

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	Executive Contact/Phone:
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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

- a. **Legislation Title:** AN ORDINANCE relating to the electric system of The City of Seattle; adopting a system or plan of additions and betterments to and extensions of the existing municipal light and electric power generation, transmission, and distribution system of the City; authorizing the issuance and sale of municipal light and power revenue bonds for the purposes of providing funds to pay part of the cost of carrying out that system or plan, providing for the reserve fund requirement (if any), and paying the costs of issuance of the bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; describing the lien of the bonds and authorizing their issuance as either senior lien parity bonds or as junior lien bonds; creating a Junior Lien Debt Service Fund, and certain other funds and accounts relating thereto; and ratifying and confirming certain prior acts.

b. Summary and background of the Legislation:

This legislation provides the legal authorization to issue up to \$275 million of bonds for Seattle City Light's System to fund a portion of capital expenditures outlined in the proposed 2018-2023 Capital Improvement Program (CIP).

Although the Budget, CIP and adopted rates make specific assumptions about the use of debt financing for a certain share of the CIP, separate authorization for the issuance of bonds is technically required.

A City Light bond sale for \$275 million of fixed rate debt is anticipated to occur in July 2018. The bond proceeds, combined with internally generated funds, will support City Light's capital program for about one year.

The bond sizing is based on the proposed budget and rates, planned cash flow and cash contribution targets. The bond proceeds will also be used to make a deposit to the bond reserve fund and to pay issuance costs.

The proposed issue is for a maximum maturity of 30 years. City Light is assuming a 4.5% annual interest rate and an annual debt service (principal and interest payments) of about \$16.9 million starting in 2019. No debt service on this issue is expected in 2018. City Light will incorporate the debt service costs resulting from this bond issue when setting 2019 retail rates.

Major projects supported by the bond issue include Boundary relicensing, Advanced metering infrastructure and Alaskan Way viaduct infrastructure relocation. For further information about City Light's capital projects, please see the proposed 2018-2023 CIP.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

This legislation affects FAS, which will coordinate the issuance of the bonds.

b. Is a public hearing required for this legislation?

No

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No

e. Does this legislation affect a piece of property?

No

f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

None/No

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).

N/A

h. Other Issues:

List attachments/exhibits below: