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San Francisco  
Water  
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# SFPUC Water Enterprise Revenue Bond Authorization, Series 2016 C

Board of Supervisors  
Budget & Finance Committee  
October 26, 2016

Charles Perl  
Deputy CFO





San Francisco  
Water  
Power  
Sewer

# Agenda

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



# Transaction Description

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- \$295M not-to-exceed amount
  - Plan for bonds to be sold competitively, and as taxable, senior lien, long-term, fixed rate debt
  - Green Bonds certification under Climate Bonds Water Criteria
  - Primarily refunds Outstanding Taxable Commercial Paper used to fund WSIP private activity
  - Bonds authorized by BOS Ordinance Nos. 89-10



# Sources and Uses of Funds

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## Sources:

Bond Proceeds Par Amount:	<u>\$295,000,000</u>
Total	<u><u>\$295,000,000</u></u>

## Uses:

Commercial Paper Payoff:	\$239,000,000
WSIP Project Fund	26,000,000
Capitalized Interest Fund	29,000,000
Cost of Issuance	400,000
Underwriter's Discount	600,000
Total	<u><u>\$295,000,000</u></u>



# Board of Supervisors Resolution

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- Authorize the issuance of up to \$295,000,000 of Water Revenue Bonds under Proposition E to fund previously authorized capital projects
- Affirm covenants contained in the Water Revenue Bonds indenture
- Approve the form of related bond financing documents
- Delegate execution of bond issuance to SFPUC General Manager



# Form of Transaction Documents

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- 1. Preliminary Official Statement (POS)**  
Describes bond terms and financial and operating information of Water Enterprise
- 2. 23<sup>rd</sup> Supplemental Indenture**  
Agreement between SFPUC and bondholders
- 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 for negotiated transaction
- 6. Continuing Disclosure Certificate (Appendix in POS)**  
Outlines disclosure reporting requirements during term of bonds



# Disclosure Questions & Answers

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## Key Disclosure Issues

**Purpose of Issuance**      To finance previously authorized Water Enterprise WSIP projects

**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 Water Enterprise, in accordance with the Water Indenture



# Disclosure Questions & Answers, Cont.

## Key Disclosure Issues, Continued

How much debt does the Water Enterprise have?

Approximately \$4.1 billion, not including the proposed 2016 C Bonds

How will the Bonds impact rates?

Water rates will increase approximately \$3.00/month per average bill to meet the increased costs related to bonds; this has been factored into the 10-Year Financial Plan

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

No negative impact from the issuance of the Bonds, the ratings have been affirmed by S&P (AA-) and Moody's (Aa3)





# Transaction Schedule

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## Bond Sale Schedule

Commission Approval	September 13, 2016
Board of Supervisors, Budget & Finance Committee	October 26, 2016
Board of Supervisors, Full Board	November 1, 2016
Bond Pricing	Week of Nov. 28, 2016 (est)
Bond Closing	Week of Dec. 12, 2016 (est)

# Questions

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