



**PUBLIC UTILITIES
REVENUE BOND OVERSIGHT
COMMITTEE
CITY AND COUNTY OF SAN FRANCISCO**

AGENDA

**Public Utilities Commission Building
525 Golden Gate Ave., 3rd Floor
Tuolumne Conference Room
San Francisco, CA 94102**

Listen/Public Call-In Phone Number

[415-906-4659](tel:415-906-4659)

[Conference ID: 552 724 575#](#)

Join on your computer, mobile app or room device

[Click here to join the meeting](#)

Tuesday, November 14, 2023 - 9:00 AM

Regular Meeting

Mission:

The Revenue Bond Oversight Committee (RBOC) monitors the expenditure of revenue bond proceeds related to the repair, replacement, upgrade and expansion of the SFPUC's water, power and sewer infrastructure. The RBOC provides independent oversight to ensure transparency and accountability. The RBOC's goal is to ensure that SFPUC revenue bond proceeds are spent for their intended purposes in accordance with legislative authorization and other applicable laws.

Remote Access to Information and Participation

RBOC convenes hybrid meetings that allow in-person attendance, in-person public comment (prioritized before remote public comment), remote access, and remote public comment via teleconference (<https://sfbos.org/remote-meeting-call>). Members of the public may also submit their comments by email to RBOC@sfgov.org; all comments received will be made a part of the official record.

1. Call to Order and Roll Call

Seat 1	Ettore Leale, Chair
Seat 2	Lars Kamp, Vice Chair
Seat 3	<i>Vacant</i>
Seat 4	Claire Veuthey
Seat 5	<i>Vacant</i>
Seat 6	Christina Tang
Seat 7	Reuben Holober

2. General Public Comment: Members of the public may address RBOC on matters that are within RBOC jurisdiction and not on this agenda.

3. RBOC: Audit Update

*Members of RBOC shall discuss the status of ongoing audits.
Discussion and possible action.
(Public Comment)*

4. RBOC: Planning for Future Audits

*Members of RBOC shall discuss planning for future audits, to evaluate the performance of projects funded by Revenue Bonds.
Discussion and possible action.
(Public Comment)*

5. SFPUC: Bonds Issuance Update

*Members of RBOC shall receive a presentation from SFPUC Capital Finance Staff on the Series 2023AB Water Enterprise Water Revenue Bonds and 2023 Series A Power Enterprise Power Revenue Bonds
Discussion.
Attachment: [Results of Recent Financings for Water Enterprise and Power Enterprise](#)
(Public Comment)*

6. RBOC: Remote Public Access to RBOC Meetings

Members of RBOC will consider changes to the remote access procedures for public participation in RBOC meetings.

Discussion and possible action.

(Public Comment)

7. Minutes Approval – October 10, 2023 Regular Meeting

Discussion and action.

[Attachment: October 10, 2023 RBOC Regular Meeting Minutes](#)

(Public Comment)

8. Announcements, Comments, Questions, and Future Agenda Items

Discussion and possible action.

(Public Comment)

RBOC may meet on the following dates:

- *December 12, 2023.*

RBOC is tracking the following topics and issues as potential Future Agenda Items:

- A. *SFPUC: Water System Improvement Program Update;*
- B. *SFPUC: Power Enterprise and Clean Power SF Update;*
- C. *SFPUC: State Federal Loan Updates;*
- D. *SFPUC: Staff Report: Environmental Justice;*
- E. *RBOC: Acquiring consultant to examine expected performance of completed projects;*
- F. *RBOC: Discussion of the 2015 report, entitled [“Evaluation of Lessons Learned from the WSIP Program,”](#) to identify procedures and reporting processes from the Water System Improvement Program which may be applied to SSIP*
- G. *SFPUC: Discussion of Finding 2 of the [SFPUC Performance Audit of Select Revenue Bond Expenditures dated December 23, 2021](#)
Finding 2: “The Quality Assurance Audit Function Was Not Operational From June 2017 Through November 2020”
(May be scheduled as a follow-up to the May 9, 2023 meeting in Spring 2024)*
- H. *SFPUC: Planning for Future Site Visit to the SSIP project sites including the Biosolids Digester and Headworks Facility projects.*

9. Adjournment

Agenda Item Information

Each item on the agenda may include: 1) Department or Agency cover letter and/or report; 2) Public correspondence; 3) Other explanatory documents. For more information concerning agendas, minutes, and meeting information, such as these documents, please contact:

RBOC Clerk, City Hall,
1 Dr. Carlton B. Goodlett Place,
Room 244, San Francisco, CA 94102
rbooc@sfgov.org
(415) 554-5184.

Audio recordings of the meeting of the Revenue Bond Oversight Committee are available at:

http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=97

Meeting Procedures

Public Comment will be taken before or during the Committee's consideration of each agenda item. Speakers may address the Committee for up to three minutes on that item. During General Public Comment, members of the public may address the Committee on matters that are within the Committee's jurisdiction and are not on the agenda.

