

OFFICIAL NOTICE OF SALE

\$137,665,000*

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 Municipal Advisor to Silicon Valley Clean Water,
Fieldman, Rolapp & Associates.

Robert Porr, Senior Vice President
Fieldman, Rolapp & Associates, Inc.
(949) 660-7308
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**A copy of the Preliminary Official Statement
may be obtained at:**
www.munios.com or through *Parity®*

Additional information regarding Silicon Valley Clean Water and the Bonds can be obtained at:

www.svcwinvestors.org/silicon-valley-clean-water-investor-relations-ca/i966

* Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

\$137,665,000*
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 **\$137,665,000*** 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. 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 thereof (which is expected to be **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:

* Preliminary, subject to change.

<u>MATURITY</u> <u>(August 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT*</u>	<u>MATURITY</u> <u>(August 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT*</u>
2018	2,365,000	2034	4,500,000
2019	2,135,000	2035	4,685,000
2020	2,250,000	2036	4,875,000
2021	2,365,000	2037	5,050,000
2022	2,485,000	2038	5,255,000
2023	2,615,000	2039	5,475,000
2024	2,745,000	2040	5,660,000
2025	2,890,000	2041	5,850,000
2026	3,035,000	2042	6,040,000
2027	3,190,000	2043	6,235,000
2028	3,350,000	2044	6,470,000
2029	3,525,000	2045	6,730,000
2030	3,705,000	2046	7,005,000
2031	3,895,000	2047	7,295,000
2032	4,095,000	2048	7,595,000
2033	4,300,000		

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 coupon and yields, and related original issue discount or premium, of the winning bid. 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, to achieve substantially level annual debt service. 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 bear 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 **5.0%**. Interest on the Bonds is payable semiannually on February 1 and August 1 in each year (the "Interest Payment Dates"); commencing August 1, 2018.

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

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

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 or the proceeding paragraph will be rejected.*

Optional Redemption

The Bonds with stated maturities on or before August 1, 2027 are not subject to optional redemption prior to maturity. **The Bonds maturing on or after August 1, 2028, are subject to optional redemption prior to their respective stated maturities, as a whole or in part, on any date on or after February 1, 2028,** 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, 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 of Sale 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 of Sale. 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 of Sale, the terms of this Notice of Sale shall control.

Bid Award Deposit

The winning bidder will be required to submit a **Bid Award Deposit equal to \$1,350,000** 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 the Bonds, which is expected to be **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 of Sale 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 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) 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) 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 the 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 and Investment Advisory Commission” below).

California Debt and Investment Advisory 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 Law 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. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

Should changes in the law cause Bond Counsel’s opinion to materially 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.

Disclosure Counsel Opinion

The firm of Jones Hall, A Professional Law Corporation, as Disclosure Counsel to the Authority, will provide a letter to the Purchaser of the Bonds regarding the Official Statement. Such letter will be to the effect that during the course of Disclosure Counsel’s work with regard to the Bonds, no facts have come to their attention that cause them to believe that the Official Statement (except for any financial and statistical data and forecasts, numbers, estimates, assumptions and expressions of opinion, and information concerning the Depository Trust Company and the book-entry system) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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. 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 “CONCLUDING INFORMATION – Continuing Disclosure.”

Ratings

Ratings 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 “CONCLUDING INFORMATION - Ratings.”

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. In the event that the

competitive sale requirements (as defined below) are met, such certificate shall be in substantially 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 true 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 as to those maturities of the Bonds which satisfy 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)