

1 [Wastewater Revenue Bond Issuance and Sale - San Francisco Public Utilities Commission -
2 Not to Exceed \$987,414,494]

3 **Ordinance authorizing the issuance and sale of tax-exempt or taxable Wastewater**
4 **Revenue Bonds and other forms of indebtedness (as described below) by the San**
5 **Francisco Public Utilities Commission (Commission) in an aggregate principal amount**
6 **not to exceed \$987,414,494 to finance the costs of various capital wastewater projects**
7 **benefitting the Wastewater Enterprise pursuant to amendments to the Charter of the**
8 **City and County of San Francisco enacted by the voters on November 5, 2002, as**
9 **Proposition E; authorizing the issuance of Wastewater Revenue Refunding Bonds;**
10 **declaring the Official Intent of the Commission to reimburse itself with one or more**
11 **issues of tax-exempt bonds or other forms of indebtedness; and ratifying previous**
12 **actions taken in connection therewith, as defined herein.**

13 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
14 **Additions to Codes** are in *single-underline italics Times New Roman font*.
15 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
16 **Board amendment additions** are in double-underlined Arial font.
17 **Board amendment deletions** are in ~~strikethrough Arial font~~.
18 **Asterisks (* * * *)** indicate the omission of unchanged Code
19 subsections or parts of tables.

20 Be it ordained by the People of the City and County of San Francisco:

21 Section 1. Findings. The Board of Supervisors (the "Board") of the City hereby finds
22 and declares as follows:

23 A. On November 5, 2002, the voters of the City and County of San Francisco (the
24 "City") approved Proposition E ("Proposition E"), which among other things, authorized the
25 San Francisco Public Utilities Commission (the "Commission") to issue revenue bonds,
including notes, commercial paper or other forms of indebtedness (which forms of

1 indebtedness may include without limitation for purposes of Proposition E, loans and other
2 forms of indebtedness provided by governmental agencies and/or commercial or investment
3 banks), when authorized by ordinance approved by a two-thirds vote of the Board of
4 Supervisors, for the purpose of reconstructing, replacing, expanding, repairing or improving
5 water facilities or clean water facilities or combinations of water and clean water facilities
6 under the jurisdiction of the Commission; and

7 B. The Commission adopted the Indenture dated as of January 1, 2003, as further
8 amended and supplemented from time to time (the "Indenture"), between the Commission and
9 U. S. Bank National Association and in connection therewith, has from time to time issued
10 revenue bonds to finance projects benefitting the Wastewater Enterprise; and

11 C. By Resolution 18-0023 adopted by the Commission on February 13, 2018 (the
12 "Commission Resolution") the Commission has determined to issue Wastewater Revenue
13 Bonds (the "Wastewater Revenue Bonds") and other forms of indebtedness (including without
14 limitation SRF Loans or WIFIA Loans , as described below), as well as interim funding
15 vehicles such as commercial paper, revolving credit notes, bond anticipation notes or other
16 forms of notes, which interim funding vehicles will be issued in advance of being paid off by
17 either Wastewater Revenue Bonds or other forms of indebtedness (including without limitation
18 SRF Loans or WIFIA Loans), to finance the costs of various capital wastewater projects
19 benefitting the Wastewater Enterprise (the "Capital Improvement Projects" such projects
20 being more fully described in the Commission Resolution), pursuant to Proposition E, and has
21 formally requested this Board to authorize the issuance and sale of Wastewater Revenue
22 Bonds for such purposes, such Commission Resolution being on file with the Clerk of the
23 Board of Supervisors in File No. 180452; and

24 D. In order to finance the costs of the Capital Improvement Projects, the Board now
25 desires to authorize pursuant to Proposition E the issuance and sale of Wastewater Revenue

1 Bonds and other forms of indebtedness for such purposes, including without limitation State
2 Revolving Fund Loans and/or grants from the State Water Resources Control Board ("SRF
3 Loans") or U.S. Environmental Protection Agency Water Infrastructure Finance and Innovation
4 Act loans ("WIFIA Loans") and such other indebtedness as may be advantageous to the
5 Commission; and

6 E. The Commission has paid, beginning no earlier than 60 days prior to the
7 adoption of this Ordinance and will pay, on and after the date hereof, certain expenditures (the
8 "Expenditures") in connection with the acquisition, construction and/or equipping of the Capital
9 Improvement Projects; and