Procedures do not permit: 1) persons in the audience to vocally express support or opposition to statements by Commissioners by other persons testifying; 2) ringing and use of cell phones, pagers, and similar sound-producing electronic devices; 3) bringing in or displaying signs in the meeting room; and 4) standing in the meeting room.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

LANGUAGE INTERPRETERS: Requests must be received at least 48 hours in advance of the meeting to help ensure availability. Contact Wilson Ng (415) 554-5184. AVISO EN ESPAÑOL: La solicitud para un traductor debe recibirse antes de mediodía de el viernes anterior a la reunion. Llame a Wilson Ng o Arthur Khoo (415) 554-5184. PAUNAWA: Ang mga kahilingan ay kailangang matanggap sa loob ng 48 oras bago mag miting upang matiyak na matutugunan ang mga hiling. Mangyaring tumawag kay sa (415) 554-5184.

Americans with Disabilities Act (ADA)

Revenue Bond Oversight Committee meetings are held at the Public Utilities Commission, 525 Golden Gate Avenue, San Francisco, CA. The hearing rooms at the Public Utilities Commission are specified on the agenda and are wheelchair accessible. To request sign language interpreters, readers, large print agendas or other accommodations, please call (415) 554-5184. Requests made at least 48 hours in advance of the meeting will help to ensure availability.

Know Your Rights Under The Sunshine Ordinance

Government's duty is to serve the public, reaching its decision in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For information on your rights under the Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) or to report a violation of the ordinance, contact by mail Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102; phone at (415) 554-7724; fax at (415) 554-5163; or by email at sotf@sfgov.org. Citizens may obtain a free copy of the Sunshine Ordinance by printing the San Francisco Administrative Code, Chapter 67, on the Internet at <http://www.sfbos.org/sunshine>.

Ethics Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code, Section 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102; telephone (415) 252-3100; fax (415) 252-3112; website <http://www.sfgov.org/ethics>. Under Campaign and Governmental Conduct Code, Section 1.127, no person or entity with a financial interest in a land use matter pending before the Board of Appeals, Board of Supervisors, Building Inspection Commission, Commission on Community Investment and Infrastructure, Historic Preservation Commission, Planning Commission, Port Commission, or the Treasure Island Development Authority Board of Directors, may make a campaign contribution to a member of the Board of Supervisors, the Mayor, the City Attorney, or a candidate for any of those offices, from the date the land use matter commenced until 12 months after the board or commission has made a final decision, or any appeal to another City agency from that decision has been resolved. For more information about this restriction, visit www.sfethics.org.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code, Section 2.100, et. seq.] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at: 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102; telephone (415) 581-3100; fax (415) 252-3112; website www.sfgov.org/ethics.

Results of Recent Financings for Water Enterprise and Power Enterprise

Nikolai J. Sklaroff,
Capital Finance Director

November 14, 2023



Water Revenue Bond Sales (Series 2023ABCD)

NEW ISSUE - Book Entry Only

San Francisco Water Power Sewer
Services of the San Francisco Public Utilities Commission

Public Utilities Commission of the City and County of San Francisco
San Francisco Water Revenue Bonds, 2023 Series AB
\$149,475,000 \$44,400,000
2023 Sub-Series A (Regional Water and Local Water) 2023 Sub-Series B (Hetchy Hetchy Water)

Rating:
Moody's: "Aa2"
S&P: "AA-"
DB: "BBB-1/2"

SECURITY SCHEDULES
(See back cover page)

Wells Fargo Securities **Jefferies**
RBC Capital Markets UBS IRIS Banker

2023 Series AB

NEW ISSUE - Book Entry Only

San Francisco Water Power Sewer
Services of the San Francisco Public Utilities Commission

Public Utilities Commission of the City and County of San Francisco
San Francisco Water Revenue Bonds, 2023 Series CD
\$485,875,000 \$72,000,000
2023 Sub-Series C (Refunding) 2023 Sub-Series D (Refunding) (Local Water)

Rating:
Moody's: "Aa2"
S&P: "AA-"
DB: "BBB-1/2"

