[Funding of Outstanding Indebtedness - 525 Golden Gate Avenue - PUC Issuance of Revenue Bonds and Other Forms of Indebtedness - Water Enterprise - NTE $492,820,000 - Wastewater Enterprise - NTE $224,570,000 - Power Enterprise - NTE $12,610,000]

Ordinance authorizing the issuance and sale by the Public Utilities Commission ("PUC" or "Commission") of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness in an aggregate principal amount not to exceed ("NTE") $492,820,000; tax-exempt or taxable Wastewater Revenue Bonds and other forms of indebtedness in an aggregate principal amount NTE $224,570,000; and tax-exempt or taxable Power Revenue Bonds and other forms of indebtedness in an aggregate principal amount NTE $12,610,000, to prepay each enterprise's allocable share of Base Rental Payments under the Project Lease related to financing the cost of the Commission's headquarters at 525 Golden Gate Avenue, and ratifying previous actions taken in connection therewith.

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

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

Section 1. **Findings**. The Board of Supervisors ("Board") of the City and County of San Francisco hereby finds and declares as follows:

a. Pursuant to Resolution No. 87-08, adopted by the Board on February 26, 2008, and signed by the Mayor on February 29, 2008 ("Authorizing Resolution"), this Board authorized the execution and delivery of Certificates of Participation to finance the costs of construction of an office building located at 525 Golden Gate Avenue (“Commission Headquarters”) for the San Francisco Public Utilities Commission (“Commission”); and

b. Pursuant to the Authorizing Resolution, the City authorized the execution and delivery of a not-to-exceed amount of $167,670,000 and the City issued 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

c. In connection with the Certificates, the City leased certain property to the Trustee under that certain Property Lease, dated October 1, 2009, between the City, as lessor, and the Trustee named under the Trust Agreement (defined below), as lessee (“Property Lease”), and such property was leased back to the City under that certain Project Lease, dated October 1, 2009, between the City, as lessee, and the Trustee, as lessor (“Project Lease”); and

d. 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 (“Trust Agreement”), and the Certificates are payable from Base Rental Payments payable by the City under the terms of the Project Lease; and

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

f. The 2009C Certificates have been fully paid; and

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

h. The City has determined that it is in best interests of the City and its Commission to prepay the Base Rental Payments under the Project Lease and retire and discharge the outstanding 2009D Certificates with revenues from the Commission; and

i. The Commission has previously issued certain of its water enterprise revenue bonds as Federally Taxable-Build America Bonds, of which there are outstanding a principal balance of $351,470,000 as of January 1, 2026, and certain of its wastewater enterprise revenue bonds as Federally Taxable-Build America Bonds, of which there is outstanding a principal balance of $161,985,000 as of January 1, 2026 (collectively, “SFPUC Build America Bonds”); and

j. Pursuant to Proposition E approved by the voters of the City on November 5, 2002, as amended by Proposition A approved by the voters of the City on June 5, 2018 (as amended, “Proposition E”), the Commission is authorized 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 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; and

k. (1) By Resolution No. 26-0090, adopted by the Commission on June 9, 2026 (“Commission Water Resolution”), the Commission has determined to issue Water Revenue Bonds (“Water Revenue Bonds”) and other forms of indebtedness (including, without limitation, commercial paper) in an amount not to exceed $492,820,000, (2) by Resolution No.

26-0091, adopted by the Commission on June 9, 2026 ("Commission Wastewater Resolution"),the Commission has determined to issue Wastewater Revenue Bonds ("Wastewater Revenue Bonds") and other forms of indebtedness (including, without limitation, commercial paper) in an amount not to exceed $224,570,000 and (3) by Resolution No. 26-0089, adopted by the Commission on June 9, 2026 ("Commission Power Resolution"), the Commission has determined to issue Power Revenue Bonds ("Power Revenue Bonds") and other forms of indebtedness (including, without limitation, commercial paper) in an amount not to exceed $12,610,000 related to the respective enterprise (Water, Power, or Wastewater) (such Commission Water Resolution, Commission Wastewater Resolution, and Commission Power Resolution collectively, the "Commission Resolutions," all such bonds, collectively the "Bonds", and each issuance of Bonds or other indebtedness referred to as a "series") to provide the City with funds to prepay and discharge the 2009D Certificates and thereby refinance the costs of the Commission Headquarters and/or to refund all or a portion of the SFPUC Build America Bonds (collectively, "Refinancing Project"); and