10 F. This Board is concurrently considering with this Ordinance, another Ordinance
11 approving a Capital Improvement Program related supplemental appropriation totaling \$
12 1,217,658,494 for fiscal years ending 2019 and 2020, including the proceeds of such
13 Wastewater Revenue Bonds and other forms of indebtedness (including SRF Loans, WIFIA
14 Loans, commercial paper, revolving credit notes and bond anticipation notes); and

15 G. This Board, on behalf of the Commission, adopts this Ordinance as official
16 action of the Commission in order to comply with Treasury Regulation §1.150-2 and any other
17 regulations of the Internal Revenue Service relating to the qualification for reimbursement of
18 Commission expenditures incurred prior to the date of issue of the Wastewater Revenue
19 Bonds or other forms of indebtedness (including SRF Loans, WIFIA Loans, commercial paper,
20 revolving credit notes and bond anticipation notes).

21 Section 2. Authorization to Issue Wastewater Revenue Bonds and other forms of
22 indebtedness. The Board hereby authorizes the issuance and sale of Wastewater Revenue
23 Bonds in one or more series from time to time by the Commission pursuant to Proposition E
24 and in accordance with the Commission Resolution and the execution and delivery of SRF
25 Loan or WIFIA Loan agreements or the issuance of commercial paper, revolving credit notes,

1 or bond anticipation notes, in an aggregate principal amount not to exceed \$987,414,494
2 (inclusive of financing costs), but exclusive of refunding indebtedness, bearing a maximum
3 rate or rates of interest of not to exceed twelve percent (12%) per annum to finance a portion
4 of the costs of the design, acquisition and construction of the Capital Improvement Projects.
5 Without limiting the foregoing, the Commission shall be authorized to incur SRF Loans from
6 the State Water Resources Control Board or WIFIA Loans from the U.S. Environmental
7 Protection Agency at such time, in such amounts, and upon such other terms and conditions
8 as the Commission may deem advantageous. The Commission is hereby further authorized
9 to determine the timing, amount and manner of sale (i.e., competitive or negotiated) of each
10 series of Wastewater Revenue Bonds, commercial paper, revolving credit notes, or bond
11 anticipation notes pursuant to this authorization; provided however, the Commission's
12 authorization to issue Wastewater Revenue Bonds or incur other forms of indebtedness
13 (including SRF Loans, WIFIA Loans, bond anticipation notes, commercial paper or revolving
14 credit notes) is subject to approval by the Commission of the form of substantially final offering
15 document related to such obligations (if any) and the approval of any related agreements,
16 financing documents and the filing with its Board and the Clerk of the Board any certifications
17 required by Proposition E prior to the issuance of any bonds or the incurrence of any
18 indebtedness herein authorized. The Commission shall also file, within 30 days of any bond
19 sale authorized hereby, with the Clerk of the Board of Supervisors a report showing the
20 results of the sale of Water Revenue Bonds, SRF Loans or other form of indebtedness
21 including (i) principal amount sold and method of sale, (ii) true interest cost, (iii) final maturity,
22 (iv) the facilities constructed and/or improved, and (v) a statement about the remaining
23 bonding authorization under this Ordinance (the "Report"); provided however that failure to file
24 the Report shall not affect the validity of any bonds authorized hereunder.

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1 Section 3. Authorization to Issue Wastewater Revenue Refunding Bonds. The Board
2 further authorizes and approves the issuance by the Commission of Wastewater Revenue
3 Refunding Bonds (the “Refunding Bonds”) to refund any outstanding obligations of the
4 Wastewater Enterprise, without limitation as to principal amount, in one or more series on one
5 or more dates, at a maximum interest rate or rates of interest not to exceed twelve percent
6 (12%) per annum, provided that each such Refunding Bond issue is permitted under the
7 applicable policies and procedures of the Commission and authorized by either Section 9.109
8 of the Charter (including related ordinances and resolutions of the Board). The Refunding
9 Bonds may be issued as tax-exempt or taxable obligations, or any combination thereof.
10 Refunding Bonds authorized hereunder shall be subject to the further following conditions,
11 that: (i) three percent (3%) net present value debt service savings or greater is achieved to
12 ensure ratepayer savings (exclusive of any issuance to refund commercial paper or bond
13 anticipation notes); (ii) this authorization is subject to a 2-year term through June 30, 2020, at
14 which time this Board may consider an extension; principal payments and term may be
15 adjusted, where permitted under federal and state tax law, only if and when the underlying
16 capital asset funded through said refunded bonds has a useful life not in excess of any limit
17 permitted under federal and state tax law than the refunded term; and (iii) the Commission
18 shall within 30 days of any executed refunding transaction provide a savings report prepared
19 by its financial advisors (that reflects at least a three percent (3%) net present value debt
20 service savings) to the Board, together with a copy of the final Official Statement (if any) with
21 respect to such series of Refunding Bonds; provided that the failure to deliver such report
22 shall in no way affect the validity of any Refunding Bonds.