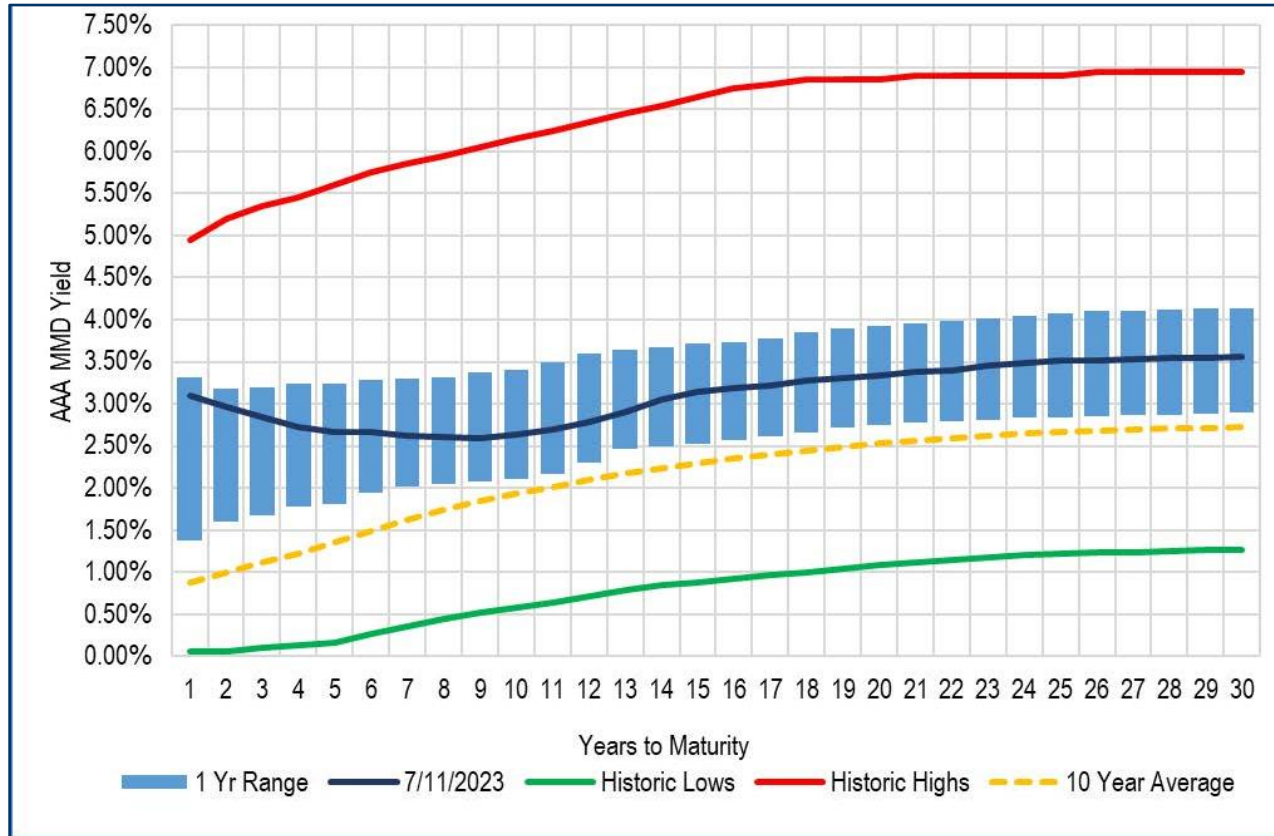
SECURITY SCHEDULES
(See back cover page)

Wells Fargo Securities **Jefferies**
RBC Capital Markets UBS IRIS Banker

2023 Series CD

2023 Series AB		2023 Series CD	
Authorized Par and Purpose	Up to \$450 million to fund regional, local, and Hetchy water capital projects (new money and refund commercial paper)	Authorized Par and Purpose	Up to \$1,662 million to refinance certain outstanding WSIP and Local Water bonds through a tender process to achieve debt savings
Approval:	June 27, 2023 Commission Meeting	Approval:	June 27, 2023 Commission Meeting
Sale	Wells Fargo Securities and Jefferies as lead underwriters respectively with syndicate	Sale	Wells Fargo Securities and Jefferies as lead underwriters respectively with syndicate
Ratings	Moody's Investors Services affirmed Aa2 water revenue bond rating; Stable outlook S&P Global Ratings affirmed AA- water revenue bond rating; Stable outlook	Ratings	Moody's Investors Services affirmed Aa2 water revenue bond rating; Stable outlook S&P Global Ratings affirmed AA- water revenue bond rating; Stable outlook

2023AB Bond Sale Conditions (AAA Rated Bonds Over Past 30 Years)



- Broader financial markets reflected confidence in the U.S. economy.
- High grade tax-exempt municipal bond yields were generally low compared to highs experienced over the past year

Source: Montague De Rose & Associates; Municipal Market Data Index data.



2023AB Final Pricing Results

2023 Series AB Water Revenue Bonds		
Par Amount	\$414,035,000	
Premium	\$57,218,995	
Total Proceeds	\$471,253,995	
True Interest Cost	4.10%	
Sale Date	July 11, 2023	
Closing Date	July 27, 2023	
	Series A (Regional and Local Water)	Series B (Hetch Hetchy Water)
Final Maturity	November 1, 2052	November 1, 2052
True Interest Cost (TIC)	4.10%	4.10%
Purpose	\$398M to fund regional and local water capital projects (new money and refund commercial paper)	\$73M to fund Hetch Hetchy water capital projects (new money and refund commercial paper)

