PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. **26-0090**

WHEREAS, At a duly called and held election on November 5, 2002, a majority of voters voting on the measure approved Proposition E, as amended by Proposition A approved by the voters of the City on June 5, 2018 ("Proposition E") which, among other things, amended the Charter of the City and County of San Francisco ("City"), which, among other things, authorized the Public Utilities Commission ("Commission") of the City to issue its 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 of the City ("Board"), for the purpose of reconstructing, replacing, expanding, repairing, or improving water facilities, clean water facilities, power facilities, or combinations of water, clean water, and power facilities under the jurisdiction of the Commission or for any other lawful purpose of the water, clean water, or power utilities of the City in furtherance of the purposes provided in Proposition E, subject to satisfaction of certain conditions; and

WHEREAS, The authority to issue revenue bonds pursuant to Proposition E is expressly notwithstanding, and in addition to, the authority granted to the Board under Section 9.107 of the City Charter ("Charter"), which provides for the issuance of revenue bonds of the City upon the assent of a majority of the voters upon any proposition for the issuance of revenue bonds; and

WHEREAS, Pursuant to Proposition E and various ordinances and resolutions adopted by the Board and this Commission thereunder, there has been authorized $6,157,510,311 aggregate principal amount of water revenue bonds or other forms of indebtedness, including notes, commercial paper and other short-term indebtedness (not counting refunding bonds), of which authorization $5,556,644,982 aggregate principal amount has been utilized as of March 1, 2026; and

WHEREAS, Pursuant to Proposition E, and various ordinances enacted pursuant to Proposition E, there is existing authorization to issue an aggregate principal amount of $600,865,329 of additional water revenue bonds or other forms of indebtedness, including notes, commercial paper and other short-term indebtedness, which authorization (i) assumes State revolving fund loan amounts are incurred for the full not-to-exceed amount of $429,213,982 and (ii) excludes refunding debt (such authorization is collectively referred to as the "Existing Authorizing Legislation"); and

WHEREAS, Pursuant to Proposition E, the Board may hereafter enact additional ordinances to authorize additional water revenue bonds or other forms of indebtedness, including notes, commercial paper and other short-term indebtedness (such authorization, together with the Existing Authorizing Legislation, is collectively referred to as the “Authorizing Legislation”); and

WHEREAS, Pursuant to the Proposition E, Article V of Chapter 43 of Part I of the San Francisco Administrative Code, and various other ordinances and resolutions adopted by the Board and the Commission, an interim funding program for the Commission’s municipal water supply, storage and distribution system (the “Water Enterprise”) has been established in an aggregate principal amount not to exceed $750,000,000 (the “Authorized Short-term Indebtedness”), consisting of a $550,000,000 authorization for commercial paper (“CP Notes”) and a $200,000,000 authorization for short-term, direct purchase revolving obligations, and as of March 1, 2026, approximately $250,732,000 aggregate principal amount of such Authorized Short-term Indebtedness has been issued or incurred; and

WHEREAS, Pursuant to Resolution 87-08, adopted by the Board on February 26, 2008, and signed by the Mayor on February 29, 2008 (“Certificates Authorizing Resolution”), the Board authorized the execution and delivery of Certificates of Participation to finance the costs of construction of an office building (“Commission Headquarters”) for the Commission; and

WHEREAS, Pursuant to the Certificates Authorizing Resolution, the City authorized the execution and delivery of its Certificates of Participation, Series 2009C (525 Golden Gate Avenue-San Francisco Public Utilities Commission Office Project) in the aggregate principal amount of $38,120,000 (“2009C Certificates”) and its Certificates of Participation, Series 2009D (525 Golden Gate Avenue-San Francisco Public Utilities Commission Office Project) in the aggregate principal amount of $129,550,000 (“2009D Certificates”, and collectively with the 2009C Certificates, the “Certificates”) to finance the cost of the Commission Headquarters; and

WHEREAS, The Certificates were executed and delivered pursuant to the terms of the Trust Agreement, dated October 1, 2009, between the City and the Trustee named therein, and the Certificates were payable from Base Rental Payments payable by the City under the terms of that certain Project Lease, dated October 1, 2009, between the City and the Trustee, as lessor thereunder (“Project Lease”); and

