

LEGISLATIVE DIGEST

[San Francisco Public Utilities Commission Water Revenue Bond and Other Forms of Indebtedness Issuance - Various Capital Water Projects Benefitting the Water Enterprise - Not to Exceed \$347,141,218]

Ordinance authorizing the issuance and sale of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness, as defined herein, by the San Francisco Public Utilities Commission (Commission) in an aggregate principal amount not to exceed \$347,141,218 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, as defined herein; 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 Water Enterprise Revenue Bonds in an amount not greater than \$347,141,218 at a maximum rate of interest of not in excess of twelve percent (12%) payable from and secured by Water Enterprise Revenues under Proposition E. The Bonds will be issued under an Amended and Restated Indenture dated as of January 1, 2002, 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 Water Enterprise, including, without limitation, the financing or refinancing of capital additions, improvements, repairs and replacements to the Water Enterprise.

The Commission is authorized to determine the timing, amount and manner of sale (i.e., competitive or negotiated) of each series of Water Enterprise Revenue Bonds or the delivery of other forms of indebtedness (including State Revolving Fund Loans and/or grants from the State Water Resources Control Board, referred to collectively as "SRF Loans") pursuant to

FILE NO. 200838

the proposed Ordinance; but the Commission's authority to issue Water 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, and satisfies other conditions contained in the Ordinance. 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 is for six-year term through June 30, 2026, at which time the Board may consider an extension.

Upon issuance of the Bonds, to the extent permitted by law, one-twentieth of one percent (0.05%) of the gross proceeds of the Bonds will be deposited in a fund established by the City Controller's Office and appropriated by the Board at the direction of the Public Utilities Revenue Bond Oversight Committee established by Proposition P.