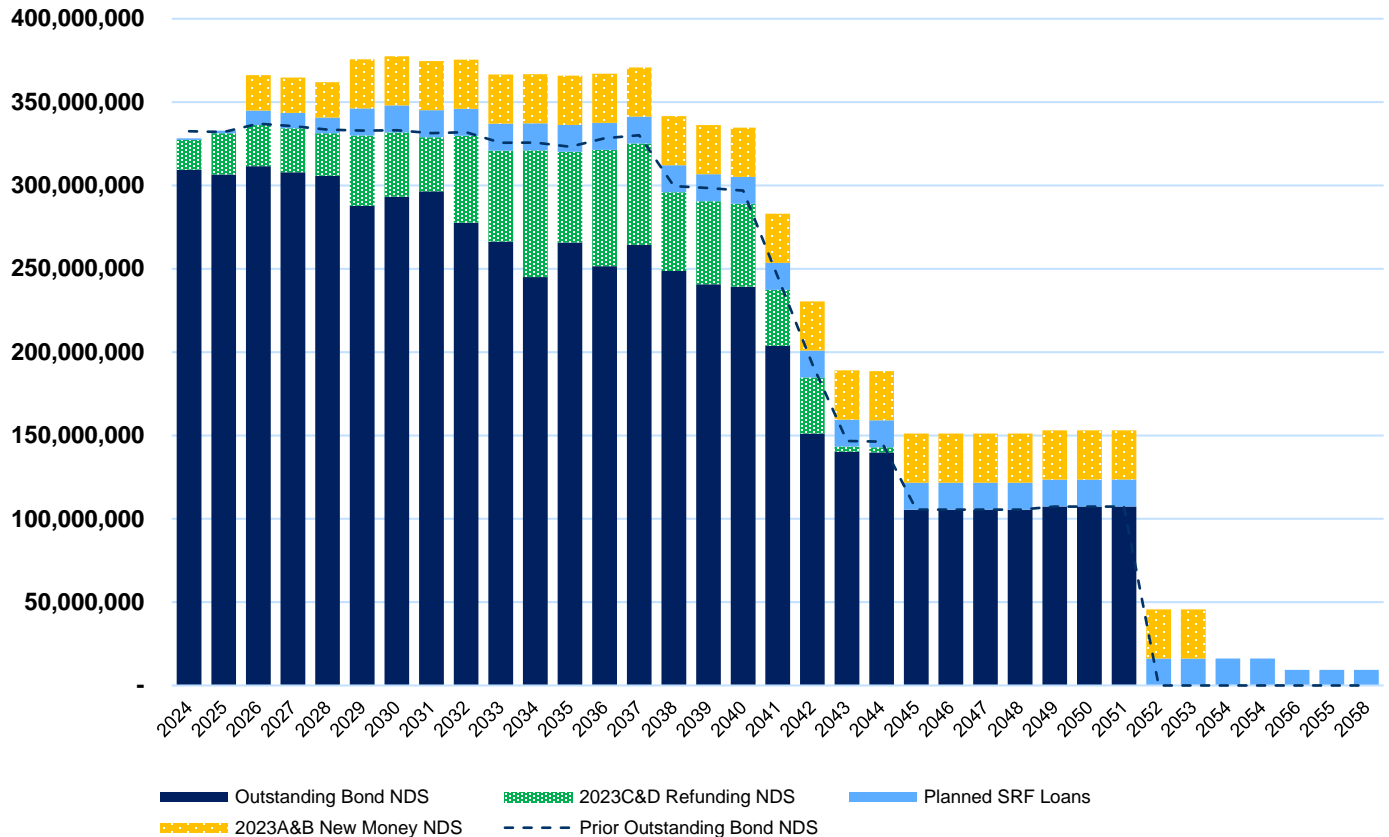
Outstanding Water Debt (\$million)

	Before 2023ABCD	After 2023ABCD
Revenue Bonds	\$4,459	\$4,769
Commercial Paper		
• Authorized	500	500
• Drawn	373	0

- Net result: Secured \$471,253,995 of additional spending but overall impact was only \$310,000,000 of new bonds

Projected Water Debt Service

Water Net Debt Service



**Does not include future debt as projected in 2024 Financial plan (see table below).

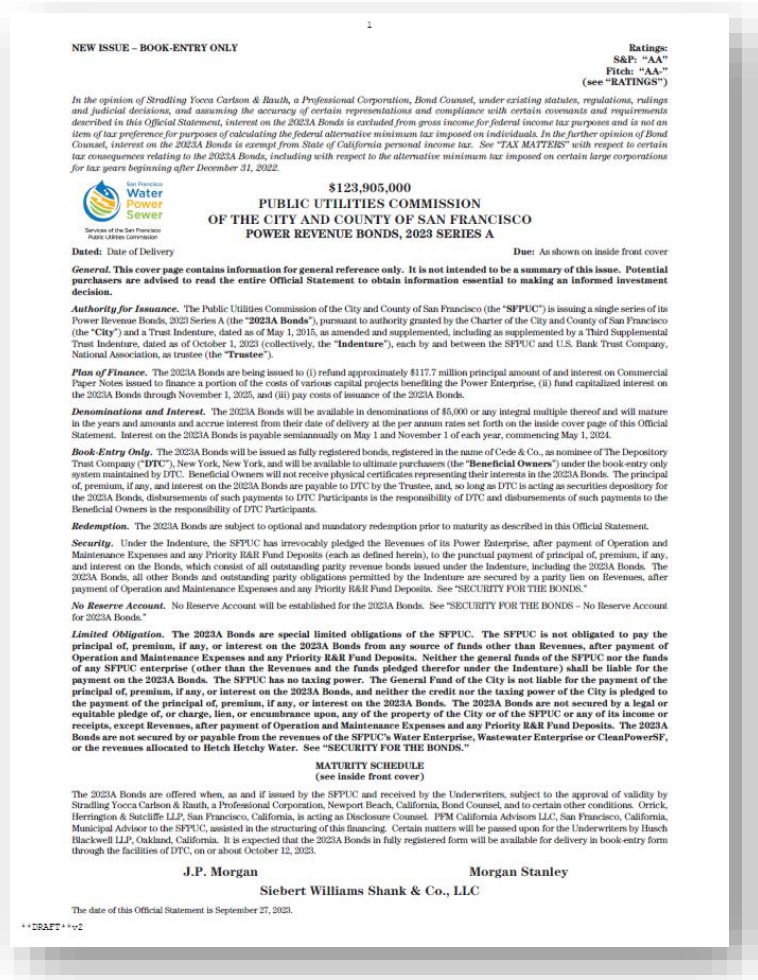
2024 Financial Plan – Projected Annual Par Amounts of Revenue Bond Issuance