WHEREAS, Pursuant to a memorandum of understanding (the “Headquarters Building MOU”) between the City and the Commission, the Commission has reimbursed the General Fund of the City for payments heretofore made in respect to the Certificates from revenues of Commission enterprise funds (i.e., water, wastewater and power revenues), allocable to square footage used by each enterprise of the Commission Headquarters; and

WHEREAS, The 2009C Certificates have been fully paid; and

WHEREAS, The 2009D Certificates were issued as Federally-Taxable Build America Bonds remain outstanding and have an outstanding principal balance of $115,245,000 as of March 1, 2026; and

WHEREAS, The Commission has previously issued certain of its water enterprise revenue bonds as Federally-Taxable Build America Bonds ("SFPUC Build America Bonds"), of which there are outstanding a principal balance of $351,470,000 as of March 1, 2026; and

WHEREAS, The Commission determines that it would be in its and the City's mutual best interests to prepay the Base Rental payments allocable to the Water Enterprise of the Commission under the Project Lease and retire the corresponding outstanding 2009D Certificates with funds from the Commission and/or to refund all or a portion of the SFPUC Build America Bonds (collectively, the "Refinancing Project"); and

WHEREAS, The Commission finds that it would be financially advantageous to refinance certain CP Notes now or hereafter issued for the Refinancing Project with bonds ("CP Refinancing Bonds"); and

WHEREAS, Under the authority granted or proposed to be granted under the Authorizing Legislation, it is proposed that the Commission issue one or more series or subseries of water revenue bonds in an aggregate principal amount not to exceed $492,820,000 (the "2026 Bonds"), issued on a federally tax-exempt or taxable basis, for the principal purpose of financing (which may include financing through the retirement of commercial paper) the Refinancing Project, all pursuant to the Amended and Restated Indenture, dated as of August 1, 2002 (as the same has been further amended and supplemented, the "Indenture"), by and between the Commission and U.S. Bank Trust Company, National Association, as successor trustee (the "Trustee"), and one or more supplemental indentures ("Supplemental Indentures"), between the Commission and the Trustee, as herein provided; and

WHEREAS, On or about this date, the Commission has or will also consider corresponding authorizations to issue revenue bonds to finance prepayment of Base Rental Payments under the Project Lease allocable to its wastewater enterprise and power enterprise, respectively, and to refund certain other Federally-Taxable Build America Bonds issued by the Commission for its wastewater enterprise; and

WHEREAS, It is proposed that the 2026 Bonds be sold in one or more series or subseries by a sale pursuant to Bond Purchase Contracts (each a "Bond Purchase Contract") between the Commission and either Barclays Capital Inc. or Barclays Bank PLC ("Barclays"); and

WHEREAS, It is proposed that one or more continuing disclosure certificates (each a "Continuing Disclosure Certificate") be executed and delivered with respect to the 2026 Bonds; and

WHEREAS, The Commission has been presented with, and has examined, a proposed form of Supplemental Indenture for each series or subseries of 2026 Bonds, and form of Bond Purchase Contract and Continuing Disclosure Certificate; and

WHEREAS, Subject to the requirements set forth in the Authorizing Legislation and the requirements of the Indenture, the Commission is or will be duly authorized and empowered, pursuant to each and every requirement of law, to authorize the foregoing transactions and issue the 2026 Bonds and to authorize the execution and delivery, as applicable, of the Supplemental Indentures, the Bond Purchase Contracts, the Continuing Disclosure Certificates and related documents, for the purposes described herein and in the manner and upon the terms provided herein; and

WHEREAS, A consulting engineer has issued or will issue a certificate to the Board in satisfaction of the requirements of clause (a) of Section 8B.124 of Proposition E, all in furtherance of the sale of water revenue bonds and other forms of indebtedness, to the extent applicable; and

WHEREAS, Prior to the issuance of any CP Refinancing Bonds, the General Manager will file with the Clerk of the Board any required updates to the certificate referenced in the prior paragraph, including a certificate of a consulting engineer in satisfaction of the requirements of clause (a)(2) of Section 8B.124 of Proposition E, to the extent applicable; and

