)
Ending fund Reserve	\$34,596,263	\$35,321,377	\$37,032,776	\$37,776,681	\$35,687,263
<b>Days Cash on Hand</b>	<b>651</b>	<b>643</b>	<b>652</b>	<b>642</b>	<b>597</b>

Source: Bartle Wells Associates and the City of Redwood City

**Absence of Litigation**

The City is not aware of any action, suit, or proceeding known to be pending or threatened, that would affect the execution of the City's Financing Agreement with the Authority, or materially impact the finances of the City's wastewater system.

**Financial Statements**

The City's audited financial statements for the fiscal year ending June 30, 2017 are attached as Appendix J. The City's financial statements were audited by Badawi & Associates, Certified Public Accountants, independent auditors. The auditor has not been asked to consent to the inclusion of the City's audited financial statements in this Official Statement and has not reviewed this Official Statement.

## APPENDIX B

### INFORMATION ABOUT THE CITY OF SAN CARLOS' WASTEWATER SYSTEM

#### City of San Carlos

The City of San Carlos (the “**City**”) is located in the northern part of Silicon Valley, approximately 22 miles south of San Francisco, roughly midway between San Francisco and San Jose. The City encompasses approximately six square miles within its corporate limits and has a population of approximately 29,311.

#### Form of Government

The City was incorporated in 1925 and is a general law city pursuant to the California Government Code. The City is governed by a five-member City Council whose members are elected at large to staggered terms of four years. The City Council selects a mayor from among its members. The City Treasurer is also an elected position. The current members of the City Council are:

<b><u>Member</u></b>	<b><u>Current Term Expires</u></b>
Robert Grassilli*, <i>Mayor</i>	November 2018
Matthew B. Grocott, <i>Vice Mayor</i>	November 2018
Ron Collins	November 2020
Cameron Johnson	November 2018
Mark Olbert	November 2020

\*Secretary of the Silicon Valley Clean Water Commission.

The City operates under a council-manager form of government. The City Council appoints a City Manager who is responsible for the day-to-day administration and management of the City. The current City Manager is Jeff Maltbie, and the City’s Wastewater System is managed by the Public Works Director.

#### City Leadership

- Jeff D. Maltbie began serving as the City’s Interim City Manager in September of 2010 and, after a national recruitment, was selected by the Council to serve as City Manager in March 2011. During his 16 years with the City, he has served as Deputy City Manager, including five years serving as the City’s Administrative Services Director. As the Administrative Services Director he was responsible for all of the City’s business operations including Finance, Human Resources, Information Technology and Risk Management. Jeff joined the City of San Carlos in 2001 as a Senior Analyst. Prior to coming to San Carlos Jeff worked for the City of Daly City, Santa Clara County, and the City of Milpitas. Jeff attended San Diego State University and San Jose State University earning a Bachelor’s of Art degree in Political Science/Public Administration.
- Tara Peterson began serving as the City’s temporary Interim Public Works Director in January 2018, after having served four years as the Assistant City Manager. Previously, she was the Administrative Services Manager in the Engineering and Transportation Department with the City of San Leandro for 15 years. Tara attended the University of

California Berkeley, earning a Bachelor's Degree in Political Science and attended the University of Phoenix for a Masters in Business Administration.

## **The Wastewater System**

The City owns and operates a sanitary sewer collection system consisting of approximately 105 miles of sewer pipelines ranging in size from 5 to 27 inches in diameter, and 6 sewer lift stations. The City's wastewater is conveyed to the Authority for treatment and disposal. The City accounts for its sewer utility as a separate enterprise fund.

## **Wastewater Flow to Authority**

The following table shows the City's recent average daily wastewater flows to the Authority.

**Table B1**  
**City of San Carlos - Average Daily Wastewater Flow (mgd)**

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Average Daily Flow (mgd)	1.7	1.7	1.9	1.8	1.9	2.7

Source: Silicon Valley Clean Water

## **Service Area & Customer Base**

The City's sewer enterprise provides wastewater service to all of the incorporated area of the City as well as some surrounding adjacent County areas. The City provides wastewater conveyance services and subsequent treatment by SVCW to four San Mateo County sewer districts as discussed later in this section.

The following table shows a three-year history of the City's sewer customers.

**Table B2**  
**City of San Carlos - Sewer Accounts**

	2014-15		2015-16		2016-17	
	Accounts	% of Total	Accounts	% of Total	Accounts	% of Total
Residential	9,942	84.81	9,957	84.96%	9,957	85.02%
Non-Residential	1,281	10.93	1,258	10.73	1,249	10.67
Outside Agencies Served	499	4.26	505	4.31	505	4.31
Total	11,722	100.00%	11,720	100.00%	11,711	100.00%

Note: Utility billing database changes may have resulted in variations in number of customer accounts.

Source: City of San Carlos

The following table shows a three-year history of service charge revenues.

**Table B3**  
**City of San Carlos - Historical Sewer Service Charge Revenues**

	2014-15		2015-16		2016-17	
	Revenues	% of Total	Revenues	% of Total	Revenues	% of Total
<b>City Sewer Accounts <sup>(1)</sup></b>						
Residential	\$11,121,537	73.01%	\$12,234,954	75.04%	\$12,205,731	76.04%
Non-Residential	<u>3,697,163</u>	<u>24.27</u>	<u>3,633,552</u>	<u>22.28</u>	<u>3,368,544</u>	<u>20.99</u>
Subtotal	\$14,818,700	97.28%	\$15,868,506	97.32%	\$15,574,275	97.02%
<b>Outside Agencies Served <sup>(2)</sup></b>	414,592	2.72%	\$436,900	2.68%	\$477,766	2.98%
<b>Total</b>	\$15,233,292	100.00%	\$16,305,406	100.00%	\$16,052,041	100.00%

Source: City of San Carlos

The following table lists the City's largest sewer customers by service charge revenues for fiscal year 2016-17.

**Table B4**  
**City of San Carlos - Largest Customers, Fiscal Year 2016-17**

		FY 2016-17 Sewer Service Charges	% of Total
<b>10 Largest City Sewer Accounts</b>			
Vica Capital LLC	Industrial	\$140,374	0.87%
San Carlos School District	Public	136,534	0.85
Sutter Bay Medical Foundation	Industrial	113,770	0.71
Equity One San Carlos LLC	Industrial I	76,188	0.47
L-3 Communications Corp C/O Ted Kennel	Industrial	71,107	0.44
G W Williams Co.	Industrial	66,093	0.41
Cordilleras Center	Commercial	65,913	0.41
Grm Fisc LLC Lessee & City of San Carlos	Commercial	60,973	0.38
Black Mountain Holdings LLC	Industrial	55,152	0.34
County Road Associates c/o Boris Wolper	Commercial	53,436	0.33
Subtotal		\$839,541	5.23%
<b>Outside Sewer Districts</b>			
Devonshire County Sanitation District		\$267,182	1.66%
Emerald Lake Heights Sewer Maintenance District		102,375	0.64
Scenic Heights County Sanitation District		48,923	0.30
Harbor Industrial Sewer Maintenance District		59,286	0.37
Subtotal		\$477,766	2.98%
All Other Customers		\$14,734,734	91.79%
<b>Total</b>		<b>\$16,052,041</b>	<b>100.00%</b>

Source: City of San Carlos utility billing data

## **Sewer Districts Served by San Carlos**

The City provides sewer service to four San Mateo County sewer maintenance districts pursuant to separate legal agreements with San Mateo County for each district. These districts provide their own local wastewater collection services and pay the City for conveyance and wastewater treatment. The Authority bills San Carlos based on the City's share of wastewater flows and loading, which includes the wastewater conveyed from the four County sewer districts. Each of the districts pays San Carlos for wastewater service pursuant to each district's legal agreement with the City. The sewer districts served by San Carlos are listed below along with a brief description of each district and the basis of its payments to the City.

**Devonshire County Sanitation District** – This District includes approximately 274 residential accounts, and pays the City based on the number of accounts multiplied by 85% of the City's existing sewer rate. The District also includes an institution, which is charged based on water consumption multiplied by 85% of the applicable sewer rate.

**Emerald Lake Heights Sewer Maintenance District (Zone 1)** – This District includes approximately 113 residential accounts and pays the City based on the number of accounts multiplied by 85% of the City's existing sewer rate.

**Scenic Heights County Sanitation District** – This District includes approximately 55 residential accounts and pays the City based on the number of accounts multiplied by 85% of the City's existing sewer rate.

**Harbor Industrial Sewer Maintenance District** – This District serves approximately 68 commercial and industrial customer accounts. The charges billed to this District are calculated based on district-wide loading data, City loading data and SVCW revenue.

## **Sewer Utility Regulatory Issues**

**General.** Regulatory requirements applicable to the City's sanitary sewer collection system are contained in or imposed by regulation pursuant to the Federal Water Pollution Control Act, as amended, and the State of California Porter Cologne Water Quality Control Act of 1969, as amended. Both federal and State regulations are administered through the San Francisco Bay Regional Water Quality Control Board (the "**Regional Board**"). The City is not aware of any environmental or regulatory issues that would adversely impact its ability to provide sewer collection service.

**Waste Discharge Requirements.** The City is not subject to independent waste discharge requirements in connection with operation of its sanitary sewer collection system because it sends its wastewater to the Authority for treatment and discharge.

**Recent Enforcement Actions.** On February 16, 2010, the City entered into a consent decree with San Francisco Baykeeper to reduce the number of sanitary sewer overflows (SSOs) from the City's wastewater collection system. The agreement sets forth a timeline for reducing SSOs from the 2010 level of 64 per 100 miles of sewer line per year to a level of 4 per 100 miles of sewer line per year in 2017. The agreement required payments of \$200,000 for an environmental mitigation project, \$95,000 for litigation fees and costs, and \$55,000 for compliance monitoring and these obligations have been met. The agreement also commits the City to certain actions regarding SSO investigation, response and reporting; sewer condition assessment rehabilitation replacement; implementation of a fats, oil and grease program; sewer cleaning, hot spots, and lateral programs; regulation of private laterals; and a chemical root control program.



An annual report is required commencing on March 1, 2011 and each year thereafter. The agreement set forth stipulated payments for failure to file required reports. On April 19, 2017, San Francisco Baykeeper notified the City that the Consent Decree had automatically terminated and that there would be no extension pursued, indicating their satisfaction with the City's efforts and progress to meeting the overall SSO reduction targets.

### **Wastewater Rates**

The City's wastewater rates are independently established by the City Council pursuant to a rate ordinance, and do not require approval by any other legal entity. Residential customers are billed annually on their property tax statements. Non-residential customers pay volumetric charges based on customer class and metered water use from April 1 to March 31 preceding each new fiscal year, subject to a minimum monthly charge.

In 2013, the City adopted a series of three annual rate increases effective for fiscal years 2013-14 through 2015-16. These rate increases were adopted to support the City's allocable share of debt service for SVCW's CIP as well as SVCW operations and the City's operating and capital programs. These rates were adopted in compliance with Article XIID of the California Constitution. See "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS – Articles XIIC and XIID. The following table shows the City's historical and adopted sewer rates.