Projected Water Bond Issuance	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	Total
\$ millions	-	\$430	-	\$439	-	-	-	-	\$477	-	\$1,346

*Preliminary, subject to change. Years are in fiscal year basis.

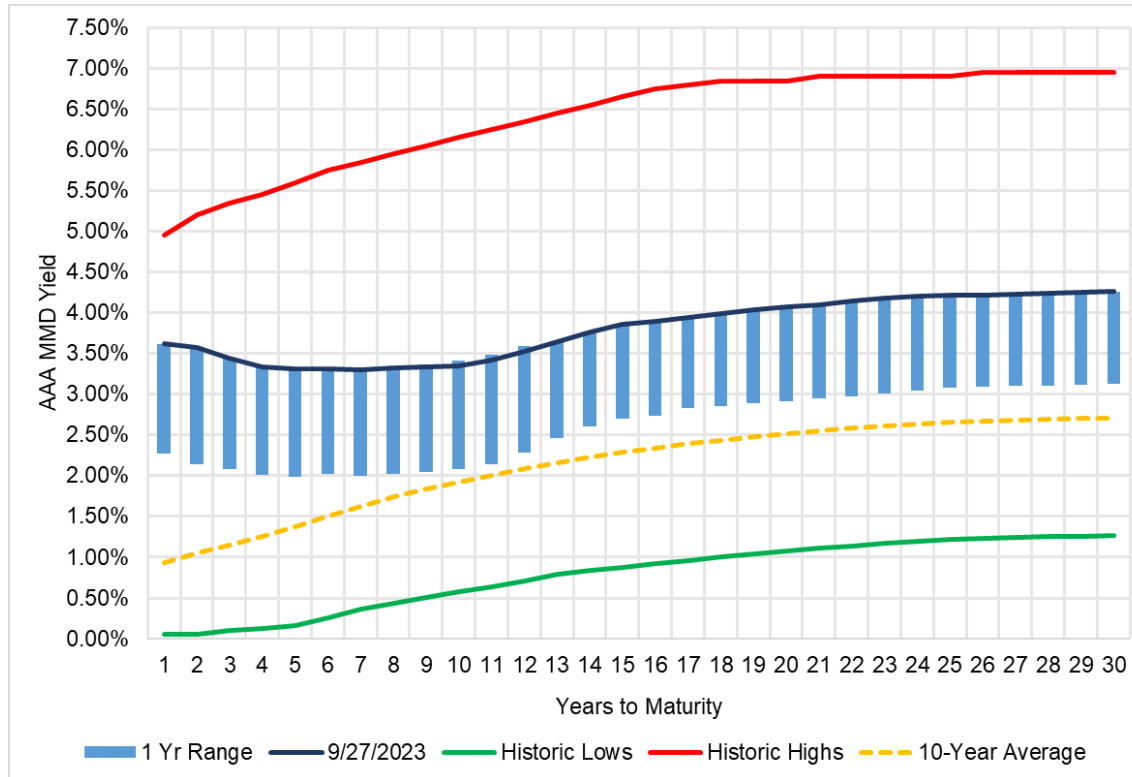


Power Revenue Bond Sale (Series 2023A)



2023 Series A	
Authorized Par and Purpose	Up to \$145 million to finance or refinance Power Enterprise projects through the refunding and retirement of commercial paper issued as interim financing for such projects
Approval:	September 20, 2023 Commission Meeting
Sale	<ul style="list-style-type: none"> JP Morgan Securities LLC as Senior Manager Morgan Stanley as Co- Senior Manager Siebert Williams Shank & Co., LLC as Co-Manager
Ratings	Fitch Ratings affirmed AA- power revenue bond rating; Stable outlook S&P Global Ratings affirmed AA power revenue bond rating; Stable outlook

2023A Bond Sale Conditions (AAA Rated Bonds Over Past 30 Years)



- The broader financial markets were volatile due to the Federal Reserve indicating interest rates may stay higher for longer
- Fears of a potential government shutdown from the standoff in Congress, possible ramifications for federal government credit ratings



Final Pricing Results (2023 Series A Power Revenue Bonds)

2023 Series A Power Revenue Bonds	
Par Amount	\$123,905,000
Premium	\$7,324,363.80
Total Proceeds	\$131,229,363.80
True Interest Cost (TIC)	4.56%
Sale Date	September 27, 2023
Bond Closing	October 12, 2023
Final Maturity	November 1, 2053
Purpose	\$117.7M to fund Power Enterprise capital projects (refund commercial paper)

