

LEGISLATIVE DIGEST
(Amended on 05/24/18)

[Wastewater Revenue Bond Issuance and Sale - San Francisco Public Utilities Commission - Not to Exceed \$987,414,494]

Ordinance authorizing the issuance and sale of tax-exempt or taxable Wastewater Revenue Bonds and other forms of indebtedness (as described below) by the San Francisco Public Utilities Commission (Commission) in an aggregate principal amount not to exceed \$987,414,494 to finance the costs of various capital wastewater projects benefitting the Wastewater Enterprise pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002, as Proposition E; authorizing the issuance of Wastewater Revenue Refunding Bonds; declaring the Official Intent of the Commission to reimburse itself with one or more issues of tax-exempt bonds or other forms of indebtedness; and ratifying previous actions taken in connection therewith, as defined herein.

Existing Law

This is new legislation.

Background Information

On November 5, 2002, the voters of the City and County of San Francisco approved Proposition E ("Proposition E") which authorized the Commission to issue revenue bonds, including notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, for the purpose of reconstructing, replacing, expanding, repairing or improving water facilities or clean water facilities or combinations of water and clean water facilities under the jurisdiction of the Commission.

The proposed Ordinance authorizes the Commission to issue and sell its Wastewater Enterprise Revenue Bonds in an amount not greater than \$987,414,494 at a maximum rate of interest of not in excess of twelve percent (12%) payable from and secured by Wastewater Enterprise Revenues under the terms of Proposition E. The Bonds will be issued under an Indenture dated as of January 1, 2003, as further amended and supplemented from time to time, between the Commission and U. S. Bank National Association. Bonds can be issued for any purposes of the Wastewater Enterprise, including, without limitation, the financing or refinancing of capital additions, improvements, repairs and replacements to the Wastewater Enterprise.

The Commission is authorized to determine the timing, amount and manner of sale (i.e., competitive or negotiated) of each series of Wastewater Enterprise Revenue Bonds or the delivery of other forms of indebtedness (including SRF Loans, WIFIA Loans, commercial

FILE NO. 180452

paper, revolving credit notes and bond anticipation notes) pursuant to the proposed Ordinance; but the Commission's authority to issue Wastewater Enterprise Revenue Bonds or incur other forms of indebtedness is subject to further approval by the Commission of the form of substantially final offering document related to such bonds (if any) and the approval of any related financing documents.

Finally the Ordinance provides for the issuance of Refunding Bonds under Charter Section 9.109 without returning to the Board for approval provided that the Commission achieves at least 3% present value debt service savings. The Commission is required to provide a savings report to the Board within 30 days of the date of execution of any refunding. The authority to issue Refunding Bonds ends June 30, 2020.

The Ordinance requires the Commission as a part of the two-year budget review to provide to the Board of Supervisors a written report about Wastewater Revenue Bonds authorized under the Charter or Proposition E (as applicable), detailing the total amount authorized, the total amount sold, the remaining authorized but unissued amount, and the bond authorization no longer necessary due to changes in projects and project financing, beginning in May 2020.