FILE NO. 230665

LEGISLATIVE DIGEST

[San Francisco Public Utilities Commission Water Revenue Bond and Other Forms of Indebtedness Issuance - Not to Exceed $358,985,453]

Ordinance authorizing the issuance and sale of tax-exempt or taxable Water 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 $358,985,453 to finance the costs of various capital water projects benefitting the Water 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 Water Revenue Refunding Bonds and the retirement of outstanding Water Enterprise Commercial Paper; 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.

Existing Law

This is new law.

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 issuance of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness in an amount not to exceed $358,985,453. Proceeds of the Water Revenue Bonds will be used to provide funds to pay the costs to finance of improvements and betterments to the wastewater enterprise, as more fully set forth in the staff report accompanying the proposed Ordinance.

The Water Revenue Bonds will be issued under an Amended and Restated Water Indenture dated as of January 1, 2002 (as further amended and supplemented from time to time ("Indenture"), between the Commission and U. S. Bank National Association, as the trustee.

The proposed Ordinance also authorizes the issuance of Refunding Water Revenue Bonds to refund outstanding indebtedness of the Water Enterprise subject to the following conditions, among others i) three percent (3%) net present value debt service savings or greater is

achieved; (ii) the maturity of the refunded bonds is not extended; (iii) the refunding authorization sunsets on June 30, 2028, unless extended by the Commission. Staff is required to provide a savings report within 30 days following the bond sale.

The proposed Ordinance also authorizes the Commission to issue Refunding Bonds for non-economic factors which may include, by way of illustration, eliminating onerous covenants and obsolete provisions contained in the Commission's Indenture or other security documents, or restructuring a series of bonds in response to then-current market conditions.

i.e., n:\govern\as2013\1200339\00848008.doc [doc locator code goes HERE]