23 Section 4. Declaration of Official Intent. The Board, on behalf of the Commission,
24 hereby declares the official intent of the Commission to reimburse the Commission with
25 proceeds of the Wastewater Revenue Bonds or other forms of indebtedness (including SRF

1 Loans, WIFIA Loans, bond anticipation notes or commercial paper) for the Expenditures with
2 respect to the Capital Improvement Projects made on and after a date that is no more than 60
3 days prior to the adoption of this Ordinance. The Commission reasonably expects on the date
4 hereof that it will reimburse the Expenditures with proceeds of the Wastewater Revenue
5 Bonds or other forms of indebtedness (including SRF Loans, WIFIA Loans, bond anticipation
6 notes or commercial paper). Each said Expenditure was and will be either (A) of a type
7 properly chargeable to a capital account under general federal income tax principles
8 (determined in each case as of the date of the Expenditure), (B) a cost of issuance with
9 respect to such obligations , (C) a nonrecurring item that is not customarily payable from
10 current revenues, or (D) a grant to pay a party that is not related to or an agent of the issuer
11 so long as such grant does not impose any obligation or condition (directly or indirectly) to
12 repay any amount to or for the benefit of the Commission. The Commission will make a
13 reimbursement allocation, which is a written allocation by the Issuer that evidences the
14 Commission's use of proceeds of the Wastewater Revenue Bonds or other forms of
15 indebtedness to reimburse an Expenditure, no later than 18 months after the later of the date
16 on which the Expenditure is paid or the component of the Capital Improvement Projects is
17 placed in service or abandoned, but in no event more than three years after the date on which
18 the Expenditure is paid. The Commission recognizes that exceptions are available for certain
19 "preliminary expenditures," costs of issuance, certain de minimis amounts, expenditures by
20 "small issuers" (based on the year of issuance and not the year of expenditure) and
21 expenditures for construction projects of at least 5 years.

22 Section 5. General Authority. The Controller, Treasurer, the City Attorney and other
23 officers of the City, including the Director of the Office of Public Finance, and their duly
24 authorized deputies and agents are hereby authorized and directed, jointly and severally, to
25 take such actions and to execute and deliver such certificates, agreements, requests or other

1 documents, as they may deem necessary or desirable to facilitate the issuance, sale and
2 delivery of the Wastewater Revenue Bonds, SRF Loans, WIFIA Loans, bond anticipation
3 notes, commercial paper or Refunding Bonds, to obtain bond insurance or other credit or
4 liquidity enhancements with respect to any such obligations, and otherwise to carry out the
5 provisions of this Ordinance. The Commission is hereby directed to provide the final form to
6 the Clerk of the Board of any disclosure document (if any) prepared in connection with the
7 execution of any Wastewater Revenue Bonds, SRF Loans, WIFIA Loans, bond anticipation
8 notes, commercial paper or Refunding Bonds, and the final executed Installment Sale
9 Agreement or other document reflecting the incurrence of an SRF Loan or a WIFIA Loan,
10 within 30 days of the closing of such transactions; provided however that failure to provide
11 such report shall not affect the validity of the obligations authorized hereunder.

12 The Commission is further directed as a part of the two-year budget review to provide to this
13 Board of Supervisors a written report about Wastewater Revenue Bonds authorized under the Charter
14 or Proposition E (as applicable), detailing the total amount authorized, the total amount sold, the
15 remaining authorized but unissued amount, and the bond authorization no longer necessary due to
16 changes in projects and project financing, beginning in May 2020.

17 Section 6. Ratification of Prior Actions. All actions authorized and directed by this
18 Ordinance in connection with the issuance of the Wastewater Revenue Bonds or other forms
19 of indebtedness (including SRF Loans, WIFIA Loans, bond anticipation notes or commercial
20 paper), Refunding Bonds, and heretofore taken are hereby ratified, approved and confirmed
21 by this Board.

22 Section 7. File Documents. All documents referred to as on file with the Clerk of the
23 Board are in File Nos. 180452.

24 Section 8. Effective Date. Pursuant to Charter Section 8B.124, this Ordinance shall
25 take effect thirty (30) days after its adoption.

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APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
Mark D. Blake
Deputy City Attorney