



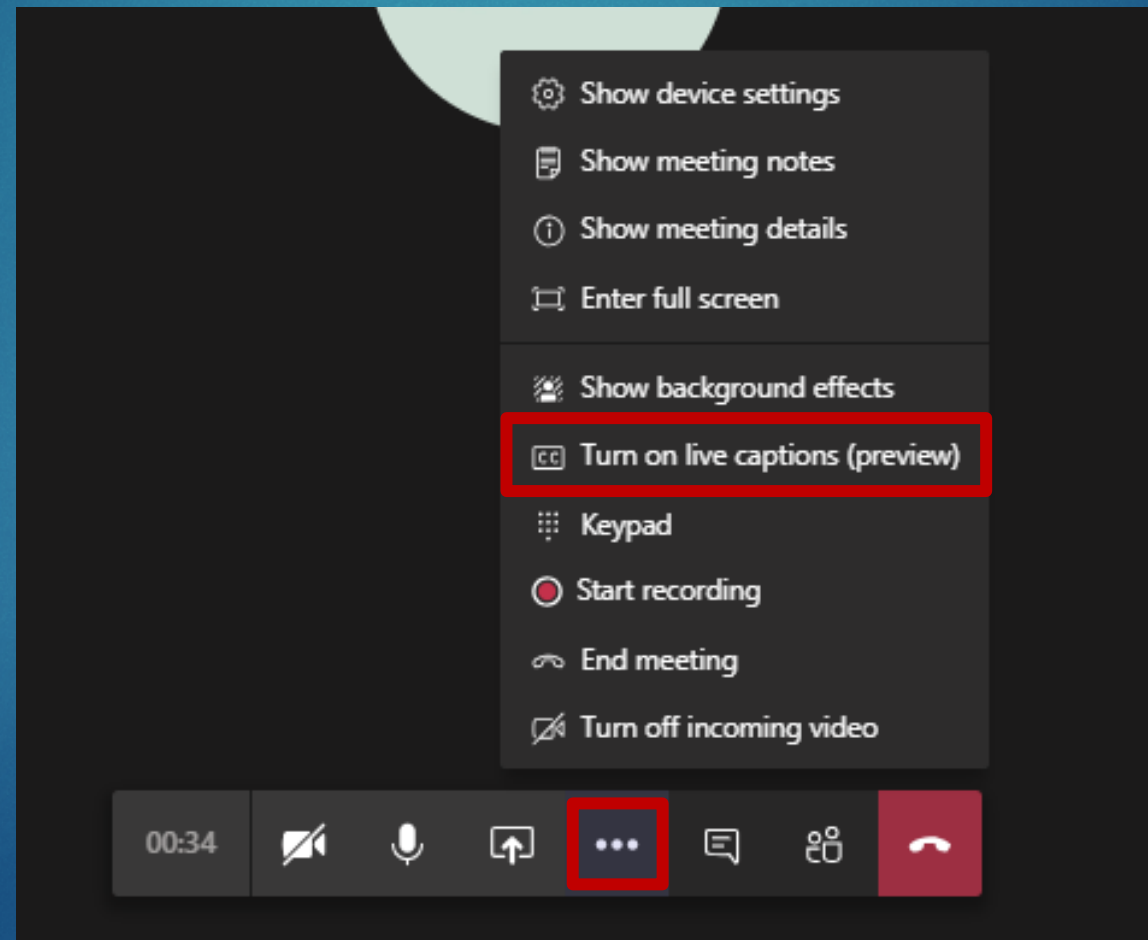
Silicon Valley Clean Water Commission Meeting

SEPTEMBER 21, 2020



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Agenda Item 8A



Refund 2014 and 2015
Bonds, Authorize
Negotiated Bid
Method

Background

6

- ▶ **2014 Bonds:** \$60M funded capital projects
 - ▶ Interest rates of 4.20% and 5%;
 - ▶ Call dates February 2022 (~\$5.5M) and February 2024 (~\$43.1M)
- ▶ **2015 Bonds:** \$70M funded projects / refunded 2008 & 2009 Bonds
 - ▶ Interest rate is 5%; call date August 2025
- ▶ 2017 tax code prohibits early refundings via tax-exempt bonds
 - ▶ May refund via taxable bonds, however, at any time
 - ▶ Refunding at current low-interest taxable rates is attractive

Proposed Refunding – Financial Benefits*

7

▶ **Savings estimated at:**

- ▶ \$8.5 million NPV
- ▶ \$520 thousand Annual Debt Service

▶ **2014 Wastewater Revenue Bonds:**

- ▶ \$6M NPV savings;
- ▶ \$380k Annual Cash Flow Savings through 2044

▶ **2015 Wastewater Revenue Bonds:**

- ▶ \$2.4M NPV savings;
- ▶ \$140k Annual Cash Flow Savings through 2045

*Preliminary, subject to change. Assumes market conditions as of September 09, 2020

Waive NPV Savings Target

- ▶ Debt Management Policy targets 5% savings for advanced refundings
- ▶ Estimated savings of 11% for 2014 Series & 3.8% for 2015 Series
- ▶ Reasons to Proceed with Refunding:
 - ▶ Cash Flow Savings reduces Debt Service Payments
 - ▶ Lower Debt Service Payments Reduces Pressure to Raise Rates
 - ▶ Assists in SRF Loan negotiations with the State Water Board
 - ▶ Addresses State Water Board concerns over outstanding Bonds' senior position to SRF Loan