**Table B5**  
**City of San Carlos – Historical and Adopted Sewer Rates**

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 <sup>(1)</sup>	2018-19 <sup>(1)</sup>
<b>Effective Rate Increase %</b>	6%	25%	20%	10%	0%	5%	5%
<b>Residential</b> (annual charge)	\$637.24	\$807.46	\$968.95	\$1,065.85	\$1,065.85	\$1,119.14	\$1,175.10
Monthly Equivalent	53.10	67.29	80.75	88.82	88.82	93.26	97.93
<b>Commercial*</b> (per hcf of metered water use)							
High Strength/Restaurants <sup>(2)</sup>	10.13	13.05	15.66	17.23	17.23	18.09	18.99
Moderate Strength (includes hotels) <sup>(3)</sup>	9.94	11.14	13.37	14.71	14.71	15.45	16.22
Standard Strength/All Others	6.47	8.25	9.90	10.89	10.89	11.43	12.00
*Subject to Minimum Annual Charge per Parcel or Account <sup>(4)</sup> :	637.24	605.60	726.71	799.39	799.39	839.36	881.33
<b>Institutional*</b> (per hcf of metered water use)							
Hospital	6.47	8.47	10.16	11.18	11.18	11.74	12.33
All Others	6.12	7.90	9.48	10.43	10.43	10.95	11.50
*Subject to Minimum Annual Charge per Parcel or Account <sup>(4)</sup> :	637.24	605.60	726.71	799.39	799.39	839.36	881.33
<b>Industrial*</b>							
Volumetric Charge (\$ per hcf of water use)	5.53	6.79	8.15	8.97	8.97	9.42	9.89
BOD (\$ per pound)	0.3869	0.7543	0.9052	0.9957	0.9957	1.0455	1.0978
SS (\$ per pound)	0.4064	0.7981	0.9577	1.0535	1.0535	1.1062	1.1615
*Subject to Minimum Annual Charge per Parcel or Account <sup>(4)</sup> :	637.24	605.60	726.71	799.39	799.39	839.36	881.33

(1) Projections.

(2) Includes restaurants, bakeries, mortuaries, markets with garbage disposals, and mixed-use accounts whose wastewater is comprised of 75% or higher flow from high strength users.

(3) includes hotels with food service and/or laundry facilities, and mixed-use accounts whose wastewater is comprised of greater than 25% but less than 75% of flow from high-strength users.

(4) The City determines which customer class best reflects the wastewater characteristics of each account.

Source: City of San Carlos

The following table shows sewer rates adopted by San Mateo County for the sewer districts served by the City. These rate increases were adopted to help support each district's share of costs for the Authority's CIP. These rates were adopted pursuant to Article XIID of the California Constitution.

**Table B6**  
**San Mateo County Adopted Annual Sewer Service Charges**

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Sewer Districts Served by San Carlos</b>	<b>Annual Charge per Residential Unit or Equivalent</b>						
Emerald Lake Heights SMD (Zone 1)	\$1,190	\$1,220	\$1,250	\$1,280	\$1,345	\$1,415	\$1,490
Devonshire CSD	1,050	1075	1,100	1,125	1,240	1,365	1,500
Harbor Industrial SMD	340	350	360	370	410	--*	--*
Scenic Heights CSD	1,110	1,140	1,170	1,200	1,440	1,650	1,895

\* Rates to be evaluated in fiscal year 2017-18.

Source: San Mateo County

## **Billing and Collection**

Each year, the City calculates the wastewater charge for the upcoming fiscal year for each parcel in the City's service area. Beginning in 2009, San Carlos began contracting with a financial services firm to prepare the wastewater bills and to monitor trends. These charges are submitted to San Mateo County for collection on the County's property tax bills (except for governmental agencies which are billed directly). The City's wastewater charges are listed as a separate item on the tax bill and are collected at the same time and in the same manner as the County's ad valorem property taxes. The City's charges are subject to the same penalties and payment enforcement as the County's taxes, which include the potential to foreclose on properties with payment delinquencies.

San Mateo County's property tax bills are due in equal installments on November 1 and February 1 of each fiscal year and become delinquent if not paid by December 10 and April 10 respectively. San Mateo County is on the Teeter Plan under which the County pays the City the full amount of all charges assessed on the County's tax rolls, and also retains any penalties due to payment delinquency. The County pays the City for 100% of its annual wastewater billings, regardless of payment delinquencies. The County has the option to discontinue its participation in the Teeter Plan.

## **Capacity Fees for New Development**

The City levies a sewer capacity fee on applicants for new (or expanded) wastewater service as a condition of obtaining a permit to connect to the sewer system. This fee is used to help fund the cost of sewer facilities that provide benefit to the new or expanded connection. The City's sewer capacity fees are established by the City Council. The current sewer capacity fee is \$10,811 for a new single family residential connection and \$5,000 for each dwelling unit of a new multi-family development. New non-residential connections pay a fee equal to \$5,690 for the first 100 gallons of estimated daily average quantity of sewage, plus \$56.90 per subsequent 1 gallon of daily estimated average quantity of sewage discharge, as determined by the City Engineer. The City also passes through the current amount of the SVCW connection fee for each new connection.

## **Future Capital Needs**

The City commissioned RMC Water and Environment to prepare a Sewer Collection System Master Plan, dated January 2013 (the "**Master Plan**"). The Master Plan reported that the City has \$8,802,000 of high priority capacity improvement projects that the City submitted to Baykeeper in compliance with the consent decree (see "-Sewer Utility Regulatory Issues" above). These projects were prioritized based on relative severity of existing capacity deficiencies and the location of historical wet weather overflows. The projects that were determined to have the maximum benefit on the existing collection system capacity have been completed as of June, 2017. An additional rate increase was passed in 2013 to fund projects for lateral and main line replacement starting in 2014. The Master Plan created a priority plan for addressing the system deficiencies as outlined below.

In 2014 the City Council approved the Master Plan approach for a recommended 20-year collection system capital improvement program in the amount of \$20,802,000 (including the \$8,802,000 described in the previous paragraph and additional \$12 million of sewer rehabilitation) over the next 6 years.

In addition, the City anticipates financing its 15.14% allocable share of costs for the Authority's CIP, equal to an estimated \$90 million (including 3% cost inflation), after taking into account proceeds from the 2015 Bonds, the 2014 Bonds and outstanding SRF Loans, over approximately the next five years, through long-term debt issued by the Authority or the City.

In 2013, the City adopted three years of rate increases to fund its allocable share of debt service for the Authority's CIP and to help fund the City's capital improvement needs on a pay-as-you-go, cash basis.

### **Wastewater System Finances**

The City's sewer utility is accounted for as a separate enterprise fund. Sewer enterprise operations and capital improvements are funded predominantly by sewer service charges supplemented by interest earnings, capacity fees, and other miscellaneous revenues.

## Outstanding Wastewater System Debt

The City incurred obligations in connection with the issuance by the Authority of the 2009 Bonds, the 2014 Bonds, the 2015 Bonds, SRF Loans, and the Line of Credit, and, as described in "THE AUTHORITY AND THE WASTEWATER SYSTEM – Outstanding Debt". The City's payment obligations to the Authority with respect to the SRF Loans and the Line of Credit are payable from Net Revenues on an unsecured basis.

**Table B7**  
**City of San Carlos - Wastewater System Outstanding Debt**

Fiscal Year Ending June 30	2009 SVCW Bond Payment <sup>(1)</sup>	2014 SVCW Bond Payment	SRF Loan Payments (preliminary) <sup>(2)</sup>	2015 SVCW Bond Payment <sup>(3)</sup>	2018 SVCW Bond Payment	Total
2018	\$749,907.25	\$645,410.43	\$410,004.14	\$465,550.00		
2019	743,691.00	645,744.83	410,004.14	471,000.00		
2020	473,933.75	645,811.71	410,004.14	613,075.00		
2021	-	646,146.10	410,004.14	924,750.00		
2022	-	645,978.91	499,518.75	922,375.00		
2023	-	646,146.11	499,518.75	924,125.00		
2024	-	645,769.90	499,518.75	929,750.00		
2025	-	645,686.31	499,518.75	929,250.00		
2026	-	645,853.51	499,518.75	918,000.00		
2027	-	646,229.70	499,518.75	916,000.00		
2028	-	645,937.10	499,518.75	917,875.00		
2029	-	645,811.71	499,518.75	918,500.00		
2030	-	645,811.71	499,518.75	917,875.00		
2031	-	645,895.30	499,518.75	818,500.00		
2032	-	646,020.70	499,518.75	825,250.00		
2033	-	646,146.11	499,518.75	820,750.00		
2034	-	646,229.71	375,372.48	820,125.00		
2035	-	645,393.70	375,372.48	818,250.00		
2036	-	645,995.63	375,372.48	820,000.00		
2037	-	645,912.03	375,372.48	815,375.00		
2038	-	645,619.42	89,514.61	814,375.00		
2039	-	645,912.02	89,514.61	811,875.00		
2040	-	645,870.23	89,514.61	807,875.00		
2041	-	645,351.90	89,514.61	368,500.00		
2042	-	645,560.91	89,514.61	369,125.00		
2043	-	646,104.31	89,514.61	369,000.00		
2044	-	646,062.51	-	368,125.00		
2045	-	-	-	366,500.00		
2046	-	-	-	369,000.00		
<b>Total:</b>	<b>\$1,967,532.00</b>	<b>\$17,438,412.51</b>	<b>\$9,672,819.23</b>	<b>\$21,150,750.00</b>		

(1) Represents approximate allocated share of gross debt service on the Series 2009 Bonds; does not include any Refundable Credits.

(2) Preliminary debt service estimate shown; final amount will be determined after the project is completed.

(3) Excludes debt service payments made from escrow funds as a result of the partial crossover refunding of the 2009 Bonds in October of 2015.

Source:

## Pension and Other Employee Benefit Costs

The City allocates a portion of its employee expenses to its sewer utility based on employees allocated to operation of the sewer utility. In fiscal year 2015-16, the City allocated approximately 10% of its total employee costs to the sewer utility.

**Pension.** A significant portion of the City's employment costs are pension and post-retirement medical benefit costs. See Notes 10 and 11 of the City's June 30, 2017 audited financial report, which is attached to this Official Statement as Appendix K, for information as of June 30, 2017 related to the City's pension and post-retirement medical benefit costs.

The City contributes to the California Public Employees' Retirement System ("**PERS**"), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California.