WHEREAS, In compliance with California Government Code Section 5852.1, the Commission has obtained from PFM Financial Advisors LLC, the municipal advisor to the Commission with respect to the 2026 Bonds, good faith estimates of the following information: (a) the true interest cost of the 2026 Bonds, (b) the sum of all fees and charges paid to third parties with respect to the 2026 Bonds, (c) the amount of proceeds of the 2026 Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the 2026 Bonds, and (d) the sum total of all debt service payments on the 2026 Bonds calculated to the final maturity of the 2026 Bonds plus the fees and charges paid to third parties not paid with the proceeds of the 2026 Bonds, and such estimates are disclosed and set forth in the staff report provided to the Commission in connection with this resolution; and

WHEREAS, On February 24, 2026, the Environmental Review Officer issued a Certificate of the City and County of San Francisco Planning Department, pursuant to Section 8B.124(b) of the City Charter under Proposition E (November 2002), certifying that the project to be funded through the sale of Water Revenue Bonds and/or Other Forms of Indebtedness, including Commercial Paper, already complies with the requirements of the California Environmental Quality Act; now, therefore, be it

RESOLVED, By the Public Utilities Commission of the City and County of San Francisco, as follows:

Section 1. <u>Issuance of the 2026 Bonds</u>. The issuance of the 2026 Bonds in one or more series or subseries, all or a portion of which may be designated as green bonds (if applicable) and issued on one or more dates, all as may be determined by the General Manager (all references in this resolution to the General Manager of the Commission to include any authorized designee thereof pursuant to Section 6 hereof) in an aggregate principal amount not exceeding $492,820,000, is hereby authorized and approved by the Commission, subject to the limitations and conditions provided herein.

The 2026 Bonds may be issued for the purpose of providing funds (a) for the financing of the Refinancing Project (including through the refinancing of CP Notes issued to finance the Refinancing Project) and (b) to pay the costs of issuance of the 2026 Bonds. If determined to be beneficial to the Commission by the General Manager, with the advice of PFM Financial Advisors LLC, the municipal advisors to the Commission with respect to the 2026 Bonds (the "Municipal Advisor"), the 2026 Bonds may also be issued for the secondary purposes of providing funds to pay for (i) any credit enhancement of any 2026 Bonds (including without limitation bond insurance policies and/or reserve fund surety bonds or insurance policies) and (ii) the funding of debt service reserves for the 2026 Bonds or for other bonds issued under the Indenture.

The General Manager is hereby authorized and directed to determine the aggregate principal amount of 2026 Bonds to be issued from time to time (subject to the maximum amounts and further limitations and conditions set forth herein) and to determine the various titles and series designations (including the designation of any series of bonds as "notes") of the 2026 Bonds. The 2026 Bonds may be issued as obligations the interest on which is or is not subject to federal income tax. The forms of the 2026 Bonds, in substantially the forms set forth in the forms of the Supplemental Indenture presented to this meeting, are hereby approved. The General Manager of the Commission is hereby authorized and directed to approve and to execute the 2026 Bonds by manual or facsimile signature, and the Director of Commission Affairs (who is also the Secretary of the Commission for purposes of the Indenture) is hereby authorized and directed to attest, by manual or facsimile signature, with such changes, additions, amendments or modifications thereto which they may approve with the advice of the City Attorney, such approval to be conclusively evidenced by the issuance of the 2026 Bonds, subject to the limitations set forth in Section 4 hereof.

The Commission finds, in relation to 2009D Certificates and the Commission's related payment undertakings under the Headquarters Building MOU and the SFPUC Build America Bonds, that the following significant non-economic factors do exist (impacting such Commission payment obligations):

- the federal subsidy rate originally provided to the 2009D Certificates and the SFPUC Build America Bonds have been reduced and such reduced subsidy rate has applied for many years and is at risk of being reduced further or eliminated through legislation or otherwise; and
- the exclusion of interest from owner's income subject to federal income taxation or other tax benefits available to the 2009D Certificates and the SFPUC Build America Bonds could be diminished or eliminated through legislation or otherwise.

The Commission hereby finds with respect to the financing of the Refinancing Project, that the foregoing factors justify waiver of savings and other refinancing parameters, to the extent applicable to the Refinancing Project, set forth in the Commission's Debt Management Policies and Procedures. To the extent applicable, such conditions and parameters are hereby waived.