l. The Commission has determined that the issuance of the Bonds for the Refinancing Project is desirable due to significant non-economic factors, including the avoidance of risk that the Federal government may further reduce subsidy payments made with respect to the Build America Bonds (including the 2009D Certificates and the SFPUC Build America Bonds) and, in the case of the refinancing of the 2009D Certificates, the corresponding reduction of obligations for the General Fund (those 2009D Certificates related to the Commission's Headquarter Building) to make payments with respect to the Commission Headquarters, and the Board concurs with such determinations by the Commission; and

m. To finance the costs of the Refinancing Project, the Board now desires to authorize the Commission to issue and sell the Bonds as described above for such purposes.

Section 2. **Authorization to Issue Bonds and other forms of indebtedness**. The Board hereby authorizes the Commission to cause the issuance and sale of taxable or tax-exempt Bonds in one or more series from time to time pursuant to Proposition E and in accordance with the Commission Resolutions, in an aggregate principal amount not to exceed the respective amounts set forth in the Commission Resolutions (inclusive of financing costs), and bearing a maximum rate or rates of interest of not to exceed twelve percent (12%) per annum, to finance the costs of the Refinancing Project. The Commission is hereby further authorized to determine the timing, amount, and manner of sale (whether competitive, negotiated, or otherwise) of each series of Bonds, pursuant to this authorization; provided however, the Commission's authorization to issue each series of Bonds is subject to approval by the Commission of the form of substantially final offering documents related to such series (if any) and the approval of any related agreements, financing documents (in each case to the extent such approvals have not already been granted) and the filing with its Board and the Clerk of the Board any certifications required by Proposition E prior to the issuance of each series of Bonds or incurrence of any indebtedness authorized by this Ordinance. The Commission shall also file with the Clerk of the Board of Supervisors, within 30 days of closing any series of Bonds or other form of indebtedness authorized hereby, (i) the form of a disclosure document (if any) prepared in connection with the execution of any series of Bonds or other forms of indebtedness, and (ii) a report showing the results of the transaction, including (a) principal amount sold and method of sale, (b) true interest cost, (c) final maturity, (d) the 2009D Certificates and/or the SFPUC Build America Bonds that were refinanced (including principal amounts), and (e) a statement about the remaining bonding authorization under this Ordinance ("Bond Report"), provided that the failure to file such disclosure documents (if any) or the Bond Report shall not affect the validity of any debt authorized by this Ordinance.

Section 3. **General Authority; Discharge of 2009 Certificates**. The Controller of the City ("Controller"), the Treasurer of the City ("Treasurer"), the City Attorney, and other officers of the City, including the Director of the Office of Public Finance, and their duly authorized deputies and agents are authorized and directed, jointly and severally, to take such necessary or appropriate actions to implement the prepayment of the Base Rental payments under the Project Lease and the discharge of the 2009D Certificates with the proceeds of the Bonds, including without limitation, the termination of the Property Lease and Project Lease related thereto, and the designation and appointment of all banking institutions required to determine the redemption price of the 2009D Certificates ("Prepayment Pricing Agent"), and, further, to execute and deliver such certificates, agreements, requests or other documents, as they may deem necessary or desirable to facilitate the issuance, sale, and delivery of each series of Bonds or other forms of indebtedness, to obtain bond insurance or other credit or liquidity enhancements with respect to any such series, and otherwise to carry out the provisions of this Ordinance.

Section 4. **Ratification of Prior Actions**. All actions authorized and directed by this Ordinance in connection with the issuance of the Bonds or other forms of indebtedness and previously taken are hereby ratified, approved, and confirmed by this Board.

Section 5. **File Documents.** All documents referred to as on file with the Clerk of the Board are in File No. ____________.

Section 6. **Effective Date.** This ordinance shall become effective on the 31st day after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: *<u>/s/ Sheryl L. Bregman</u>*________
SHERYL L. BREGMAN
Deputy City Attorney