



Memorandum

To: Board of Supervisors of the City and County of San Francisco

From: Public Utilities Commission of the City and County of San Francisco
Montague DeRose and Associates, LLC

Date: December 2, 2021

Subject: Board of Supervisors 2021 Wastewater Enterprise Bond/Note Sale Report
\$297,880,000 SFPUC Wastewater Revenue Bonds, 2021 Series A and Series B
\$347,465,000 SFPUC Wastewater Revenue Notes, 2021 Series A and Series B

Background:

The Board of Supervisors of the City and County of San Francisco (“Board of Supervisors”) has adopted various ordinances pursuant to Proposition E of 2002 to authorize the issuance of revenue bonds and other forms of indebtedness to finance capital projects benefiting the Wastewater Enterprise (together, the “New Money Authorizing Legislation”). The most recent of this New Money Authorizing Legislation was Ordinance 173-20, passed on September 29, 2020 and signed by the Mayor on October 1, 2020. Pursuant to the New Money Authorizing Legislation, on November 30, 2021, the San Francisco Public Utilities Commission (“SFPUC”) issued \$297.880 million of the 2021 Series AB Wastewater Revenue Bonds (“2021 Wastewater Bonds”) and \$346.465 million of the 2021 Series AB Wastewater Revenue Notes (“2021 Wastewater Notes”).

The 2021 Wastewater Bonds were issued to retire outstanding commercial paper notes previously issued to finance capital projects for the Wastewater Enterprise. The 2021 Wastewater Notes were issued to finance capital projects benefiting the Wastewater Enterprise, primarily the Biosolids Digester Facilities Project and the Southeast Treatment Plant Improvements Project from the SFPUC’s Sewer System Improvement Program.

Ordinance 173-20 requires the SFPUC to, within 30 days of bond issuance, file with the Clerk of the Board of Supervisors a report (“Bond Sales Report”) showing the results of the bond/note sale including (i) principal amount sold and method of sale, (ii) true interest cost, (iii) final maturity, (iv) the facilities constructed and/or improved, and (v) a statement about the remaining bond authorization under Ordinance 173-20.

The SFPUC has requested that Montague DeRose and Associates, LLC, who served as co-municipal advisor to the 2021 Wastewater Bonds and 2021 Wastewater Notes, prepare this Report for purposes of complying with the requirements set forth in Ordinance No. 173-20.

Bond Sales Report: 2021 Wastewater Bonds

The SFPUC issued \$297.880 million of the 2021 Wastewater Bonds on November 30, 2021, which were comprised of the Sub-Series A (SSIP - Green Bonds) and Sub-Series B (Non-SSIP). The 2021 Wastewater Bonds were sold competitively on November 16, 2021; BofA Securities submitted the winning bid (based upon lowest true interest cost) for the Sub-Series A Bonds and Citigroup submitted the winning bid (based upon lowest true interest cost) for the Sub-Series B Bonds. Details of the combined 2021 Wastewater Bonds and each of the Sub-Series are shown in Table 1 below.

Table 1 Summary Statistics: Combined 2021 Wastewater Bonds and Sub-Series			
	2021 Wastewater Bonds (aggregate)	Sub-Series A Bonds (SSIP - Green Bonds)	Sub-Series B Bonds (Non-SSIP)
Pricing Date	November 16, 2021		
Closing Date	November 30, 2021		
Method of Sale	Competitive Sale		
Winning Bidder	n/a	BofA Securities	Citigroup
Principal Amount Sold	\$297.880 million	\$260.835 million	\$37.045 million
True Interest Cost	3.033%	3.01%	3.219%
Final Maturity	October 1, 2051	October 1, 2051	October 1, 2051

Table 2 below includes a list of projects which are to be fully or partially funded with the proceeds of the 2021 Wastewater Bonds.

Project
Series A
Central Bayside System Improvements
Collection System Improvements
Flood Resilience-hydraulic
Sewer System Improvement Program Biosolids-Digester
Sewer System Improvement Program-wide Management
Stormwater Management
Treatment Plant Improvement
Urban Watershed Assessment
Series B

Interim Clean Water CIP
Southeast Outfall Assessment & Rehab
Special Projects Misc. Improvements
Bond-commercial Paper Expense
Collection Division Consolidation
Islais Creek Outfall
Ocean Beach Project
Southeast Community Center
Treasure Island Capital Improvement
Wastewater Enterprise Repair and Replace Collection System

Bonds Sales Report: 2021 Wastewater Notes

The SFPUC issued \$346.465 million of the 2021 Wastewater Notes on November 30, 2021, which were comprised of the Sub-Series A (Green Notes) and Sub-Series B (Green Notes). The 2021 Wastewater Notes were sold competitively on November 18, 2021. J.P. Morgan submitted the winning bid (based upon lowest true interest cost) for the Sub-Series A Notes and Citigroup submitted the winning bid (based upon lowest true interest cost) for the Sub-Series B Notes. Details of the combined 2021 Wastewater Notes and each of the Sub-Series are shown in Table 3 below.

Table 3 Summary Statistics: Combined 2021 Wastewater Notes and Sub-Series			
	2021 Wastewater Notes (aggregate)	Sub-Series A Notes (Green Notes)	Sub-Series B Notes (Green Notes)
Pricing Date	November 18, 2021		
Closing Date	November 30, 2021		
Method of Sale	Competitive Sale		
Winning Bidder	n/a	J.P. Morgan	Citigroup
Principal Amount Sold	\$347.465 million	\$218.355 million	\$129.110 million
True Interest Cost	0.775%	0.748%	0.812%
Final Maturity	October 1, 2026	October 1, 2025	October 1, 2026

Table 4 below includes a list of projects which are to be fully or partially funded with the proceeds of the 2021 Wastewater Notes.

Project
Series A
Sewer System Improvement Program Biosolids-Digester

Series B
Sewer System Improvement Program Biosolids-Digester
Treatment Plant Improvement (SEP Headworks)

Remaining Authorization under Ordinance 173-20:

Following the issuance of the 2021 Wastewater Bonds and 2021 Wastewater Notes, and the subsequent retirement of commercial paper notes with proceeds of the 2021 Wastewater Bonds, the SFPUC has \$646,155,860 of authorized but unissued bonds remaining under Proposition E.

A copy of the final Official Statement for the 2021 Wastewater Notes and 2021 Wastewater Bonds is included with this Report.