Section 2. Disposition of Revenues; Rate Covenant. Section 5.01(b) of the Indenture which sets forth the disposition of Revenues (as defined in the Indenture) applicable to the Commission's Water Enterprise revenue bonds is hereby confirmed by the Commission and the Commission further confirms, pledges and covenants with the holders of the 2026 Bonds that the Revenues shall be appropriated and expended in the order of priority set forth in Section 5.01(b) of the Indenture, as the same may be amended from time to time. This Commission also declares that the Commission will comply with all of the terms, provisions and covenants contained in the Indenture, as the same may be amended from time to time, including the covenants to establish, fix, prescribe and collect rates, fees and charges sufficient to enable the Commission to comply with the terms, conditions and covenants of the Indenture.

Section 3. Supplemental Indentures. The proposed form of Supplemental Indenture for each series and/or subseries of 2026 Bonds submitted to this Commission, and the terms and conditions thereof, are hereby approved. The General Manager of the Commission is hereby authorized and directed to execute and deliver and the Director of Commission Affairs or the Director of Commission Affairs' designee is authorized to attest to one or more Supplemental Indentures in such form, with such additions thereto or changes therein which they may approve with the advice of the City Attorney, such approval to be conclusively evidenced by the execution and delivery of such Supplemental Indentures. The Director of Commission Affairs is directed to file a copy of the form of Supplemental Indenture with the minutes of this meeting. Subject to the further limitations hereof, the principal amount, date, maturity date or dates, maximum interest rate or rates, series designation, interest payment dates, forms, registration privileges, place or places of payment, terms of redemption, insurance provisions and other terms of the 2026 Bonds shall be as provided in the Indenture.

Section 4. Sale; Bond Purchase Contract. The sale of the 2026 Bonds, in one or more series or subseries and on one or more dates, is hereby authorized and approved by the Commission, subject to the limitations and conditions provided herein. Subject to the other limitations provided herein, the interest rate or rates on the 2026 Bonds shall not exceed twelve percent (12%) and the final maturity of any 2026 Bonds shall not exceed 40 years from their date of issuance. The General Manager is hereby authorized and directed, for and on behalf of and in the name of the Commission, to sell such 2026 Bonds at one or more sales in such principal amount as the General Manager may determine, subject to the further limitations and conditions hereof. The General Manager is hereby authorized to enter into one or more Bond Purchase Contracts with Barclays, as the General Manager deems appropriate, substantially in the form presented at this meeting and on file with the Director of Commission Affairs, with such changes and additions as the General Manager may approve upon consultation with the City Attorney, such approval to be evidenced conclusively by the execution and delivery of each such Bond Purchase Contract; provided, however, that the total compensation to Barclays in respect of the 2026 Bonds, inclusive of all expense reimbursements in respect of the 2026 Bonds, shall not exceed 0.33 percent (0.33%) of the par value of the 2026 Bonds to be sold pursuant to any such Bond Purchase Contract. 2026 Bonds sold in a sale shall be delivered to Barclays upon payment of the purchase price agreed upon in the applicable Bond Purchase Contract, together with accrued interest, if any. The Director of Commission Affairs is directed to file a copy of said form of Bond Purchase Contract with the minutes of this meeting.