Three-year trend information for the City's pension plan is set forth below:

### Three-year Trend of Annual Pension Cost

Contribution Amount	Contribution Rate				Safety Fire
	1 <sup>st</sup> Tier	2 <sup>nd</sup> Tier	3 <sup>rd</sup> Tier	PEPRA	1st Tier
2015	22.167%	15.133%	10.773%	6.500%	19.900%
2016	11.478	10.132	8.479	6.460	13.813
2017	11.973	10.408	8.721	6.647	14.785

Source: City of San Carlos

### Three-year Trend of Funded Status of the Plan

#### Statewide Miscellaneous Plan Tier 1 (2.7% at 55 years)

Valuation Date	Entry Age Accrued Liability	Share of Pool's Market Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll
2014	\$58,833,653	\$43,775,180	\$15,058,473	74.4%	\$3,642,548
2015	61,190,816	43,515,489	17,675,327	71.1	3,534,886
2016	63,983,099	42,444,815	21,538,284	66.3	3,399,615

Source: PERS Actuarial Report August 2017

#### Statewide Miscellaneous Plan Tier 2 (2.5% at 55 years)

Valuation Date	Entry Age Accrued Liability	Share of Pool's Market Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll
2014	\$442,889	\$394,869	\$48,030	89.2%	\$301,855
2015	504,999	460,215	44,784	91.1	177,647
2016	636,002	542,616	93,386	85.3	223,593

Source: PERS Actuarial Report August 2017

Statewide Miscellaneous Plan Tier 3 (2.0% at 55 years)

Valuation <u>Date</u>	Entry Age <u>Accrued Liability</u>	Share of Pool's Market <u>Value of Assets</u>	Unfunded (Overfunded) <u>Liability</u>	Funded <u>Ratio</u>	Annual Covered <u>Payroll</u>
2014	\$351,972	\$378,307	(\$26,335)	107.5%	\$1,164,667
2015	596,121	621,810	(25,689)	104.3	1,380,906
2016	958,264	907,272	50,992	94.7	1,585,486

Source: PERS Actuarial Report August 2017

PEPRA Miscellaneous Plan (2.0% at 62 years)

Valuation <u>Date</u>	Entry Age <u>Accrued Liability</u>	Share of Pool's Market <u>Value of Assets</u>	Unfunded (Overfunded) <u>Liability</u>	Funded <u>Ratio</u>	Annual Covered <u>Payroll</u>
2014	\$95,526	\$100,496	(\$4,970)	105.2%	\$754,437
2015	217,980	208,831	9,149	95.8	1,110,831
2016	413,084	369,546	43,538	89.5	1,751,167

Source: PERS Actuarial Report August 2017

See "APPENDIX A – Pension and Other Employee Benefit Costs – Recent Changes by PERS" for more information about PERS.

**Other Post-Employment Benefits (OPEB).** Three-year trend information for the City's OPEB plan is set forth below:

**Three-year Trend of Annual OPEB Cost**

Fiscal year ended <u>June 30</u>	Annual OPEB cost <u>(AOC)</u>	Actual <u>Contribution</u>	Percentage of AOC <u>contributed</u>	Net OPEB obligations <u>(Asset)</u>
<u>Healthcare</u>				
2015	\$287,127	\$287,000	100%	\$(106,873)
2016	381,320	284,200	75	(9,759)
2017	383,000	398,000	104	(24,759)

Source: City of San Carlos





## Historical Revenues and Expenses

The following table shows a history of revenues, expenses, and net revenues based on information provided in the City's audited financial statements and by the City.

**Table B8**  
**Sewer Enterprise - Historical Revenues, Expenses, and Fund Balances**  
**Fiscal Year Ended June 30**

	<b>2013 (Audited)</b>	<b>2014 (Audited)</b>	<b>2015 (Audited)</b>	<b>2016 (Audited)</b>	<b>2017 (Audited)</b>
<b>Adopted Rate Increase (rounded)</b>	6%	25%	20%	10%	0%
<b>REVENUES</b>					
Charges for Service	\$9,963,605	\$12,621,331	\$15,233,292	\$16,305,406	\$16,052,041
Connection Fees	47,970	63,921	102,050	492,893	\$741,572
Intra-Agency Transfers	211,041	243,477	192,256	190,043	187,502
Investment Earnings & Other Revenues	45,509	93,671	104,249	109,244	91,733
<b>Total Revenues</b>	<b>\$10,268,125</b>	<b>\$13,022,400</b>	<b>\$15,631,847</b>	<b>\$17,097,586</b>	<b>\$17,072,848</b>
<b>EXPENSES</b>					
<b><u>Operating &amp; Maintenance</u></b>					
Operating Expenses from Audit	7,072,683	8,428,989	10,426,290	11,821,102	11,543,508
Less Depreciation	(315,341)	(352,480)	(465,684)	(472,774)	(694,679)
Less SVCW Debt Service Payments <sup>(1)</sup>	(671,637)	(780,607)	(1,455,974)	(1,363,661)	(1,795,651)
Less SVCW Non-Operating Payments	0	0	0	0	0
Plus Transfer Out	510,000	520,200	591,000	562,600	573,900
<b>Net Operating Expenses</b>	<b>\$6,595,705</b>	<b>\$7,816,102</b>	<b>\$9,095,632</b>	<b>\$10,547,267</b>	<b>\$9,627,078</b>
<b>Net Revenues</b>	<b>\$3,672,420</b>	<b>\$5,206,298</b>	<b>\$6,536,215</b>	<b>\$6,550,319</b>	<b>\$7,445,770</b>
<b><u>Debt Service</u></b>					
City Share of SVCW 2008 Bonds	118,208	116,008	118,708	88,754	0
City Share of SVCW 2009 Bonds (Net)	553,430	540,453	655,081	444,149	562,611
City Share of SVCW 2014 Bonds	0	0	558,039	646,163	645,494
City Share of SVCW 2015 Bonds	0	0	0	60,449	463,400
<b>Total Senior Debt Service</b>	<b>\$671,637</b>	<b>\$656,461</b>	<b>\$1,331,828</b>	<b>\$1,239,515</b>	<b>\$1,671,505</b>
<b>Senior Debt Service Coverage</b>	<b>5.47</b>	<b>7.93</b>	<b>4.91</b>	<b>5.28</b>	<b>4.45</b>
City Share of SVCW SRF Loans	0	124,146	124,146	124,146	124,146
City Share of SVCW Line of Credit	0	0	0	0	0
<b>Total Debt Service</b>	<b>\$671,637</b>	<b>\$780,607</b>	<b>\$1,455,974</b>	<b>\$1,363,661</b>	<b>\$1,795,651</b>
<b>Total Debt Service Coverage</b>	<b>5.47</b>	<b>6.67</b>	<b>4.49</b>	<b>4.80</b>	<b>4.15</b>
<b>Net Revenues After Debt Service</b>	<b>3,000,783</b>	<b>4,425,691</b>	<b>5,080,241</b>	<b>5,186,658</b>	<b>5,650,119</b>
<b>Cash &amp; Equivalents June 30</b>	<b>7,769,570</b>	<b>10,485,167</b>	<b>14,772,639</b>	<b>15,755,190</b>	<b>12,298,405</b>
<b>Days Operating Cash June 30 <sup>(3)</sup></b>	<b>430</b>	<b>490</b>	<b>593</b>	<b>545</b>	<b>466</b>

(1) Includes amounts previously netted against Sewer Operations in audited financial statements for Fiscal Years 2014-2017.  
Source: City of San Carlos and City of San Carlos 2016 Comprehensive Annual Financial Report.

## **Projected Revenues, Expenses, and Debt Service Coverage**

[assumptions to come]

**Table B9**  
**City of San Carlos - Sewer Enterprise Cash Flow Projections**

	2017/18	2018/19	2019/20	2020/21	2021/22
	Projected 5%	Projected 5%	Projected 4%	Projected 4%	Projected 4%
Rate Increase					
<b>Beginning Fund Reserves</b>	\$12,298,405	\$13,535,106	\$ 14,666,988	\$16,465,171	\$17,219,631
<b>REVENUES</b>					
Sewer Service Charges	17,311,000	18,176,600	18,903,700	19,659,800	20,446,200
Contract Agency Charges	752,000	789,600	821,200	854,000	888,200
Connection Fees	45,000	47,300	49,200	51,200	53,200
Investment Earnings	154,000	90,000	93,600	97,300	101,200
Other Revenues	395,000	402,900	411,000	419,200	427,600
<b>Total Revenues</b>	<b>18,657,000</b>	<b>19,506,400</b>	<b>20,278,700</b>	<b>21,081,500</b>	<b>21,916,400</b>
<b>EXPENSES</b>					
<b><u>Operating &amp; Maintenance</u></b>					
City Operating Expenses	6,432,000	6,560,600	6,691,800	6,825,600	6,962,100
SVCW Operating Expenses	2,976,631	3,087,122	3,200,368	3,324,188	3,338,096
Total O&M with Transfers	9,408,631	9,647,722	9,892,168	10,149,788	10,300,196
<b>Net Revenues</b>	<b>9,248,369</b>	<b>9,858,678</b>	<b>10,386,532</b>	<b>10,931,712</b>	<b>11,616,204</b>
<b><u>Debt Service</u></b>					
<b><u>Senior Debt Service</u></b>					
City Share of SVCW 2009 Bonds (Net)	565,239	562,689	384,385	-	-
City Share of SVCW 2014 Bonds	645,410	645,745	645,812	646,146	645,979
City Share of SVCW 2015 Bonds	465,550	471,000	613,075	924,750	922,375
City Share of SVCW 2018 Bonds	-	967,212	1,027,128	1,441,503	1,439,753
City's Share of Future SVCW Bonds	-	-	313,026	1,189,359	2,129,313
Total Senior Debt Service	1,676,199	2,646,646	2,983,425	4,201,758	5,137,419
<b>Senior Debt Service Coverage</b>	<b>5.52</b>	<b>3.72</b>	<b>3.48</b>	<b>2.60</b>	<b>2.26</b>
<b><u>Subordinate Debt Service</u></b>					
City Share of Existing SVCW SRF Loans	410,004	410,004	410,004	410,004	499,519
City Share of Future SVCW SRF Loans	-	-	-	-	-
City Share of SRF Reserve Contributions	-	-	-	-	123,945
City Share of SVCW Line of Credit	-	-	-	-	-
Total Subordinate Debt Service	410,004	410,004	410,004	410,004	623,464
Total Combined Debt Service	2,086,204	3,056,650	3,393,429	4,611,762	5,760,883
<b>Total Debt Service Coverage</b>	<b>4.43</b>	<b>3.23</b>	<b>3.06</b>	<b>2.37</b>	<b>2.02</b>
<b><u>Capital &amp; Other Non-Operating</u></b>					
City Capital Improvements	4,000,000	4,000,000	4,000,000	4,000,000	-
City Capacity Assurance Improvements	1,540,000	1,280,000	800,000	1,090,000	-
SVCW Capital Projects/Reserves	234,064	238,746	243,521	248,391	253,359
SVCW SRF Reserve Contributions	151,400	151,400	151,400	227,100	302,800
Subtotal	5,925,464	5,670,146	5,194,921	5,565,491	556,159
Total Expenses	17,420,299	18,374,518	18,480,517	20,327,040	16,617,238
<b>Revenues Less Expenses</b>	1,236,701	1,131,882	1,798,183	754,460	5,299,162
<b>Ending Fund Reserves</b>	<b>\$13,535,106</b>	<b>\$14,666,988</b>	<b>\$16,465,171</b>	<b>\$17,219,631</b>	<b>\$22,518,793</b>
<b>Days Cash on Hand</b>	<b>525</b>	<b>555</b>	<b>608</b>	<b>619</b>	<b>798</b>

Source: City of San Carlos

**Absence of Litigation**

The City is not aware of any action, suit, or proceeding known to be pending or threatened, that would affect the execution of the City's Financing Agreement with the Authority, or materially impact the finances of the City's wastewater system.