Negotiated Bid Process

- ▶ Debt Management Policy recommends a competitive bid process
- ▶ A negotiated bid method sells debt by selecting an underwriter in advance of sale and together determining terms and conditions of the sale including price, interest rates, credit facilities, fees, and commissions
- ▶ Recommend using a negotiated bid method given complexities of taxable advanced refundings, recent market volatility, and potential need to quickly respond to changes in market conditions

Recommendation

10

Authorize sale of 2020 Wastewater
Revenue Bonds to Refinance Outstanding
2014 and 2015 Bonds
on a Negotiated Bid Basis and
Waive the Savings Targets Outlined in
SVCW's Debt Management Policy





Agenda Item 8B

Effluent Pipeline Leak Repair Emergency Condition



Effluent Pipe Repair Timeline in Pictures

Driving Sheet Piles



Concrete Caps and Beams



Excavation



Excavation to Springline



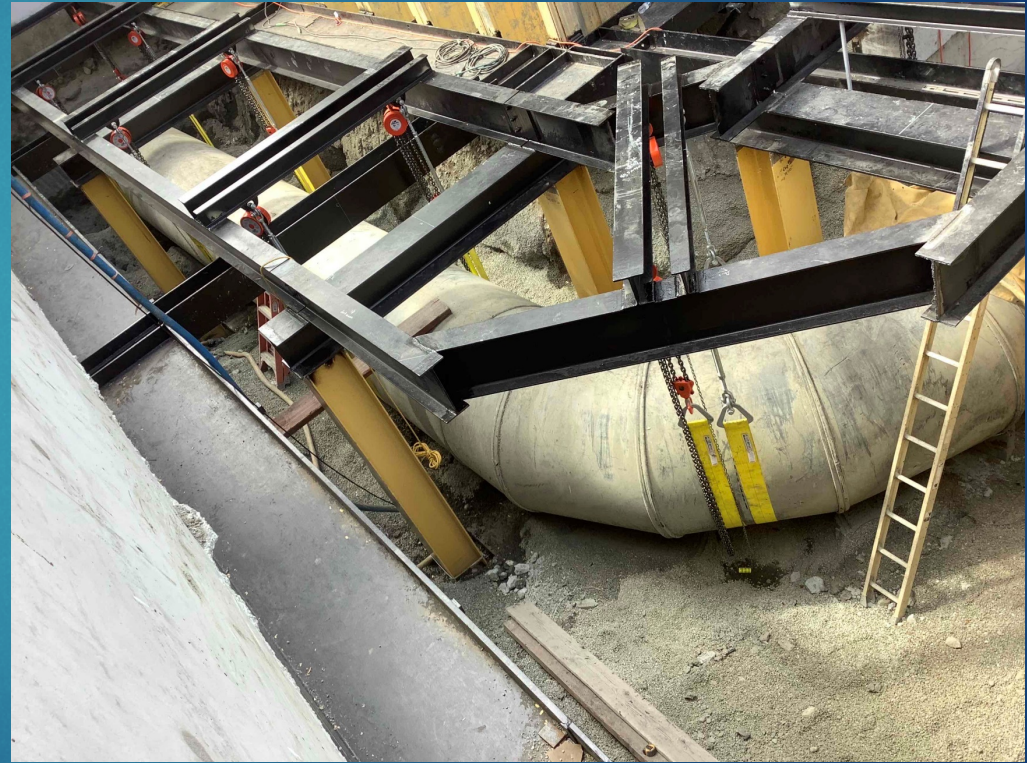
Remove Top of Precast Concrete Box



Lower Waler Installation



Pipe Support Installation and Leveling



Site Restoration



Site Restoration



Future Settlement Monitoring



Settlement Adjustment with Straps



Effluent Pipeline Repair

- ▶ Robust Support System Down to Old Bay Clay
- ▶ Ability to Adjust if Future Settlement Occurs



Changes from Original Conceptual Design

- ▶ Larger, more robust, and deeper pile supported system
- ▶ High Performance Coatings on all Underground Steel
- ▶ Access Hatches Added for Future Inspection and Adjustment



Recommendation

- I. Terminate Emergency Condition and Approve Additional Expenditures up to \$250,000
- II. Accept Construction Project





Agenda Item 8C

Amend WIFIA Loan Agreement

2019 WIFIA Loan Reset

- ▶ WIFIA Allows a One-Time Interest Rate Reset, if borrower:
 - ▶ Has not drawn funds from the WIFIA loan
 - ▶ Can demonstrate other sources would produce significant savings
 - ▶ Has validated remaining construction value exceeds the loan size
 - ▶ Has demonstrated the loan amount will not exceed the agreed-upon size
- ▶ Current conditions suggest WIFIA's 2.40% rate may be reset to 1.24%
 - ▶ Would reduce debt service payments by \$1.96 million annually
 - ▶ Saves \$60.7 million over amortization period (\$45.5 million NPV)

Recommendation

Authorize Execution And Delivery of an
Amendment
to the
WIFIA Loan Agreement
to Lower The Interest Rate

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