UNAPPROVED

THE CITY OF SAN DIEGO, CALIFORNIA
MINUTES FOR THE SPECIAL PUBLIC FACILITIES FINANCING AUTHORITY MEETING
OF
MONDAY, MAY 16, 2016
AT 6:00 PM
IN THE COUNCIL CHAMBERS – 12TH FLOOR

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CHRONOLOGY OF THE MEETING:

The meeting was called to order by Council President Lightner at 6:03 p.m. The meeting was adjourned by Council President Lightner at 6:22 p.m.

ATTENDANCE DURING THE MEETING:

PRESENT:
CD-1 Council President Sherri Lightner
CD-2 Councilmember Lorie Zapf
CD-3 Councilmember Todd Gloria
CD-4 Councilmember Myrtle Cole
CD-5 Councilmember Mark Kersey
CD-6 Councilmember Chris Cate
CD-7 Councilmember Scott Sherman
CD-8 Councilmember David Alvarez

ABSENT:
CD-9 Council President Pro Tem Marti Emerald

CITY CLERK:
Maland (mf).

ROLL CALL:

(1) Council President Lightner-present
(2) Councilmember Zapf-present
(3) Councilmember Gloria-present
(4) Councilmember Cole-present
(5) Councilmember Kersey-present
(6) Councilmember Cate-present
(7) Councilmember Sherman-present
(8) Councilmember Alvarez-present
(9) Council President Pro Tem Emerald-not present

APPROVAL OF MINUTES:

The Minutes for the following meetings were approved by Unanimous Consent.

APPROVED

03-15-2016
03-22-2016 - Special

COUNCIL ACTION: Start Time: 6:03 PM

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) ADOPTED AS 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.

Bamberg

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.

COUNCIL ACTION: Start Time: 6:03 PM

MOTION BY TODD GLORIA TO ADOPT. Second by Scott Sherman.

Passed by the following vote:
Yea: Sherri Lightner, Lorie Zapf, Todd Gloria, Myrtle Cole, Mark Kersey, Chris Cate, Scott Sherman, David Alvarez;
Nay: (None);
Recused: (None);
Not Present: Marti Emerald.

ADJOURNMENT:

The meeting was adjourned by Council President Lightner at 6:22 p.m.

COUNCIL ACTION: Start Time: 6:22 PM

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Elizabeth S. Maland, City Clerk
City of San Diego