**Financial Statements**

The City's most recent audited financial statements for the fiscal year ending June 30, 2017 are attached as Appendix K. The City's financial statements were audited by Maze & Associates, independent auditors. The auditor has not been asked to consent to the inclusion of the City's audited financial statements in this Official Statement and has not reviewed this Official Statement.

## APPENDIX C

### INFORMATION ABOUT WEST BAY SANITARY DISTRICT

#### West Bay Sanitary District

The West Bay Sanitary District is an independent special district that provides wastewater service to the City of Menlo Park, Atherton, Portola Valley and areas of East Palo Alto, Woodside and unincorporated San Mateo and Santa Clara counties. The District is located in the northern part of Silicon Valley approximately 26 miles south of San Francisco, between San Francisco and San Jose. The District was originally formed in December 1902 as the Menlo Park Sanitary District under the Sanitary Sewer Act of 1891. The District operated as the Menlo Park Sanitary District from 1902 until 1981 when its name was changed to the West Bay Sanitary District to more accurately reflect the service area. The powers of the District are established by the State of California Health and Safety Code. The District serves a population of approximately 55,000 via approximately 19,195 predominantly residential sewer service connections.

#### Form of Government

The District is governed by a five-member Board of Directors whose members are elected at large from the District's service area to staggered terms of four years. The current members of the Board of Directors are:

<b><u>Director</u></b>	<b><u>Current Term Expires</u></b>
Edward P. Moritz, <i>President</i>	November 2018
Roy Thiele-Sardiña, <i>Secretary</i>	November 2018
David Walker, <i>Treasurer</i>	November 2020
Fran Dehn	November 2020
George Otte*	November 2018

\* Appointed representative to Silicon Valley Clean Water.

Day to day activities of the District are managed by a District Manager, who is appointed by the Board of Directors and oversees a staff of approximately 28 employees.

#### District Leadership

- Phil Scott is the District Manager and reports directly to the Board of Directors. Mr. Scott manages day to day operations of the District including more than 25 employees. Mr. Scott also serves as Chief Fiscal Officer and is responsible for budgeting, forecasting revenue requirements, long range and strategic planning, facilitating Board meetings, and negotiations. Mr. Scott has 36 years of experience in the wastewater industry and has been District Manager of the District for 8 years.
- Bill Kitajima is the Projects & IT Manager: With over 20 years at the District, Mr. Kitajima manages all capital improvement projects and Collection System Master Planning, prioritizes CIP projects, and oversees engineering, bidding and construction of all CIP projects. Mr. Kitajima also manages all databases and computer/server operations and replacements and day to day technical operations.
- John Simonetti is the Regulatory and Compliance Coordinator: Mr. Simonetti has 28 years of experience at the District and manages all commercial and industrial pretreatment and discharge inspections and permitting. Mr. Simonetti ensures NPDES compliance with all

commercial customers, monitors flows and loadings of the system, and also acts as District Liaison to the Treatment Plant and serves as Safety Officer for the District.

- Liz Bahrami is the District Accountant and has over 15 years of service with the District. Ms. Bahrami manages all accounting operations, is responsible for deposits, AP, AR, cash flow forecasting, production of Withdrawal Orders, quarterly financial statements, annual audits, final financial statements and payroll. Ms. Bahrami also produces the annual budget and provides monthly expense reports for internal controls.
- Sergio Ramirez is the Operations Superintendent, with 7 years of experience at the District and over 23 years in the wastewater industry. Mr. Ramirez manages and oversees 17 employees and the collection system maintenance operations, including cleaning and repairing of sewer pipelines and CCTV inspection of sewer pipelines and pump station maintenance. Mr. Ramirez ensures that the system runs efficiently, safely and with minimal interruptions to convey wastewater (4.1 MGD) to the treatment plant in Redwood City, and helped the District to achieve the Collection System of the Year award for the Santa Clara Valley Section of the California Water Environment Association for 2012.

### **The Wastewater System**

The District owns and operates a sanitary sewer collection system consisting of approximately 200 miles of sewer pipelines ranging in size from 3 to 54 inches in diameter, and 13 sewer pump stations. The District's wastewater collection system is in good operating condition and has an average age of approximately 50 years, with an estimated life of 90 years. The District also owns a flow equalization facility, which has the capacity to hold approximately 10 million gallons of untreated wastewater. The District's wastewater is conveyed to the Authority for treatment and disposal.

### **Wastewater Flow to Authority**

The following table shows the District's recent average daily wastewater flows to the Authority.

**Table C1**  
**West Bay Sanitary District - Average Daily Wastewater Flow (mgd)**

	2012-13	2013-14	2014-15	2015-16	2016-17
Average Daily Flow (mgd)	3.5	3.5	3.6	3.8	4.1

Source: Silicon Valley Clean Water

### **Service Area & Customer Base**

The District's sewer service area is approximately 14 square miles and includes the City of Menlo Park, portions of the Cities of East Palo Alto, Redwood City, and Atherton, portions of the Towns of Woodside and Portola Valley, and portions of unincorporated San Mateo and Santa Clara Counties.

The following table shows a history of residential and non-residential sewer accounts. Residential accounts comprised approximately 97% of the District's customer base in fiscal year 2016-17.

**Table C2**  
**West Bay Sanitary District - Historical Sewer Accounts**

	<u>2014-15</u>		<u>2015-16</u>		<u>2016-17</u>	
	Accounts	% of Total	Accounts	% of Total	Accounts	% of Total
Residential	18,546	97%	18,858	97%	18,867	97%
Commercial	<u>622</u>	<u>3</u>	<u>610</u>	<u>3</u>	<u>622</u>	<u>3</u>
Total	19,168	100%	19,468	100%	19,489	100%

Source: West Bay Sanitary District

The following table shows a history of sewer service charge revenues broken down by residential and non-residential sewer accounts. In fiscal year 2016-17, residential customers accounted for 80% of the District's total sewer service charge revenues.

**Table C3**  
**West Bay Sanitary District - Historical Sewer Service Charge Revenues**

	<u>2014-15</u>		<u>2015-16</u>		<u>2016-17</u>	
	Revenues	% of Total	Revenues	% of Total	Revenues	% of Total
Residential	\$16,537,777	78%	\$18,177,405	78%	\$19,616,295	80%
Commercial	<u>4,529,455</u>	<u>22</u>	<u>5,030,737</u>	<u>22</u>	<u>4,866,919</u>	<u>20%</u>
Total	\$21,067,232	100%	\$23,208,142	100%	\$24,483,214	100%

Source: West Bay Sanitary District

The following table lists the District's 10 largest accounts by revenue for fiscal year 2016-17.

**Table C4**  
**West Bay Sanitary District - Largest Customers, 2016-17 Sewer Service Charges**

Customer	2016-17 Sewer Service Charges	% of Total
Hibiscus Properties LLC	\$1,058,148	4%
Anton Menlo LLC	423,660	2
Stanford Research Institute	329,631	1
Facebook Inc.	311,082	1
United States of America	251,253	1
Maximus Sg New Gf Owner LLC	228,336	1
Bayfront Investments LLC	209,040	1
Leland Stanford Jr University	197,453	1
Giant Properties LLC	176,041	1
Leland Stanford Jr University (SLAC)	169,067	1
Subtotal:	<u>\$3,353,711</u>	<u>14%</u>
 All Other Customers	 <u>\$21,129,503</u>	 86%
Total	\$24,483,214	100%

Source: West Bay Sanitary District

## Sewer Utility Regulatory Issues

**General.** Regulatory requirements applicable to the District's sanitary sewer collection system are contained in or imposed by regulation pursuant to the Federal Water Pollution Control Act, as amended, and the State of California Porter Cologne Water Quality Control Act of 1969, as amended. Both federal and State regulations are administered through the San Francisco Bay Regional Water Quality Control Board (the "**Regional Board**"). The District is not aware of any environmental or regulatory issues that would adversely impact its ability to provide sewer collection service.

**Waste Discharge Requirements.** The District is not subject to independent waste discharge requirements in connection with operation of its sanitary sewer collection system because it sends its sewage to the Authority for treatment and discharge.

## Wastewater Rates & Billing

The District's wastewater rates and charges are independently established by the Board of Directors and do not require approval by any other legal entity. Single family residential customers are billed a flat annual charge for sewer service which is collected on property tax bills. Non-residential customers pay volumetric charges based on customer class and metered water use.

A five-year rate history is shown in the following table. The District adopted its rates in compliance with Article XIID of the California Constitution. See "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS – Articles XIIC and XIID.

**Table C5**  
**West Bay Sanitary District - Adopted Sewer Rates**

	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Residential</b> (annual charge)	\$820	\$893	\$973	\$1,031	\$1,072
<i>Monthly Equivalent</i>	\$68.33	\$74.42	\$81.08	\$85.92	\$89.33
<b>Non-Residential/Commercial</b>					
Flow - \$ per hcf	\$7.10	\$7.74	\$8.97	\$9.51	\$8.38
BOD - \$ per pound	\$0.21	\$0.23	\$0.25	\$0.26	\$0.59
SS - \$ per pound	\$0.27	\$0.29	\$0.32	\$0.34	\$0.67

Source: West Bay Sanitary District

Each year, the District calculates the wastewater charge for the upcoming fiscal year for each parcel in the District's service area. These charges are submitted to San Mateo County for collection on the County's property tax bills (except for approximately six customers located in Santa Clara County and governmental agencies, which are billed directly). The District's wastewater charges are listed as a separate item on the tax bill and are collected at the same time and in the same manner as the County's ad valorem property taxes. The District's charges are subject to the same penalties and payment enforcement as the County's taxes, which includes the potential to foreclose on properties with payment delinquencies.

San Mateo County's property tax bills are due in equal installments on November 1 and February 1 of each fiscal year and become delinquent if not paid by December 10 and April 10 respectively. San Mateo County is on the Teeter Plan under which the County pays the District the full amount of all charges assessed on the County's tax rolls, and also retains any penalties due to payment delinquency. The County pays the District for 100% of its annual wastewater billings,



regardless of payment delinquencies. The County has the option to discontinue its participation in the Teeter Plan.

### **Connection Fees for New Development**

The District levies a sewer connection charge on new applicants for wastewater service and applicants for expanded service. The purpose of the charge is to recover a proportionate share of costs of District facilities benefiting new connections to the wastewater system. The District's connection fees are established by the Board of Directors. The District's current residential connection charge is a fixed, one-time charge of \$6,919 per residential unit. The fee for non-residential connections is based on the estimated wastewater discharge for each new account, as determined by the District.