Outstanding Power Debt (\$million)

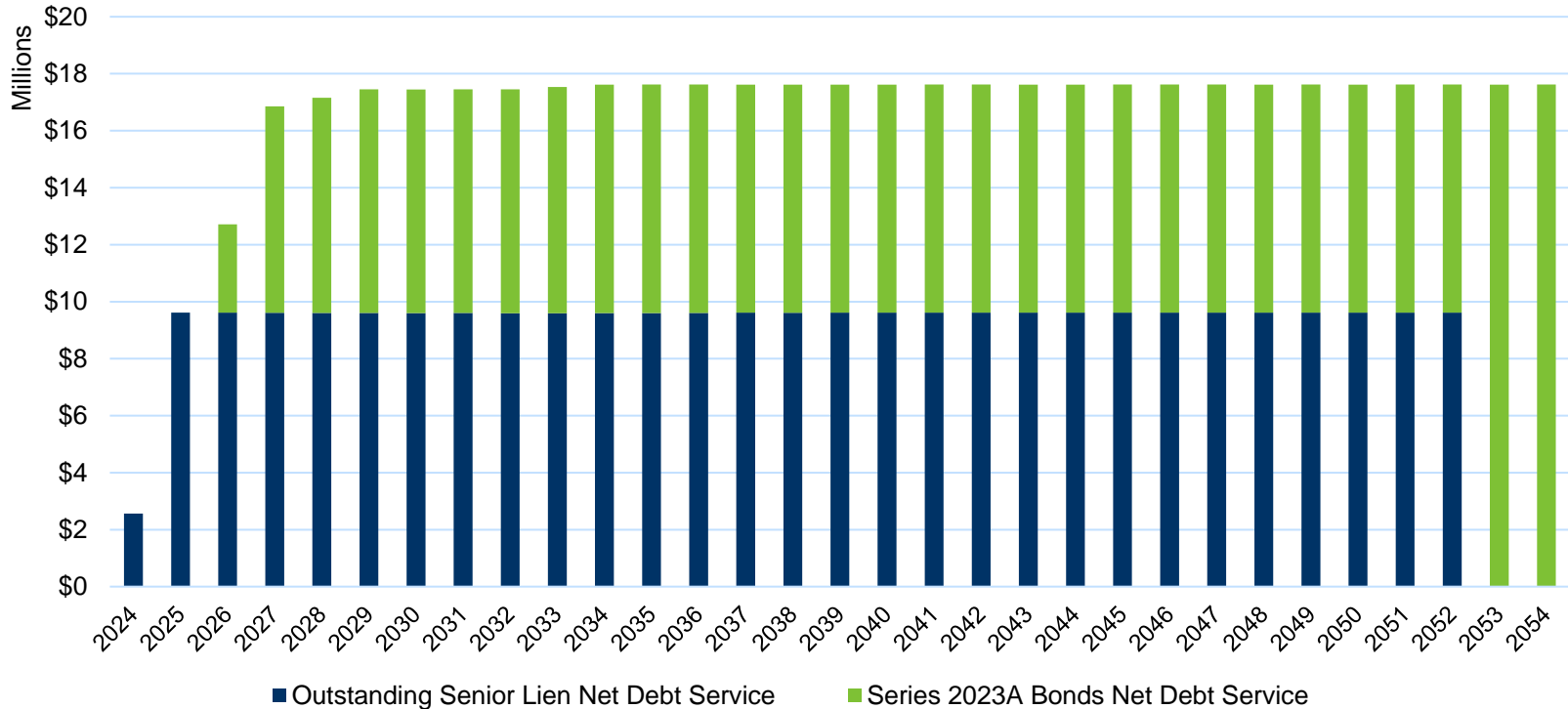
	Before 2023A	After 2023A
Revenue Bonds	\$159	\$283
Commercial Paper		
• Authorized	250	250
• Drawn	117	0

- Net result: Secured \$117.7 of proceeds to allow to the release of additional capital appropriation



Debt Service Schedule (Series 2023A Power Revenue Bonds)

