

**SPECIAL MEETING OF
THE PUBLIC FACILITIES FINANCING AUTHORITY
OF THE CITY OF SAN DIEGO**

Pursuant to the provisions of the Ralph M. Brown Act, notice is being given that a Special Meeting of the Board of Commissioners of the Public Facilities Financing Authority of the City of San Diego will be held on Monday, May 16, 2016, at 6:00 p.m., or soon thereafter at: (Rev. 5/11/16)

**LOCATION: City Administration Building
Council Chambers
202 C Street, 12th Floor
San Diego, CA 92101**

Members of the public may address the Board of Commissioners on any item for consideration on this agenda.

FOR INFORMATION CALL: Brant Will at (619) 236-6220

APPROVAL OF MINUTES

The Minutes of the following meeting will be approved by Unanimous Consent unless pulled for discussion:

[03-15-2016](#)

[03-22-2016 - Special](#)

ADOPTION AGENDA, DISCUSSION AND OTHER LEGISLATIVE ITEMS

RESOLUTIONS:

ITEM-FA-1: [Public Facilities Financing Authority of the City of San Diego Water Revenue Bonds Preliminary Official Statement Authorization.](#)

ITEM DESCRIPTION:

This action authorizes the distribution of the Preliminary Official Statement and Official Statement for the Authority's proposed Subordinate Water Revenue Bonds and Subordinated Water Revenue Refunding Bonds, 2016.

CITY ATTORNEY'S RECOMMENDATION:

Adopt the following resolution:

(FA-2016-5)

A Resolution of the Board of Commissions of the Public Facilities Financing Authority of the City of San Diego approving the Form of a Preliminary Official Statement relating to its Subordinated Water Revenue Bonds, Series 2016A and Subordinated Water

Revenue Bonds, Refunding Series 2016B (Payable Solely from Subordinated Installment Payments Secured by Net System Revenues of the Water Utility Fund of the City of San Diego); authorizing the execution, delivery and distribution of an Official Statement for such issue of Bonds; and approving certain other actions in connection therewith.

SUPPORTING INFORMATION:

FISCAL CONSIDERATIONS:

The pricing and closing of the 2016 Water Revenue Bonds would be subject to market conditions and the fulfillment of the City's net present value savings threshold of at least 4% for advance economic refundings and 3% for current refundings for the portion of the 2016 Bonds. Based on current market conditions, approximately \$565 million in outstanding 2009A, 2009B, and 2010A Bonds are expected to be refunded. This advance refunding ("Series 2016B Bonds") could provide a cumulative debt service savings to the Water System of approximately \$102 million, for an average annual savings of approximately \$4.2 million over the remaining life of the bonds, Fiscal Years 2017-2040. The net present value (NPV) savings is estimated at 12%. With the refunding, the new total debt service of the Series 2016B Bonds is \$806 million compared to \$908 million of the refunded bonds.

In addition, approximately \$11.6 million in outstanding principal payments for one State Revolving Fund (SRF) Loan is expected to be refunded. The current full refunding of the SRF Loan could provide cumulative loan repayment savings of approximately \$2.1 million, for an average annual savings of approximately \$211,110 in Fiscal Years 2017-2026. The NPV savings is estimated at 4.5%.

The new money CIP Bonds will provide \$80 million in construction fund proceeds for Water System CIP expenditures. The \$80 million funding is provided with the release of \$34 million from the Debt Service Reserve Funds and a new borrowing ("Series 2016A Bonds") of \$46 million. The average annual debt service for the Series 2016A Bond issuance is estimated to be \$2.5 million for Fiscal Years 2017-2046 (based on net new money proceeds) and estimated to have an All-in True Interest Cost of 3.41%.

The estimated costs of issuance for the 2016 Water Revenue Bonds offering including the underwriting syndicate fees and additional proceeds due to rounding are \$853,000. The estimated interest cost and debt service savings reflected above are inclusive of the costs of issuance.

PREVIOUS COUNCIL AND/OR BOARD ACTION:

On January 27, 2016, Debt Management presented the 2016 Water Revenue Bonds (Capital Improvement Projects & Advance Refunding Opportunity) item to the Budget and Government Efficiency Committee. The Budget and Government Efficiency Committee forwarded the item to the City Council for approval.

Resolution R-310310 and Ordinance No. O-20635 were approved by City Council on March 15, 2016 and April 5, 2016, respectively, together authorizing the issuance of the 2016 Water Revenue Bonds and the related financing documents.

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Primary Contact\City Attorney\Phone: Brant C. Will\619-236-6220, MS 59

NOTE: See City Council Agenda of May 16, 2016, Item 201, for a companion item.