In addition, pursuant to the Joint Powers Agreement, the District also collects the Authority's connection fees and periodically remits payment of these fees to the Authority. The total connection charges collected by the District from new non-residential accounts, including both the District's and Authority's connection fees, are subject to a minimum charge of \$8,501 per connection or \$42.50 per gallon per day of estimated wastewater discharge.

### **Future Capital Needs**

The District anticipates spending approximately \$9.8 million in 2017-18 and an average of approximately \$7.9 million per year for capital improvements to the District's wastewater system in upcoming years. This level of expenditures represents an increase from the amounts spent annually in recent history. These improvements primarily include repairs, replacements, and other upgrades to the District's collection system pipelines, but also include some pump station improvements. The District anticipates funding these improvements on a pay-as-you-go, cash basis.

In addition, the District anticipates financing its allocable share of costs for the Authority's CIP, equal to approximately \$160 million through 2024-25, after taking into account proceeds from the 2015 Bonds, the 2014 Bonds and outstanding SRF Loans, including projected 10% annual construction cost inflation. The District anticipates financing these costs through long-term debt issued by the Authority and/or the District.

## Outstanding District Debt

The District incurred obligations in connection with the issuance by the Authority of the 2008 Bonds, the 2009 Bonds, the 2014 Bonds, the 2015 Bonds, SRF Loans, and the Line of Credit, as described in "THE AUTHORITY AND THE WASTEWATER SYSTEM – Outstanding Debt". The District's payment obligations to the Authority with respect to the SRF Loans and the Line of Credit are payable from Net Revenues on an unsecured basis.

**Table C6**  
**West Bay Sanitary District - Outstanding Debt**

Fiscal Year Ending June 30	2009 SVCW Bond Payment <sup>(1)</sup>	2014 SVCW Bond Payment	SRF Loan Payments (preliminary) <sup>(2)</sup>	2015 SVCW Bond Payment <sup>(3)</sup>	2018 SVCW Bond Payment	Total
2018	\$1,285,429.75	\$1,144,175.41	\$726,842.69	\$826,950.00		
2019	1,276,286.25	1,144,768.23	726,842.69	824,050.00		
2020	810,662.50	1,144,886.80	726,842.69	1,069,500.00		
2021	-	1,145,479.63	726,842.69	1,610,500.00		
2022	-	1,145,183.21	885,533.06	1,615,125.00		
2023	-	1,145,479.62	885,533.06	1,608,250.00		
2024	-	1,144,812.70	885,533.06	1,605,000.00		
2025	-	1,144,664.49	885,533.06	1,614,875.00		
2026	-	1,144,960.90	885,533.06	1,607,875.00		
2027	-	1,145,627.84	885,533.06	1,599,375.00		
2028	-	1,145,109.12	885,533.06	1,604,000.00		
2029	-	1,144,886.80	885,533.06	1,601,500.00		
2030	-	1,144,886.80	885,533.06	1,601,875.00		
2031	-	1,145,035.02	885,533.06	1,439,125.00		
2032	-	1,145,257.32	885,533.06	1,433,500.00		
2033	-	1,145,479.62	885,533.06	1,431,000.00		
2034	-	1,145,627.82	665,455.57	1,431,375.00		
2035	-	1,144,145.78	665,455.57	1,424,625.00		
2036	-	1,145,212.85	665,455.57	1,425,625.00		
2037	-	1,145,064.65	665,455.57	1,424,125.00		
2038	-	1,144,545.93	158,690.37	1,420,125.00		
2039	-	1,145,064.66	158,690.37	1,413,625.00		
2040	-	1,144,990.54	158,690.37	1,409,500.00		
2041	-	1,144,071.68	158,690.37	656,750.00		
2042	-	1,144,442.18	158,690.37	651,250.00		
2043	-	1,145,405.52	158,690.37	654,500.00		
2044	-	1,145,331.42	-	651,375.00		
2045	-	-	-	651,875.00		
2046	-	-	-	650,875.00		
Total:	<b>\$3,372,378.50</b>	<b>\$30,914,596.54</b>	<b>\$17,147,731.98</b>	<b>\$36,958,125.00</b>		

(1) Represents approximate allocated share of gross debt service on the Series 2009 Bonds; does not include any Refundable Credits.

(2) Preliminary debt service estimate shown; final amount will be determined after the project is completed.

(3) Excludes debt service payments made from escrow funds.

## Pension and Other Employee Benefit Costs

A significant portion of the District's operation costs are employee costs, including pension and post-retirement medical benefit costs. See Notes 10 and 11 of the District's June 30, 2017 audited financial report, which is attached to this Official Statement as Appendix L, for information as of June 30, 2017 related to the District's pension and post-retirement medical benefit costs.

The District contributes to the California Public Employees' Retirement System ("**PERS**"), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California.

**Pension.** Three-year trend information for the District's pension plan is set forth below:

### Three-Year Trend of Annual Pension Cost (Employer Portion)

Fiscal year ended <u>June 30</u>	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligations
2015	\$542,448	65%	\$353,860
2016	558,925	65	365,293
2017	583,950	68	399,280

Source: West Bay Sanitary District

### Three-Year Trend of Funded Status of the Plan

#### Miscellaneous Plan Tier 1 (2.5% at 55 years)

Valuation Date ( <u>June 30</u> )	Accrued Liability	Share of Pool's Market Value of Assets	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Payroll
2014	\$15,632,782	\$12,557,621	\$3,075,161	80.3%	\$2,348,871	156.2%
2015	16,156,045	12,387,076	3,768,969	76.7	2,413,220	156.2
2016	17,009,823	12,109,690	4,900,133	71.2	2,285,057	214.5

Source: PERS Actuarial Report August 2017

#### Miscellaneous Plan Tier 2 (2% at 60 years)

Valuation Date ( <u>June 30</u> )	Accrued Liability	Share of Pool's Market Value of Assets	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Payroll
2015	\$545	\$519	\$26	95.2%	\$67,687	0.04%
2016	0	(28)	28	0.0	0	0.00

Source: PERS Actuarial Report August 2017

Miscellaneous Plan PEPRA (2% at 62 years)

Valuation Date (June 30)	Accrued Liability	Share of Pool's Market Value of Assets	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Payroll
2014	\$8,925	\$9,322	(\$397)	104.5%	\$62,472	N/A
2015	19,605	18,757	848	95.7	63,721	1.3%
2016	57,120	51,725	5,395	90.6	319,166	1.7

Source: PERS Actuarial Report August 2017

As of June 30, 2016, the most recent actuarial valuation date, the market value of the Plan's assets was \$12,103,690, resulting in a funded ratio of 71.2%.

See "APPENDIX A – Pension and Other Employee Benefit Costs – Recent Changes by PERS" and for information about PERS.

**Other Post-Employment Benefits (OPEB).** Trend information for the District's OPEB plan is set forth below:

**Three-year Trend of Annual OPEB Cost**

Fiscal year ended June 30	Annual OPEB cost (AOC)	Percentage of AOC contributed	Net OPEB obligations (Asset)
2014	\$26,200	23.33%	\$77,659
2015	25,900	16.75	99,221
2016	25,313	21.67	119,049

Source: West Bay Sanitary District 2016 Audit Report

**Three-year Trend of  
Funded Status of the Plan**

Valuation Date (March 1)	Actuarial Value of Assets	Entry age normal accrued liability	Unfunded/ (overfunded) liability (UAAL)	Funded ratio	Annual covered payroll	UAAL as a percentage of payroll
2010	\$0	\$137,900	\$137,900	0%	\$1,952,200	7.06%
2013	0	186,100	186,000	0	2,391,800	7.78
2015	0	217,440	217,440	0	2,846,000	7.64

Source: West Bay Sanitary District 2016 Audit Report

As of July 1, 2015, the most recent available actuarial valuation date, the market value of the OPEB assets was \$0, resulting in a funded ratio of 0%.

## Historical Revenues and Expenses

The table on the following page shows a history of revenues, expenses, and net revenues based on information provided in the District's audited financial statements and by the District.

**Table C7**  
**Historical Revenues, Expenses, and Fund Balances**  
**Fiscal Year Ending June 30**

	<b>2013 (Audited)</b>	<b>2014 (Audited)</b>	<b>2015 (Audited)</b>	<b>2016 (Audited)</b>	<b>2017 (Audited)</b>
<b>Adopted Rate Increase (rounded)</b>	9%	9%	9%	6%	6%
<b>REVENUES</b>					
Sewer Service Charges	\$17,790,248	\$19,297,689	\$21,067,232	\$23,208,142	\$24,483,213
Connection Fees	241,096	167,770	5,696,108	1,281,475	1,912,132
Investment Earnings & Other Revenues	436,599	401,311	1,324,000	1,555,251	1,790,634
<b>Total Revenues</b>	<b>\$18,467,943</b>	<b>19,866,770</b>	<b>28,087,340</b>	<b>26,044,868</b>	<b>28,185,979</b>
<b>EXPENSES</b>					
<b><u>Operating &amp; Maintenance</u></b>					
Operating Expenses from Audit	13,119,092	13,794,828	14,820,036	18,467,856	18,906,942
Less Depreciation	(1,132,035)	(1,275,444)	(1,300,476)	(1,514,901)	(1,652,638)
Less SVCW Bond Debt Service	(1,158,582)	(1,349,137)	(2,399,892)	(2,647,096)	(3,162,085)
Less SVCW Non-Operating Payments	(456,986)	(589,116)	-	(153,494)	(410,664)
<b>Total O&amp;M with Transfers</b>	<b>10,371,490</b>	<b>10,581,131</b>	<b>11,119,668</b>	<b>14,152,365</b>	<b>13,681,555</b>
<b>Net Revenues</b>	<b>8,096,454</b>	<b>9,285,639</b>	<b>16,967,672</b>	<b>11,892,503</b>	<b>14,504,424</b>
<b><u>Debt Service<sup>(1)</sup></u></b>					
District Share of SVCW 2008 Bonds	198,978	200,278	201,378	154,689	0
District Share of SVCW 2009 Bonds (Net)	959,604	928,782	989,153	1,019,928	985,734
District Share of SVCW 2014 Bonds	-	-	989,284	1,145,509	1,144,324
District Share of SVCW 2015 Bonds	-	-	-	106,893	811,950
<b>Total Senior Debt Service</b>	<b>1,158,582</b>	<b>1,129,060</b>	<b>2,179,815</b>	<b>2,427,019</b>	<b>2,942,008</b>
<b>Senior Debt Service Coverage</b>	<b>6.99</b>	<b>8.22</b>	<b>7.78</b>	<b>4.90</b>	<b>4.93</b>
District Share of SRF Loans	-	220,077	220,077	220,077	220,077
District Share of SVCW Line of Credit	-	-	-	-	-
<b>Total Debt Service</b>	<b>1,158,582</b>	<b>1,349,137</b>	<b>2,399,892</b>	<b>2,647,096</b>	<b>3,162,085</b>
<b>Total Debt Service Coverage</b>	<b>6.99</b>	<b>6.88</b>	<b>7.07</b>	<b>4.49</b>	<b>4.59</b>
<b>Net Revenues Remaining After Debt Service</b>	<b>6,937,872</b>	<b>7,936,502</b>	<b>14,567,780</b>	<b>9,245,407</b>	<b>11,342,339</b>
<b>Cash &amp; Investments June 30</b>	<b>\$18,287,782</b>	<b>\$24,513,975</b>	<b>\$34,996,470</b>	<b>\$38,676,749</b>	<b>\$46,212,284</b>
<b>Days Operating Cash June 30</b>	<b>644</b>	<b>846</b>	<b>1,149</b>	<b>998</b>	<b>1,233</b>

(1) Debt service figures are shown on a cash basis, whereas the audited financial statements report the amounts on an accrual basis.