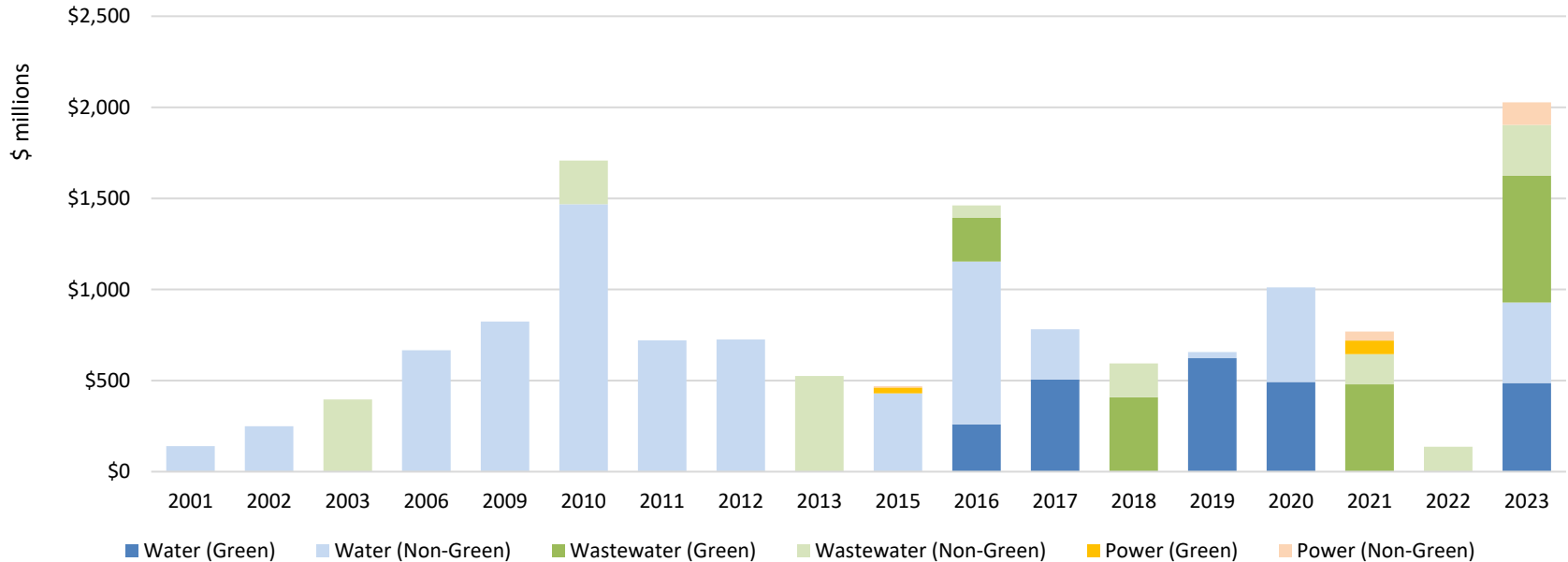
Aggregate Senior Lien Debt Service (FY)



- 30-year fixed rate; first principal November 1, 2026
- “Wrapped” debt service structure for level aggregate debt
- Interest capitalized to November 1, 2025

Record Bond Issuance Year

SFPUC Bond Issuance by Calendar Year*



SFPUC Green Bond Issuance by Enterprise

Water	Wastewater	Power	Total
\$2,367M	\$1,953M	\$106M	\$4,426M

**This chart represents only bonds issued and includes both new money and refunding bonds. In addition, there are various other financing tools the SFPUC utilizes including loans and credit facilities that we obtain and maintain.*



Summary of Enterprise Debt

As of September 30, 2023 ¹				
(\$ Million)				
	Water	Wastewater	Power	Total
Senior				
Revenue Bonds and Notes	\$4,769	\$2,745	\$283	7,797
WIFIA Loans[*]				
<i>Executed</i>	-	\$1,980	-	\$1,980
<i>Drawn</i>	-	\$122	-	\$122
SRF Loans[*]				
<i>Executed</i>	\$429	\$401	-	\$830
<i>Drawn⁺</i>	\$137	\$323	-	\$460
Total Senior Outstanding	4,906	3,190	283	8,379
Subordinate				
NCREBs and QECB[*]	-	-	\$4.4	\$4.4
COPS[*]	\$92.5	\$24.5	\$12.6	\$129.6
Commercial Paper				
<i>Authorized</i>	\$500	\$750	\$250	\$1,500
<i>Drawn</i>	-	-	-	-
Total Subordinate Outstanding	93	25	17	134
Grand Total Debt Outstanding	4,999	3,215	300	8,513

¹Includes Power Bonds that priced on September 27, 2023.

^{*}Water Infrastructure Finance and Innovation Act (WIFIA) Loans, State Revolving Fund (SRF), New Clean Renewable Energy Bonds (NCREB), Qualified Energy Conservation Bonds (QECB), Certificates of Participation (COPS)- 525 Golden Gate Ave

⁺Does not include submitted expenses that have not yet been received.

Resulting RBOC Proceeds

	Water 2023AB	Power 2023A
Par Amount	\$414,035,000	\$123,905,000
RBOC Proceeds	\$235,627.00	\$64,614.68

Calculated as 1/20th of 1% of gross proceeds of new money bonds.

Questions





**PUBLIC UTILITIES
REVENUE BOND OVERSIGHT COMMITTEE
CITY AND COUNTY OF SAN FRANCISCO
DRAFT MINUTES**

**Public Utilities Commission Building
525 Golden Gate Ave., 3rd Floor
Tuolumne Conference Room
San Francisco, CA 94102**

October 10, 2023 - 9:00 AM

Regular Meeting

Mission: The Revenue Bond Oversight Committee (RBOC) monitors the expenditure of revenue bond proceeds related to the repair, replacement, upgrade and expansion of the SFPUC's water, power and sewer infrastructure. The RBOC provides independent oversight to ensure transparency and accountability. The RBOC's goal is to ensure that SFPUC revenue bond proceeds are spent for their intended purposes in accordance with legislative authorization and other applicable laws.

