

## LEGISLATIVE DIGEST

[Public Utilities Commission - Issuance of Power Revenue Bond and Other Forms of Indebtedness - Not to Exceed \$138,164,937]

**Ordinance authorizing the issuance and sale of tax-exempt or taxable Power Revenue Bonds and other forms of indebtedness by the San Francisco Public Utilities Commission (“Commission”) in an aggregate principal amount not to exceed \$138,164,937 to finance the costs of various capital projects benefitting the Power Enterprise pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on June 5, 2018, as Proposition A; authorizing the issuance of Power Revenue Refunding Bonds and the retirement of outstanding Power Enterprise Commercial Paper; declaring the Official Intent of the Commission to reimburse itself with one or more issues of tax-exempt or taxable bonds or other forms of indebtedness; and ratifying previous actions taken in connection therewith.**

### Existing Law

This is new (uncodified) law.

### Background Information

On June 5, 2018, the voters of the City and County of San Francisco approved Proposition A (“Proposition A”) which authorized the San Francisco Public Utilities Commission (“Commission”) to issue revenue bonds, including notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, for the purpose of reconstructing, replacing, expanding, repairing or improving water facilities, clean water (sewer) facilities or power facilities or combinations of water, clean water (sewer) and power facilities under the jurisdiction of the Commission, or for any lawful purpose of the water, clean water (sewer) and power utilities of the City in furtherance of Proposition A.

The proposed Ordinance authorizes the issuance of tax-exempt or taxable Power Revenue Bonds and other forms of indebtedness, including State and Federal Loans, in an amount not to exceed \$138,164,937. Proceeds of the Power Revenue Bonds and other forms of indebtedness, including State and Federal Loans (such as WIFIA Loans), will be used to finance the costs of various capital projects benefitting the Power Enterprise (“Capital Improvement Projects”). The Ordinance also reflects the Power Enterprise commercial paper program, available in an aggregate principal amount not to exceed \$450,000,000 of commercial paper notes outstanding at any one time.

The Power Revenue Bonds will be issued under an Indenture dated as of May 1, 2015, as further amended and supplemented from time to time (“Indenture”), between the Commission and U.S. Bank National Association, as the trustee.

The proposed Ordinance also authorizes the issuance of Refunding Power Revenue Bonds to refund outstanding indebtedness of the Power Enterprise subject to the following conditions, among others (i) three percent (3%) net present value debt service savings or greater is achieved; (ii) the maturity of the refunded bonds is not extended; and (iii) the refunding authorization sunsets on June 30, 2031, unless extended by the Commission. Staff is required to provide a savings report within 30 days following the bond sale.

The proposed Ordinance also authorizes the Commission to issue Refunding Bonds for non-economic factors which may include, by way of illustration, eliminating onerous covenants and obsolete provisions contained in the Commission's Indenture or other security documents, or restructuring a series of bonds in response to then-current market conditions.

Changes from the ordinance adopted for Fiscal Years 2024-25 and 2025-26 include: (i) changes to provide a simplified definition of the Power System indebtedness of the Commission and (ii) changes to make the obligation of the Controller to record the substitution of funds arising from any Financing Agreement with separate and other Financing Agreement transactional funds mandatory upon the request or with the consent of the Chief Financial Officer or the Deputy or the Deputy Financial Officer of the Commission (or their designees).