The Commission's Debt Management Policies and Procedures authorize the General Manager to approve a "negotiated sale" (as distinct from a "competitive sale") of Commission bonds to an underwriter "if deemed necessary for a successful offering." Alternatively, such Policies and Procedures authorize the General Manager to approve a "private placement" of bonds if such sale "would result in a lower overall cost than would be achieved by selling bonds at a public sale." Staff and the Municipal Advisor have recommended that the 2026 Bonds, as well as similar wastewater revenue bonds and power revenue bonds to refinance Base Rental Payments under the Project Lease and/or refund other Federally-Taxable Build America Bonds issued by the Commission for its wastewater enterprise (or retire commercial paper notes issued or incurred for such purposes), be sold to Barclays, in a negotiated sale. Barclays has represented that it will buy all of the 2026 Bonds without the present intention to sell or reoffer the 2026 Bonds (or any portion of the 2026 Bonds or any interest in the 2026 Bonds) other than a sale or transfer to (A) an affiliate or other party related to Barclays or (B) a funding entity or other special purpose arrangement established by Barclays or an affiliate of Barclays such as a tender option bond trust (or similar securitization vehicle), without limiting Barclays' right to transfer, sell, or otherwise dispose of the 2026 Bonds or any part thereof at some future time and from time to time at its sole discretion. Staff estimates that the sale of these Refinancing Project bonds to Barclays, given the relatively small size of the offering, would result in lower costs than a public sale of such bonds, because certain issuance costs associated with a public sale (such as the preparation of multiple disclosure documents and investor presentations, the provision of multiple credit ratings, as well as the associated staff time and expense incurred in connection with such activities) would be avoided or delayed. Staff and the Municipal Advisor further advise that the sale to Barclays will provide greater flexibility for execution of the Refinancing Project (including the ability to coordinate among the 2026 Bonds, wastewater revenue bond and power revenue bonds for the Refinancing Project), cashflow savings and the ability to refund such bonds separately in the future. Based upon the foregoing the General Manager has determined that the sale of the 2026 Bonds to Barclays is likely to result in lower overall costs (and greater flexibility) than achieved by selling such bonds at public sales, and should be approved by the Commission.

Section 5. Continuing Disclosure Certificates. The proposed form of Continuing Disclosure Certificate for the 2026 Bonds, submitted to this Commission, is hereby approved. The General Manager is hereby authorized and directed to execute one or more Continuing Disclosure Certificates for the 2026 Bonds from time to time, substantially in the form submitted to this Commission, with such additions, changes and corrections thereto as the General Manager shall approve with the advice of the City Attorney, such approval to be conclusively evidenced by the execution and delivery of such Continuing Disclosure Certificate. The Director of Commission Affairs is directed to file a copy of said form of Continuing Disclosure Certificate with the minutes of this meeting.

Section 6. General Authority. The General Manager or the acting General Manager is hereby authorized and directed, each acting alone, for and in the name and on behalf of this Commission, to execute and deliver any and all documents, certificates and representations, including, but not limited to, signature certificates, no-litigation certificates, tax certificates, letters of representation relating to book-entry registration, custody agreements, filing agent agreements and listing agreements, to contract for municipal bond insurance for all or a portion of the 2026 Bonds if determined by the General Manager, with the advice of the Municipal Advisor, to be beneficial to the Commission, to contract for one or more surety bonds or insurance policies for the debt service reserves for the 2026 Bonds if determined by the General Manager, with the advice of the Municipal Advisor, to be beneficial to the Commission, to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to accomplish the intent and purposes of this resolution including the issuance and sale of the 2026 Bonds, the financing or refinancing of the project, the retirement of commercial paper, and the other actions which the Commission has approved in this resolution. The General Manager may delegate the authority in this resolution to the Deputy General Manager and Chief Operating Officer; the Chief Financial Officer of the Commission and Assistant General Manager, Business Services; or any Deputy Chief Financial Officer, as the General Manager or the acting General Manager deems necessary or appropriate.

The General Manager is hereby authorized and directed to submit to the Board of Supervisors a proposed ordinance(s) authorizing the issuance of not-to-exceed $492,820,000 aggregate principal amount of Water Revenue Bonds and other forms of indebtedness, including commercial paper, under the terms of Proposition E, to finance the Refinancing Project. Such ordinance may be combined with ordinances relating to Wastewater Revenue Bonds and/or Power Revenue Bonds to finance prepayment of Base Rental Payments under the Project Lease allocable to the Commission's wastewater enterprise and power enterprise, respectively, and to refund certain other Federally-Taxable Build America Bonds issued by the Commission for its wastewater enterprise.

Section 7. Good-Faith Estimates. The Commission acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in the staff report and are available to the public at the meeting at which this Resolution is approved.

Section 8. Ratification. All actions heretofore taken by the officers, employees and agents of the Commission with respect to the authorization, sale and issuance of the 2026 Bonds and the authorizations under this Resolution prior to the date hereof and in accordance with the provisions hereof are hereby approved, confirmed and ratified.

Section 9. Effective Date. This resolution shall take effect from and after its adoption.

I hereby certify that the foregoing resolution was adopted by the San Francisco Public Utilities Commission at its meeting June 9, 2026.

Director of Commission Affairs
San Francisco Public Utilities Commission