1. Call to Order, Roll Call, and Agenda Changes

Seat 1	Ettore Leale, Chair
Seat 2	Lars Kamp, Vice Chair
Seat 3	<i>Vacant</i>
Seat 4	Claire Veuthey
Seat 5	<i>Vacant</i>
Seat 6	Christina Tang
Seat 7	Reuben Holober

Chair Leale called the meeting to order at 9:04 a.m. On the call of the roll, Chair Leale, Vice Chair Kamp, and Members Veuthey, Tang, and Holober were noted present. A quorum was present.

There were no agenda changes.

2. Public Comment

Speakers: David Pilpel shared various general comments.

3. RBOC: Audit Update

Hunter Wang (City Services Auditor, Office of the Controller) shared that preparatory work on the Phase III audit continues; Irella Blackwood (SFPUC); answered questions raised throughout the discussion and shared that the CSA doesn't expect a timeline disruption for the audit.

Public Comment: none.

There was no action taken.

4. RBOC: Planning for Future Audits

Member Tang reported that the Draft Request for Proposals (RFP) for Evaluation of San Francisco Public Utilities Commission Infrastructure Projects Funded by Revenue Bonds—as approved by RBOC during the September 5, 2023 meeting—is undergoing legal review which may delay it for several weeks. Once the legal review is complete, the RFP should return to RBOC for final review and approval. Following approval, the RFP will go out for advertising to potential auditors. Hopefully, this will occur before the end of the year.

Public Comment: None.

There was no action taken.

5. SFPUC: Current Capital Finance Plan

Nikolai Sklaroff (SFPUC); provided a [presentation](#) on the current SFPUC Capital Finance Plan and answered questions raised throughout the discussion.

Public Comment: None.

There was no action taken.

6. RBOC: Current Sunset Date – January 1, 2025

Chair Leale suggested that RBOC propose extending the sunset date. Member Tang proposed a 4-year extension to January 1, 2029. Member Holober asked if there is reason to expect that RBOC will be conducting other audits in 2029 and later.

Public Comment: None.

Member Holober, seconded by Vice Chair Kamp, moved to authorize the Chair and the Clerk to recommend to the Board of Supervisors that the RBOC Sunset date be extended to January 1, 2029. The motion PASSED by the following vote:

Ayes: 5 - Leale, Kamp, Veuthey, Tang, Holober

Action: Chair and Clerk AUTHORIZED to pursue an extension of RBOC to January 1, 2029.

7. SFPUC: Update on the Sewer System Improvement Program (SSIP)

Bessie Tam (SFPUC); provided a [presentation](#) on the SSIP and answered questions raised throughout the discussion. Nikolai Sklaroff (SFPUC); answered questions raised throughout the discussion. Members of RBOC expressed a desire for a site visit to the southeast area major project sites including the Biosolids Digester and Headworks Facility projects.

Public Comment: None.

There was no action taken.

8. Minutes Approval – September 5, 2023 Regular Meeting

Clerk Carroll shared that the September 5, 2023 minutes are linked in the agenda and posted online, but that the incorrect minutes were included in the paper version of the agenda packet.

Public Comment: David Pilpel suggested that RBOC continue the minutes consideration to a later meeting.

Member Holober, seconded by Chair Leale, moved to approve the September 5, 2023, meeting minutes. The motion PASSED by the following vote:

Ayes: 5 - Leale, Kamp, Veuthey, Tang, Holober

Action: Minutes APPROVED

9. Announcements, Comments, Questions, and Future Agenda Items

Vice Chair Kamp shared that he will have limited availability to attend RBOC meetings during the first quarter of 2024.

Public Comment: None.

RBOC may meet on the following dates:

- *November 14, 2023; and*
- *December 12, 2023.*

RBOC is tracking the following topics and issues as potential Future Agenda Items:

- SFPUC: Water System Improvement Program Update;*
- SFPUC: Power Enterprise and Clean Power SF Update;*
- SFPUC: State Federal Loan Updates;*
- SFPUC: Staff Report: Environmental Justice;*
- RBOC: Acquiring consultant to examine expected performance of completed projects;*
- RBOC: Discussion of the 2015 report, entitled [“Evaluation of Lessons Learned from the WSIP Program,”](#) to identify procedures and reporting processes from the Water System Improvement Program which may be applied to SSIP*
- SFPUC: Discussion of Finding 2 of the [SFPUC Performance Audit of Select Revenue Bond Expenditures dated December 23, 2021](#)
Finding 2: “The Quality Assurance Audit Function Was Not Operational From June 2017 Through November 2020”
(May be scheduled as a follow-up to the May 9, 2023 meeting in Spring 2024)*
- SFPUC: Planning for Future Site Visit to the SSIP project sites including the Biosolids Digester and Headworks Facility projects.*

10. Adjournment

There being no further business, the meeting adjourned at 10:55 a.m.

N.B. The Minutes of this meeting set forth all actions taken by the Revenue Bond Oversight Committee on the matters stated but not necessarily in the chronological sequence in which the matters were taken up.

Approved: Draft
Public Utilities Revenue Bond Oversight Committee