

Water System Revenue Bonds Series 2019A

Finance/Administration Committee

May 28, 2019

Agenda



- Proposed debt issue
- Details of Water System Revenue Bond Sale
- Green Bonds
- Interest rate environment
- Recommend authorization for issuance of Water System Revenue Bonds

FY19 Plan of Finance



- In October 2018 the Board approved the FY19 Financial Plan
- The Plan included issuance of up to \$200 million in Water System Revenue Bonds in FY19 for capital improvements
- The District now plans to issue \$200 million in bonds in June 2019

What are Green Bonds?



- The District intends to issue the bonds as “Green Bonds” similar to bond issues in 2015 and 2017
- Green Bonds are bonds that finance “green” infrastructure
 - Climate change resilient projects
 - Other environmentally beneficial projects
- Green Bonds provide opportunities to invest in sustainable infrastructure
- The District’s issuance of Green Bonds helps further develop the Green Bond market

Water Green Bonds



- There is not a standard set of criteria or legal distinction for what constitutes “green”
- In April 2015, the Board adopted “Guidance for Issuing Green Bonds”
- For this issuance, water projects from the CIP were selected that meet one or more of the criteria in the Guidance
- With the District’s extensive investments in sustainable infrastructure, the full \$200 million can be issued as Green Bonds

Green Bond Guidance



Board-adopted Green Bond Criteria:

1. Maintain water quality
2. Improve water use efficiency, including conservation through reduced water loss
3. Improve biodiversity and ecosystem quality
4. Protect against flooding
5. Reduce pollution
6. Improve resilience (adaptation) to climate change
7. Reduce the combustion of fossil fuels
8. Reduce greenhouse gas emissions
9. Implement “reduce, reuse, recycle” practices in preference to raw materials
10. Adhere to sustainable purchasing guidelines

2019A Green Bond Projects



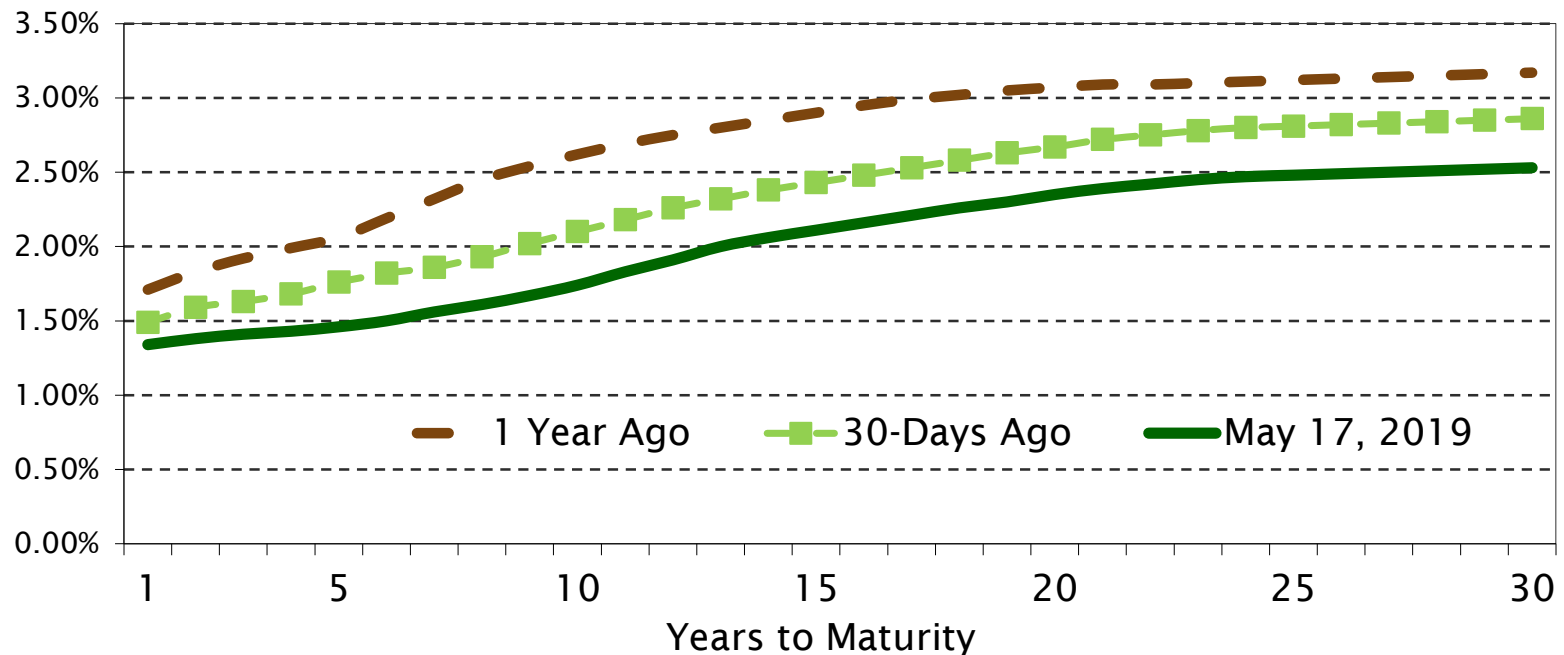
- Some examples of the projects being funded by the Series 2019A Water System Revenue Bonds:
 - Pipeline infrastructure renewal
 - Treatment plant upgrades
 - Pumping plant rehabilitation
 - Reservoir rehabilitation
 - Dam seismic upgrades
 - Pressure zone improvements

Current Bond Market Conditions



- The 2019A bond sale will benefit from long-term rates that have declined over the last year

California General Obligation Bond Yield Curves



Recommend Authorization of 2019 Bond Issue



- Authorize and approve the issuance of EBMUD Water System Revenue Bonds, Series 2019A
 - Approve execution of bond documents
 - Aggregate principal amount not to exceed \$225 million
 - True interest cost not to exceed 5.0%
 - Negotiated sale