Source: West Bay Sanitary District

## **Projected Revenues, Expenses, and Debt Service Coverage**

[assumptions to come]

**Table C8**  
**West Bay Sanitary District – Cash Flow Projections**

	2017-18	2018-19	2019-20	2020-21	2021-22
	Projected 4%	Projected 5%	Projected 5%	Projected 5%	Projected 5%
Rate Increase					
<b>Beginning Fund Reserves</b>	\$46,212,284	\$45,807,022	\$46,482,718	\$47,490,603	\$47,924,112
<b>REVENUES</b>					
Sewer Service Charges	25,395,641	26,665,423	27,998,694	29,398,629	30,868,560
Connection Fees	500,000	50,000	50,000	50,000	50,000
Investment Earnings	125,000	125,000	125,000	125,000	125,000
Other Revenues	850,000	860,000	870,000	880,000	890,000
<b>Total Revenues</b>	<b>26,870,641</b>	<b>27,700,423</b>	<b>29,043,694</b>	<b>30,453,629</b>	<b>31,933,560</b>
<b>EXPENSES</b>					
<b><u>Operating &amp; Maintenance</u></b>					
District Operating Expenses	7,128,473	7,413,607	7,710,151	8,018,557	8,339,299
SVCW Operating Expenses	6,505,267	6,746,738	6,994,231	7,264,832	7,295,228
<b>Total O&amp;M</b>	<b>13,633,740</b>	<b>14,160,345</b>	<b>14,704,382</b>	<b>15,283,389</b>	<b>15,634,527</b>
<b>Net Revenues</b>	<b>13,236,901</b>	<b>13,540,078</b>	<b>14,339,312</b>	<b>15,170,240</b>	<b>16,299,033</b>
<b><u>Debt Service</u></b>					
<b><u>Senior Debt Service</u></b>					
District Share of SVCW 2009 Bonds (Net)	968,196	965,311	656,803	0	0
District Share of SVCW 2014 Bonds	1,144,175	1,144,768	1,144,887	1,145,480	1,145,183
District Share of SVCW 2015 Bonds	826,950	824,050	1,069,500	1,610,500	1,615,125
District Share of SVCW 2018 Bonds	-	1,801,765	1,803,358	1,802,483	1,800,358
District Share of Future SVCW Bonds	-	-	554,928	2,108,481	3,774,819
<b>Total Senior Debt Service</b>	<b>2,939,322</b>	<b>4,735,894</b>	<b>5,229,475</b>	<b>6,666,943</b>	<b>8,335,485</b>
<b>Senior Debt Service Coverage</b>	<b>4.50</b>	<b>2.86</b>	<b>2.74</b>	<b>2.28</b>	<b>1.96</b>
<b><u>Subordinate Debt Service</u></b>					
District Share of Existing SRF Loans	726,843	726,843	726,843	726,843	885,533
District Share of Future SRF Loans	-	-	-	-	-
District Share of SRF Reserve	-	-	-	-	219,728
District Share of SVCW Line of Credit	-	-	-	-	-
<b>Total Subordinate Debt Service</b>	<b>726,843</b>	<b>726,843</b>	<b>726,843</b>	<b>726,843</b>	<b>1,105,261</b>
<b>Total Combined Debt Service</b>	<b>3,666,164</b>	<b>5,462,736</b>	<b>5,956,318</b>	<b>7,393,785</b>	<b>9,440,746</b>
<b>Total Debt Service Coverage</b>	<b>3.61</b>	<b>2.48</b>	<b>2.41</b>	<b>2.05</b>	<b>1.73</b>
<b><u>Capital &amp; Other Non-Operating</u></b>					
District Capital Improvements	9,292,652	9,210,000	7,675,000	6,500,000	6,600,000
SVCW Pay-Go Capital Funding	414,946	423,245	431,710	440,344	449,151
SVCW Reserve Contributions	268,400	268,400	268,400	402,600	536,800
<b>Subtotal</b>	<b>9,975,998</b>	<b>9,901,645</b>	<b>8,375,110</b>	<b>7,342,944</b>	<b>7,585,951</b>
<b>Total Exp</b>	<b>27,275,903</b>	<b>29,524,727</b>	<b>29,035,809</b>	<b>30,020,119</b>	<b>32,661,224</b>
<b>Revenues Less Expenses</b>	<b>(405,262)</b>	<b>(1,824,304)</b>	<b>7,885</b>	<b>433,510</b>	<b>(727,664)</b>
<b>Ending fund Reserve</b>	<b>\$45,807,022</b>	<b>\$43,982,718</b>	<b>\$ 43,990,603</b>	<b>\$44,424,112</b>	<b>\$43,696,448</b>
<b>Days Cash on Hand</b>	<b>1,226</b>	<b>1,134</b>	<b>1,092</b>	<b>1,061</b>	<b>1,020</b>

Source: West Bay Sanitary District

**Absence of Litigation**

The District is not aware of any action, suit, or proceeding known to be pending or threatened, that would affect the execution of the District's Financing Agreement with the Authority, or materially impact the District's finances.

**Financial Statements**

The District's financial statements for the fiscal year ending June 30, 2017 are attached as Appendix L. The District's financial statements were audited by Chavan & Associates, LLP. The auditor has not been asked to consent to the inclusion of the District's audited financial statements in this Official Statement and has not reviewed this Official Statement.



## APPENDIX D

### GENERAL DEMOGRAPHIC AND STATISTICAL INFORMATION ABOUT THE COUNTY OF SAN MATEO

#### General Information

**City of Redwood City.** The City of Redwood City ("**Redwood City**"), the County seat, is located in the San Francisco Bay Area 25 miles south of San Francisco. It is the oldest bayside city in the County of San Mateo (the "**County**"), incorporated in 1867. Redwood City combines residential, industrial, and commercial elements in a largely urban environment. Its waterfront provides a yacht harbor and the only deep-water port in the South Bay. A wide variety of housing types are available. Services and trade, the County's two largest industry divisions, are expected to provide close to two-thirds of anticipated growth in the next two years. Today the Redwood City is known as the home of several technology companies such as Oracle and Electronic Arts.

**City of San Carlos.** The City of San Carlos ("**San Carlos**") is located in the County, approximately 25 miles south of San Francisco, and encompasses an area of approximately 4.5 square miles. San Carlos was incorporated in 1925 and is a general law city pursuant to the California Government Code. San Carlos has a Council-Manager form of government, with five elected Council members served by a full-time City Manager and staff. The City Council consists of a Mayor and four other Councilmembers. The Mayor is selected from among the sitting Councilmembers and serves a one-year term. Councilmembers are elected at-large for staggered four-year terms. The City Treasurer is also an elected position. The City Clerk is appointed by the City Manager.

**San Mateo County.** The City of Belmont, Redwood City, San Carlos, and the West Bay Sanitary District (the "**Members**") are all located within the County. The County was established April 19, 1856 and encompasses roughly 741 square miles including most of the San Francisco Peninsula south of the City and County of San Francisco. The County shares its southern borders with Santa Clara County and Santa Cruz County. San Francisco International Airport is located at the northern end of the County, and Silicon Valley stretches into the southeastern end. San Mateo County ranks as the 14th most populous county in California with a January 1, 2017 population of approximately 770,203 as estimated by the California State Department of Finance. The County includes 20 incorporated cities and 17 unincorporated communities.

## Population

The largest cities in the County are the cities of Daly City, Redwood City, and South San Francisco. The following table sets forth annual population figures, as of January 1, for the County and the State of California (the “**State**”), for each of the years listed.

### SAN MATEO COUNTY AND STATE OF CALIFORNIA Population Estimates Calendar Years 2013 through 2017

	2013	2014	2015	2016	2017
<b>SAN MATEO COUNTY</b>					
Atherton	7,056	7,064	7,085	7,107	7,148
Belmont	27,047	27,243	27,459	27,608	27,594
Brisbane	4,452	4,491	4,599	4,690	4,722
Burlingame	29,479	29,588	29,724	29,916	30,148
Colma	1,482	1,490	1,499	1,505	1,506
Daly City	105,730	107,225	107,983	108,538	109,287
East Palo Alto	29,602	29,824	30,072	30,225	30,340
Foster City	31,751	32,726	32,947	33,068	33,225
Half Moon Bay	11,729	11,826	12,146	12,530	12,591
Hillsborough	11,300	11,409	11,565	11,663	11,753
Menlo Park	33,200	33,309	33,671	33,807	35,670
Millbrae	22,674	22,786	23,056	23,148	23,168
Pacifica	37,781	37,901	38,036	38,192	38,124
Portola Valley	4,587	4,613	4,667	4,703	4,707
<b>Redwood City</b>	<b>81,076</b>	<b>82,629</b>	<b>83,757</b>	<b>85,402</b>	<b>85,601</b>
San Bruno	43,606	43,872	45,059	45,230	45,295
<b>San Carlos</b>	<b>28,876</b>	<b>29,002</b>	<b>29,145</b>	<b>29,262</b>	<b>29,311</b>
San Mateo	99,807	100,420	101,568	102,977	103,426
South San Francisco	64,612	64,781	65,022	65,378	65,451
Woodside	5,531	5,570	5,610	5,652	5,666
Balance of County	64,261	64,586	64,939	65,294	65,470
Incorporated	681,378	687,769	694,670	700,601	704,733
San Mateo County Total	745,639	752,355	759,609	765,895	770,203
<b>STATE OF CALIFORNIA</b>	38,238,492	38,572,211	38,915,880	39,189,035	39,523,613

*Source: California State Department of Finance.*

*[Remainder of page intentionally left blank]*

## Employment and Industry

The Authority is in the San Francisco-Redwood City-South San Francisco Metropolitan Division ("MD") which is composed of San Francisco and San Mateo counties. The unemployment rate in the MD was 2.6 percent in October 2017, down from a revised 2.8 percent in September 2017, and below the year-ago estimate of 3.2 percent. This compares with an unadjusted unemployment rate of 4.3 percent for the State and 3.9 percent for the nation during the same period. The unemployment rate was 2.7 percent in San Francisco County, and 2.5 percent in the County.

The following table summarizes the civilian labor force, employment and unemployment for the MD for the years 2012 through 2016. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the Counties. Annual figures are not yet available for the calendar year 2017.

