

SFPUC Wastewater Enterprise Revenue Bond Authorization, Series 2016 A

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j.w.

Board of Supervisors
Budget & Finance Committee
April 20, 2016

Eric Sandler, CFO &
AGM Business Services





Agenda

- Transaction Description
- Sources and Uses of Funds
- Board Resolution
- Form of Transaction Documents
- Disclosure Questions & Answers
- Transaction Schedule



Transaction Description

- \$621M not-to-exceed par amount
- Plan for bonds to be sold competitively, and as tax-exempt, senior lien, long-term, fixed rate debt; pending Green Bonds certification
- Finance SSIP, R&R, and other Capital Projects
Previously budgeted in FY 2012-13, FY 2013-14 & FY 2014-15
- Refunds \$135M Commercial Paper
- Provides \$443M in New Money proceeds
- Bonds authorized by BOS Ordinances 115-12, and 107-14



Sources and Uses of Funds

Sources:

Bond Proceeds:

Par Amount

\$621,000,000

Total

\$621,000,000

Uses:

Project Fund Deposits:

\$577,987,000

Capitalized Interest Fund

\$40,085,000

Cost of Issuance

\$1,000,000

Underwriter's Discount

\$1,928,000

Total

\$621,000,000



Board of Supervisors Resolution

- Approve the issuance of up to \$621,000,000 of Wastewater Revenue Bonds under Proposition E to fund previously authorized capital projects
- Affirm covenants contained in the Wastewater Revenue bonds indenture
- Approve the form of related bond financing documents
- Delegate execution of bond issuance to SFPUC General Manager



Form of Transaction Documents

- 1. Preliminary Official Statement (POS)**
Disclosure describing bond terms and condition of the Wastewater Enterprise
- 2. Fourth Supplemental Indenture**
Agreement between SFPUC and investors
- 3. Notice of Intention to Sell**
Notifies financial community of pending bond issuance
- 4. Official Notice of Sale**
Notifies underwriters of bidding parameters for competitive bond sale
- 5. Bond Purchase Contract**
Outlines terms of bond sale in the event of a negotiated transaction
- 6. Continuing Disclosure Certificate** (Appendix in POS)
Outlines disclosure reporting requirements during term of bonds



Disclosure Questions & Answers

Key Disclosure Issues

Purpose of Issuance

To finance previously authorized projects for the effective operation of the Wastewater Enterprise (WWE) and refund \$135M in outstanding commercial paper

Structure of Bonds

Senior lien, long-term fixed rate debt

Method of Sale

The Bonds will be sold competitively

Bond Repayment

Repaid from net revenues of the WWE, in accordance with the Wastewater Indenture



Disclosure Questions & Answers, Cont.

Key Disclosure Issues, Continued

How much debt does the WWE have?

Approximately \$1.3 billion, including proposed 2016 Bonds

How will the Bonds impact rates?

WWE rates will be set at approximately \$8/month higher per average bill to meet the increased costs; already factored in 10-Year Financial Plan

What will the impact of the Bonds be on SFPUC credit ratings?

No negative impact anticipated from the issuance of the Bonds



Transaction Schedule

Bond Sale Schedule

Commission	March 22, 2016
Board of Supervisors Budget & Finance	April 20, 2016
Board of Supervisors	April 26, 2016
Bond Pricing	May 10, 2016 (est)
Bond Closing	May 24, 2016 (est)



San Francisco
Water
Power
Sewer

Discussion

