



# **Authorization to Issue up to \$1.10 Billion Power System Revenue Bonds 2024 Series A and Series B**

Board of Water and Power Commissioners Meeting  
February 27, 2024

# Power System Revenue Bonds 2024 Series A and Series B

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- Presented for your approval are:
  - Resolution 5049 is the Sixty-First Supplemental Bond Resolution to the Power System Master Bond Resolution authorizing the issuance of the Power System Revenue Bonds, 2024 Series A (Power 2024A Bonds) and the Power 2024 Series B (Power 2024B Bonds) up to \$1.10 billion to refinance certain outstanding Power System Revenue Bonds.
  - Resolution 5050 approves certain actions in connection with the issuance of Power 2024A Bonds, Power 2024B Bonds, and the related financing documents.
- The Power 2024A Bonds will refinance certain outstanding Power System Revenue Bonds, 2014 Series C (Power 2014C Bonds), 2014 Series D (Power 2014D Bonds), and 2014 Series E (Power 2014E Bonds) (together, the “Series A Refunded Bonds”)
- The Power 2024B Bonds will refinance certain outstanding Power System Revenue Bonds, 2010 Series A, Federally Taxable Build America Bonds (Power 2010A Bonds)
- Depending on market conditions, two other smaller series of outstanding Power System Revenue Bonds, 2012 Series A (Power 2012A Bonds) and 2014 Series B (Power 2014B Bonds) totaling \$7.1 million may be refunded by either the Power 2024A Bonds or the Power 2024B Bonds.

# Power System Revenue Bonds 2024 Series A

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- The Power 2024A Bonds will target to refund approximately half of the Series A Refunded Bonds, with the remaining bonds to be refinanced in the next Power System refunding transaction. Under current market conditions, the refunding of the approximately \$401.31 million of Series A Refunding Bonds are expected to provide gross savings of approximately \$76.97 million or \$57.93 million on a net present value basis (14.47 percent of refunded par). Actual savings depend on market conditions, and may vary up or down depending on interest rates as of the date of pricing tentatively slated in March 2024.
- Estimated financial information:

True Interest Cost	3.41%
Cost of Issuance	\$1,204,200
Bond Proceeds	\$399,827,248
Total Payment Amount	\$543,867,314 over 20 years

- Siebert Williams Shank & Co. LLC is senior book-running manager for the transaction and BofA Securities, Inc. is co-senior manager for the transaction.

# Power System Revenue Bonds 2024 Series B

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- The Power 2024B Bonds will refund the Power 2010A Bonds. The Power 2010A Bonds are Federally Taxable Build America Bonds. Under current market conditions, the refunding of the approximately \$316.00 million of Series A Refunding Bonds are expected to provide gross savings of approximately \$15.80 million or \$7.77 million on a net present value basis (2.46 percent of refunded par). Actual savings depend on market conditions, and may vary up or down depending on interest rates as of the date of pricing tentatively slated in March/April 2024.
- The Power 2010A Bonds will be refunded by an Extraordinary Redemption Provision due to the sequestration of the federal subsidies for the Power 2010A Bonds. The refinancing will allow the Power System to remove regulatory risks, provide new optionality for future refinancing, and provide actual cash flow and present value savings
- Estimated financial information:

True Interest Cost	3.22%
Cost of Issuance	\$865,600
Bond Proceeds	\$328,956,572
Total Payment Amount	\$461,028,791 over 15 years

- BofA Securities, Inc. is senior book-running manager for the transaction and Siebert Williams Shank & Co. LLC is co-senior manager for the transaction.

# Power System Revenue Bonds 2024 Series A and Series B

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- Resolution 4996 is an Initial Resolution authorizing the Power System to issue up to \$2.20 billion of Power System Refunding Revenue Bonds, approved by the Board on November 16, 2021, and subsequently approved by the City Council.
- Of the \$2.20 billion authorization, \$970.00 million has been used to refinance certain Power System Revenue Bonds, leaving a balance of \$1.23 billion.
- FSO is recommending the use of up to \$1.10 billion of the refunding authorization balance of \$1.23 billion to refinance the bonds.