**SAN FRANCISCO-REDWOOD CITY-SOUTH SAN FRANCISCO MD**  
**(San Francisco And San Mateo Counties)**  
**Annual Average Civilian Labor Force, Employment and Unemployment, and**  
**Unemployment by Industry**  
**Calendar Years 2012 through 2016**  
**(March 2016 Benchmark)**

	2012	2013	2014	2015	2016
Civilian Labor Force <sup>(1)</sup>	921,500	934,400	957,300	983,400	1,008,400
Employment	860,600	884,300	916,200	948,900	976,700
Unemployment	60,900	50,100	41,200	34,500	31,600
Unemployment Rate	6.6%	5.4%	4.3%	3.5%	3.1%
Wage and Salary Employment: <sup>(2)</sup>					
Agriculture	1,700	1,800	1,900	1,900	1,900
Manufacturing	34,000	34,700	35,600	36,100	37,600
Wholesale Trade	23,500	24,700	25,600	26,900	27,700
Retail Trade	75,700	77,500	79,600	80,700	80,900
Trans., Warehousing, Utilities	36,500	38,700	39,700	42,100	46,700
Information	46,400	49,600	55,000	63,100	70,600
Financial and Insurance	49,600	50,700	52,300	54,800	57,600
Real Estate, Rental & Leasing	18,300	19,300	19,600	20,400	21,100
Professional and Business Services	214,200	228,000	243,900	259,600	272,300
Educational and Health Services	120,000	123,400	126,000	129,900	132,800
Leisure and Hospitality	121,500	125,700	131,100	136,100	139,900
Other Services	35,800	37,600	39,600	40,000	40,800
Federal Government	17,900	17,600	17,500	17,700	17,800
State Government	33,200	32,900	33,000	34,100	35,300
Local Government	68,400	68,400	70,200	72,600	74,600
Total All Industries <sup>(3)</sup>	896,700	930,600	970,600	1,016,000	1,057,600

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

## Largest Employers

The following table lists the largest employers within the County as of November 2017, in alphabetical order.

### **SAN MATEO COUNTY Major Employers As of November 2017**

<b>Employer Name</b>	<b>Location</b>	<b>Industry</b>
Customcare	Daly City	Nonclassified Establishments
Electric Charging Station	Menlo Park	Research Service
Electronic Arts Inc	Redwood City	Game Designers (Mfrs)
Fisher Investments	San Mateo	Investment Management
Fisher Investments	Woodside	Investment Management
Forced Dump Debris Box Svc	Burlingame	Garbage Collection
Franklin Templeton Investments	San Mateo	Investments
Genentech Inc	S San Francisco	Biotechnology Products & Services
Gilead Sciences Inc	Foster City	Biological Products (Mfrs)
Guckenheimer Inc	Foster City	Marketing Programs & Services
Kaiser Permanente Redwood City	Redwood City	Physicians & Surgeons
Kaiser Permanente South Sn	S San Francisco	Hospitals
Loften North America	Burlingame	Mining Companies
Lpch	Menlo Park	Health Care Facilities
Mills-Peninsula Health Svc	Burlingame	Health Care Management
Oracle Corp	Redwood City	Computer Software-Manufacturers
San Francisco Intl Airport-Sfo	San Francisco	Airports
San Mateo County Behavior	San Mateo	Government Offices-County
San Mateo Medical Ctr	San Mateo	Hospitals
Sri International Inc	Menlo Park	Engineers-Research
Tectura Corp	Belmont	Computers-System Designers & Consultants
US Interior Dept	Menlo Park	Government Offices-Us
Visa Inc	Foster City	Credit Card & Other Credit Plans
Visa International Svc Assn	Foster City	Associations
Visa USA Inc	Foster City	Credit Card & Other Credit Plans

*Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2018 1st Edition.*

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## Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and non-tax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for Redwood City, San Carlos, the County, the State and the United States for the period 2012 through 2016. Effective Buying Income data is not yet available for the calendar year 2017.

### CITY OF REDWOOD CITY, CITY OF SAN CARLOS AND SAN MATEO COUNTY Effective Buying Income - As of January 1, 2012 through 2016

Year	Area	Total Effective Buying Income (000s Omitted)	Median Household Effective Buying Income
2012	City of Redwood City	\$2,693,878	\$62,528
	City of San Carlos	1,510,000	85,698
	San Mateo County	26,570,648	68,429
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	City of Redwood City	\$2,802,145	\$65,351
	City of San Carlos	1,549,938	91,864
	San Mateo County	26,846,688	70,427
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Redwood City	\$2,893,518	\$66,809
	City of San Carlos	1,631,885	92,952
	San Mateo County	28,257,708	72,165
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	City of Redwood City	\$3,175,728	\$72,095
	City of San Carlos	1,630,065	95,776
	San Mateo County	30,989,833	77,717
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2016	City of Redwood City	3,484,968	75,359
	City of San Carlos	1,844,215	102,803
	San Mateo County	33,690,067	81,795
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043

Source: The Nielsen Company (US), Inc.

## Commercial Activity

Summaries of historic taxable sales within Redwood City, San Carlos and the County during the past five years in which data is available are shown in the following tables. Figures are not yet available for 2016 or 2017.

Total taxable sales during the first three quarters of calendar year 2016 in Redwood City were reported to be \$1.40 billion, a 5.65% decrease over the total taxable sales of \$1.49 billion reported during the first three quarters of calendar year 2015.

### CITY OF REDWOOD CITY Number of Permits and Valuation of Taxable Transactions (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2011	1,236	\$1,170,101	2,023	\$1,551,074
2012	1,287	1,278,605	2,084	1,696,509
2013	1,315	1,363,758	2,098	1,828,715
2014	1,291	1,447,923	2,039	1,958,291
2015 <sup>(1)</sup>	1,294	1,449,195	2,207	2,035,129

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Total taxable sales during the first three quarters of calendar year 2016 in San Carlos were reported to be \$648 million, an 11.56% increase over the total taxable sales of \$581 million reported during the first three quarters of calendar year 2015.

### CITY OF SAN CARLOS Number of Permits and Valuation of Taxable Transactions (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2011	721	\$452,473	1,377	\$628,819
2012	763	482,933	1,402	667,790
2013	801	516,465	1,456	744,025
2014	839	568,963	1,502	799,248
2015 <sup>(1)</sup>	838	530,592	1,601	798,498

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Total taxable sales during the first three quarters of calendar year 2016 in the County were reported to be \$11.43 billion, a 1.06% increase over the total taxable sales of \$11.31 billion reported during the first quarter of calendar year 2015.

**SAN MATEO COUNTY**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in Thousands)**

	<b>Retail and Food Services Stores</b>		<b>Total All Outlets</b>	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2011	11,470	\$8,536,043	18,995	\$13,020,643
2012	11,748	9,277,144	19,189	13,906,978
2013	12,438	9,935,641	19,808	14,611,618
2014	12,673	10,278,717	19,999	15,298,434
2015 <sup>(1)</sup>	12,744	10,301,197	21,581	15,478,010

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

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## Construction and Building Activity

Provided below are the building permits and valuations for Redwood City, San Carlos and the County for calendar years 2012 through 2016. Annual figures are not yet available for calendar year 2017.

### CITY OF REDWOOD CITY Total Building Permit Valuations (Valuations in thousands)

	2012	2013	2014	2015	2016
<u>Permit Valuation</u>					
New Single-Family	\$35,516.6	\$3,399.2	\$6,400.3	\$13,130.4	\$10,361.1
New Multi-Family	103,125.6	57,869.2	83,820.0	16,463.2	76,854.5
Res. Alterations/Additions	<u>10,362.8</u>	<u>28,261.4</u>	<u>26,301.6</u>	<u>27,133.5</u>	<u>35,949.0</u>
Total Residential	149,005.0	89,529.8	116,521.9	56,727.1	123,164.6
New Commercial	3,351.5	26,843.9	9,107.1	21,836.4	109,558.0
New Industrial	382.0	619.2	7,000.0	0.0	0.0
New Other	17.6	905.5	18,994.3	10,949.0	6,807.2
Com. Alterations/Additions	<u>16,037.5</u>	<u>47,256.7</u>	<u>63,598.1</u>	<u>87,473.2</u>	<u>117,348.5</u>
Total Nonresidential	19,788.6	75,625.3	98,699.5	120,258.6	233,713.7
<u>New Dwelling Units</u>					
Single-Family	60	8	15	17	19
Multiple Family	<u>267</u>	<u>395</u>	<u>749</u>	<u>135</u>	<u>587</u>
Total	327	403	764	152	606

Source: Construction Industry Research Board, Building Permit Summary.

### CITY OF SAN CARLOS Total Building Permit Valuations (Valuations in thousands)

	2012	2013	2014	2015	2016
<u>Permit Valuation</u>					
New Single-Family	\$2,006.7	\$14,222.9	\$4,856.9	\$17,837.6	\$19,015.2
New Multi-Family	585.0	2,620.2	0.0	2,935.3	59,445.0
Res. Alterations/Additions	<u>21,177.2</u>	<u>25,237.4</u>	<u>25,289.6</u>	<u>32,146.8</u>	<u>28,948.4</u>
Total Residential	23,768.9	42,080.5	30,146.5	52,919.7	107,408.6
New Commercial	964.3	1,860.3	1,398.0	2,239.5	59,255.2
New Industrial	45.0	15,100.0	0.0	0.0	0.0
New Other	0.0	797.0	1,352.6	3,047.5	4,854.6
Com. Alterations/Additions	<u>7,873.9</u>	<u>41,144.5</u>	<u>26,317.1</u>	<u>29,395.2</u>	<u>4,625.9</u>
Total Nonresidential	8,883.2	58,901.8	29,067.7	34,682.2	68,735.7
<u>New Dwelling Units</u>					
Single-Family	3	22	9	24	24
Multiple Family	<u>2</u>	<u>8</u>	<u>0</u>	<u>11</u>	<u>256</u>
Total	5	30	9	35	380

Source: Construction Industry Research Board, Building Permit Summary.



**SAN MATEO COUNTY**  
**Total Building Permit Valuations**  
**(Valuations in Thousands)**

	2012	2013	2014	2015	2016
<u>Permit Valuation</u>					
New Single-family	\$245,163.9	\$292,893.4	\$289,903.2	\$374,275.5	\$367,334.0
New Multi-family	171,390.4	151,019.5	162,925.6	259,181.0	252,560.4
Res. Alterations/Additions	<u>201,543.1</u>	<u>299,830.5</u>	<u>348,231.2</u>	<u>408,011.2</u>	<u>395,240.9</u>
Total Residential	\$618,097.4	\$743,743.4	\$801,060.0	\$1,041,467.7	\$1,015,135.3
 New Commercial	 \$83,374.0	 \$165,578.7	 \$413,462.8	 \$328,133.6	 \$716,150.7
New Industrial	2,021.6	15,724.2	9,600.0	0.0	4,954.8
New Other	1,975.6	58,726.5	103,363.4	192,961.9	196,145.2
Com. Alterations/Additions	<u>167,438.8</u>	<u>263,460.8</u>	<u>490,364.6</u>	<u>489,389.7</u>	<u>728,965.3</u>
Total Nonresidential	\$254,810.0	\$503,490.2	\$1,016,790.8	\$1,010,485.2	\$1,646,216.0
 <u>New Dwelling Units</u>					
Single Family	264	350	315	521	458
Multiple Family	<u>671</u>	<u>840</u>	<u>17</u>	<u>1,386</u>	<u>1,319</u>
TOTAL	935	1,190	332	1,907	1,777

*Source: Construction Industry Research Board, Building Permit Summary.*

## Transportation

San Francisco International Airport (“**SFO**”), the “gateway to the Pacific,” is a world class airport serving tens of millions of domestic and international passengers annually. It is the largest airport in the San Francisco Bay Area and the second busiest airport in the State, after Los Angeles International Airport. In 2016, SFO was the seventh busiest in the United States and the 23rd largest airport in the world, by passenger count, with 53,106,505 passengers traveling to and from SFO, 450,388 flights arriving and departing from SFO, and 483,223 metric tons of cargo passing through SFO.

The Port of Redwood City is also located in the County. The Port has a deep-water channel and handles bulk cargo including lumber and scrap metal.

The County is traversed with major highways including U.S. Highway 101 and Interstate 280 (California), as well as Highway 1 along the Pacific Coast. The County is also served by two bridges spanning the San Francisco Bay including the San Mateo Bridge, part of State Route 92, and the Dumbarton Bridge, part of State Route 84.

The County is connected to downtown San Francisco, SFO, and the East Bay by the San Francisco Bay Area Rapid Transit (“**BART**”) District. The County’s public bus service is SamTrans. The County is also served by Caltrain, a commuter rail service between San Jose and San Francisco, running along the Southern Pacific right-of-way.

## **APPENDIX E**

### **SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**

The following is a brief summary of the provisions of the Indenture of Trust under which the Bonds are issued, and a summary of the Financing Agreements between the Authority and each of the Participating Members. Such summaries are not intended to be definitive. Reference is made to the actual documents (copies of which are available from the Authority) for the complete terms thereof.

## APPENDIX F

### FORMS OF CONTINUING DISCLOSURE CERTIFICATES

#### AUTHORITY CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by SILICON VALLEY CLEAN WATER (formerly the South Bayside System Authority) (the “Authority”) in connection with the issuance of the Silicon Valley Clean Water (San Mateo County, California) 2018 Wastewater Revenue Bonds (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of February 1, 2018 (the “Indenture”), by and between the Authority and \_\_\_\_\_, as trustee.

The Authority covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the Authority pursuant to, and as described in, Sections 4 and 5 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months after the end of the Authority’s fiscal year (currently March 31 based on the Authority’s fiscal year end of June 30).

“*Dissemination Agent*” means the Authority, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 3(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the Authority in connection with the issuance of the Bonds.

“*Participating Underwriter*” means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

### Section 3. Reporting of Significant Events.

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Authority or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the Authority or an obligated person, or the sale of all or substantially all of the assets of the Authority or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, the Authority shall, or shall cause the Dissemination Agent (if not the Authority) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The Authority acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Authority shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the Authority obtains knowledge of the occurrence of any of these Listed Events, the Authority will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Authority will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

#### Section 4. Provision of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2018, with the report for the 2016-17 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 5 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Authority) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 5 of this Disclosure Certificate; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Authority's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 3(c). The Authority shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Authority hereunder.

(b) If the Authority does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Authority, in a timely manner, shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Authority, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 5. Content of Annual Reports. The Authority's Annual Report shall contain or incorporate by reference the following:

(a) The Authority's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Authority's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Authority for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) remaining and anticipated sources of CIP funding, which may be provided in the same or similar form as Tables 2, 3 and 4;

(ii) any bonds issues in the most recently completed fiscal year that are payable from SVCW Bond Payments;

(iii) any change in the cost allocations of Members during the most recently completed fiscal year; and

(iv) average wastewater flow for the most recently completed fiscal year, which may be provided in the same or similar form as Table 6.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Authority shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Authority shall clearly identify each such other document so included by reference.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 3(b).

Section 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Authority. Any Dissemination Agent may resign by providing 30 days' written notice to the Authority.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Authority to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 3(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the Authority fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Authority hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Bond holders or any other party. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Authority for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: \_\_\_\_\_, 2018

SILICON VALLEY CLEAN WATER

By: \_\_\_\_\_

Name: \_\_\_\_\_



Title: \_\_\_\_\_

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Silicon Valley Clean Water

Name of Issue: Silicon Valley Clean Water (San Mateo County, California) 2018  
Wastewater Revenue Bonds

Date of Issuance: \_\_\_\_\_, 2018

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-named Bonds as required by the Authority Continuing Disclosure Certificate, dated \_\_\_\_\_, 2018. The Authority anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

DISSEMINATION AGENT:

\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**PARTICIPATING MEMBER  
CONTINUING DISCLOSURE CERTIFICATE**

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by \_\_\_\_\_ (the “Participating Member”) in connection with the issuance of the Silicon Valley Clean Water (San Mate County, California) 2018 Wastewater Revenue Bonds (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of February 1, 2018 (the “Indenture”), by and between Silicon Valley Clean Water and \_\_\_\_\_, as trustee. The Bonds are payable from revenues, including payments to be made by the Participating Member under a Financing Agreement (the “Financing Agreement”), between the Authority and the Participating Member.

The Participating Member covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Participating Member for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the Participating Member pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months after the end of the Participating Member’s fiscal year (currently March 31 based on the Participating Member’s fiscal year end of June 30).

“*Dissemination Agent*” means \_\_\_\_\_, or any successor Dissemination Agent designated in writing by the Participating Member and which has filed with the Participating Member a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the Participating Member in connection with the issuance of the Bonds.

“*Participating Underwriter*” means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

### Section 3. Provision of Annual Reports.

(a) The Participating Member shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2018, with the report for the 2016-17 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the Participating Member shall provide the Annual Report to the Dissemination Agent (if other than the Participating Member). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Participating Member) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Participating Member to determine if the Participating Member is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Participating Member may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Participating Member's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Participating Member shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Participating Member hereunder.

(b) If the Participating Member does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Participating Member, in a timely manner, shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Participating Member, file a report with the Participating Member certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Participating Member's Annual Report shall contain or incorporate by reference the following:

(a) The Participating Member's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Participating Member's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Participating Member for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) revenues by class of user for the Sewer Utility System for the most recently completed fiscal year, which may be provided in the same or similar form as Tables A3, B3 and C3;

(ii) the largest Sewer Utility System users by revenue for the most recently completed fiscal year, which may be provided in the same or similar form as Tables A4, B4 and C4;

(iii) a description of any revisions to the wastewater rates which were adopted or which took effect during the most recently completed fiscal year;

(iv) the Sewer Utility System's revenues and expenses and Net Revenues, including debt service and coverage ratios, for the most recently completed fiscal year, which may be provided in the same or similar form as Tables A9, B8 and C7; and

(v) a description of any additional indebtedness incurred by the Participating Member during the most recently completed fiscal year which is payable from revenues of the Sewer Utility System.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Participating Member shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Participating Member or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Participating Member shall clearly identify each such other document so included by reference.

Section 5. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The Participating Member's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Participating Member shall give notice of such termination as follows: the Participating Member shall, or shall cause the Dissemination Agent (if not the Participating Member) to, file a notice of such termination with the MSRB, in an electronic format as prescribed by the MSRB.

Section 7. Dissemination Agent. The Participating Member may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be \_\_\_\_\_. Any Dissemination Agent may resign by providing 30 days' written notice to the Participating Member.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Participating Member may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a) or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Participating Member to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section shall be filed in the same manner as for a Listed Event under Section 6.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Participating Member from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Participating Member chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Participating Member shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. If the Participating Member fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Participating Member to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure

Certificate in the event of any failure of the Participating Member to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Participating Member agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Participating Member hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Participating Member, the Bond holders or any other party. The obligations of the Participating Member under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Participating Member for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Participating Member, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: \_\_\_\_\_, 2018

[PARTICIPATING MEMBER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

AGREED AND ACCEPTED:

\_\_\_\_\_,  
as Dissemination Agent

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Silicon Valley Clean Water

Name of Issue: Silicon Valley Clean Water (San Mateo County, California) 2018  
Wastewater Revenue Bonds

Date of Issuance: \_\_\_\_\_, 2018

NOTICE IS HEREBY GIVEN that the Participating Member has not provided an Annual Report with respect to the above-named Bonds as required by the Participating Member Continuing Disclosure Certificate, dated \_\_\_\_\_, 2018. The Participating Member anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

DISSEMINATION AGENT:

\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**APPENDIX G**  
**FORM OF BOND COUNSEL OPINION**

\_\_\_\_\_, 2018

Silicon Valley Clean Water  
1400 Radio Road  
Redwood Authority, California 94065

**OPINION:** \$\_\_\_\_\_ Silicon Valley Clean Water  
(San Mateo County, California)  
2018 Wastewater Revenue Bonds

Members of the Authority:

We have acted as bond counsel in connection with the issuance by Silicon Valley Clean Water (the "Authority") of its \$\_\_\_\_\_ aggregate principal amount of Silicon Valley Clean Water (San Mateo County, California) 2018 Wastewater Revenue Bonds (the "Bonds"). The Bonds have been issued by the Authority under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Bond Law"), an Indenture of Trust dated as of February 1, 2018 (the "Indenture") between the Authority and \_\_\_\_\_, as trustee, and a resolution adopted by the Commission of the Authority on December 14, 2017. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Indenture and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Authority is duly organized and validly existing as a joint powers authority under the laws of the State of California, with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.
2. The Bonds constitute legal, valid and binding special obligations of the Authority enforceable in accordance with their terms and payable solely from the sources provided therefor in the Indenture.
3. The Indenture has been duly approved by the Authority and constitutes a legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.

4. Under the Bond Law, the Indenture establishes a valid lien on and pledge of the Revenues (as that term is defined in the Indenture) for the security of the Bonds.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986 which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority has covenanted in the Indenture and in other instruments relating to the Bonds to comply with each of such requirements, and the Authority has full legal authority to make and comply with such covenants. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Interest on the Bonds is exempt from California personal income taxation.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases.

Respectfully submitted,

*Jones Hall,*  
A Professional Law Corporation

## APPENDIX H

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the bonds described in this Official Statement (the "Bonds"), payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the issuer of the Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust

companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org). *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI

Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

## **APPENDIX I**

### **Annual Financial Report for Silicon Valley Clean Water – Fiscal Year Ended June 30, 2017**

## **APPENDIX J**

### **Comprehensive Annual Financial Report for the City of Redwood City – Fiscal Year Ended June 30, 2017**

[see attached]



## **APPENDIX K**

### **Comprehensive Annual Financial Report for the City of San Carlos – Fiscal Year Ended June 30, 2017**

[see attached]

## **APPENDIX L**

### **Financial Statements and Independent Auditor's Report for West Bay Sanitary District – Fiscal Year Ended June 30, 2017**

[see attached]