

1 [San Francisco Public Utilities Commission Water Revenue Bond and Other Forms of
2 Indebtedness Issuance - Not to Exceed \$358,985,453]

3 **Ordinance authorizing the issuance and sale of tax-exempt or taxable Water Revenue**
4 **Bonds and other forms of indebtedness (as described below) by the San Francisco**
5 **Public Utilities Commission (“Commission”) in an aggregate principal amount not to**
6 **exceed \$358,985,453 to finance the costs of various capital water projects benefitting**
7 **the Water Enterprise pursuant to amendments to the Charter of the City and County of**
8 **San Francisco enacted by the voters on November 5, 2002, as Proposition E;**
9 **authorizing the issuance of Water Revenue Refunding Bonds and the retirement of**
10 **outstanding Water Enterprise Commercial Paper; declaring the Official Intent of the**
11 **Commission to reimburse itself with one or more issues of tax-exempt bonds or other**
12 **forms of indebtedness; and ratifying previous actions taken in connection therewith, as**
13 **defined herein.**

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

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

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

24 A. On November 5, 2002, the voters of the City and County of San Francisco
25 (“City”) approved Proposition E (“Proposition E”), which among other things, 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

1 approved by a two-thirds vote of the Board of Supervisors, for the purpose of reconstructing,
2 replacing, expanding, repairing or improving water facilities or clean water facilities or
3 combinations of water and clean water facilities under the jurisdiction of the Commission; and

4 B. The Commission adopted the Amended and Restated Water Indenture dated as
5 of January 1, 2002, as further amended and supplemented from time to time (“Indenture”),
6 between the Commission and U. S. Bank National Association and in connection therewith,
7 has from time to time issued revenue bonds to finance projects benefitting the Water
8 Enterprise; and

9 C. Pursuant to Section 43.5 of the San Francisco Administrative Code (“Article V”),
10 enacted by Ordinance No. 203-98 adopted by the Board on June 8, 1998, and signed by the
11 Mayor of the City on June 19, 1998, as amended by Ordinance No. 270-06, adopted on
12 October 24, 2006 by the Board and signed by the Mayor on October 31, 2006, the Board
13 established a procedure pursuant to which the Commission may issue short-term
14 indebtedness, including the issuance of commercial paper in anticipation of the issuance of its
15 revenue bonds; and

16 D. Pursuant to Ordinance No. 311-08, adopted by the Board of Supervisors on
17 December 16, 2008, and Resolution No. 09-175, adopted by this Commission on October 27,
18 2009, the Water Enterprise’s commercial paper program (“Water CP Program”) was increased
19 to an aggregate principal amount of \$500,000,000, and the Commission has caused its Water
20 Enterprise Commercial Paper to be issued from time to time; and

21 E. By Resolution 23-0038, adopted by the Commission on February 14, 2023
22 (“Commission Resolution”) the Commission has determined to issue Water Revenue Bonds
23 (“Water Revenue Bonds”) and other forms of indebtedness (including without limitation State
24 Revolving Fund (SRF) Loans as described below), as well as interim funding vehicles such as
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1 commercial paper, revolving credit agreements, bond anticipation notes or other forms of
2 notes, which interim funding vehicles will be issued in advance of being paid off by either
3 Water Revenue Bonds and other forms of indebtedness (including without limitation SRF
4 Loans) to finance the costs of various capital projects benefitting the Water Enterprise (the
5 "Capital Improvement Projects" such projects being more fully described in the Commission
6 Resolution), pursuant to Proposition E, and has formally requested this Board to authorize the
7 issuance and sale of Water Revenue Bonds and other forms of indebtedness for such
8 purposes, such Commission Resolution being on file with the Clerk of the Board in File
9 No. 230665; and

10 F. In order to finance the costs of the Capital Improvement Projects, the Board now
11 desires to authorize the issuance and sale of Water Revenue Bonds and other forms of
12 indebtedness, as described above, for such purposes, including obtaining SRF Loans and/or
13 grants from the State Water Resources Control Board; and

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

18 H. This Board is concurrently considering with this Ordinance, related supplemental
19 appropriation ordinances for fiscal year ending 2023, including expenditures of the proceeds
20 of the Water Revenue Bonds and other forms of indebtedness (including, without limitation
21 and for illustrative purposes only, SRF Loans, commercial paper, revolving credit agreements,
22 and bond anticipation notes); and

23 I. This Board, on behalf of the Commission, adopts this Ordinance as official
24 action of the Commission in order to comply with Treasury Regulation §1.150-2 and any other
25 regulations of the Internal Revenue Service relating to the qualification for reimbursement of

1 Commission expenditures incurred prior to the date of issue of the Water Revenue Bonds and
2 other forms of indebtedness (including, without limitation and for illustrative purposes only,
3 SRF Loans, commercial paper, revolving credit agreements, and bond anticipation notes).

4 Section 2. Authorization to Issue Water Revenue Bonds and other forms of
5 indebtedness. The Board hereby authorizes the issuance and sale of taxable or tax-exempt
6 Water Revenue Bonds or other forms of indebtedness (including without limitation SRF
7 Loans, commercial paper, revolving credit agreements and bond anticipation notes) in one or
8 more series from time to time by the Commission pursuant to Proposition E and in
9 accordance with the Commission Resolution, in an aggregate principal amount not to exceed
10 \$358,985,453 (inclusive of financing costs), bearing a maximum rate or rates of interest of not
11 to exceed twelve percent (12%) per annum, to finance a portion of the costs of the design,
12 acquisition and construction of the Capital Improvement Projects. Without limiting the
13 foregoing, the Commission shall be authorized to incur state and federal at such time, in such
14 amounts, and upon such other terms and conditions as the Commission may deem
15 advantageous, and to approve any financing documentation related thereto consistent with
16 this Ordinance. The Commission is hereby further authorized to determine the timing, amount
17 and manner of sale (i.e., competitive or negotiated) of each series of Water Revenue Bonds,
18 bond anticipation notes, revolving credit agreements, or commercial paper, pursuant to this
19 authorization; provided however, the Commission's authorization to issue Water Revenue
20 Bonds, bond anticipation notes, revolving credit agreements, or commercial paper is subject
21 to approval by the Commission of the form of substantially final offering document related to
22 such obligations (if any) and the approval of any related agreements, financing documents
23 and the filing with its Board and the Clerk of the Board any certifications required by
24 Proposition E prior to the issuance of any bonds or incurrence of any indebtedness herein
25 authorized. The Commission shall also file, within 30 days of closing any Water Revenue

1 Bond or other form of indebtedness (including SRF Loans or other federal loans and bond
2 anticipation notes) transactions) authorized hereby, with the Clerk of the Board of Supervisors
3 a report showing the results of the transaction, including (i) principal amount sold and method
4 of sale, (ii) true interest cost, (iii) final maturity, (iv) the facilities constructed and/or improved,
5 and (v) a statement about the remaining bonding authorization under this Ordinance (“Bond
6 Report”), provided that the failure to file such Bond Report shall not affect the validity of any
7 debt authorized hereunder.

8 Section 3. Authorization to Issue Water Revenue Refunding Bonds; Commercial
9 Paper Retirement. Notwithstanding Section 2 immediately above, the Board further
10 authorizes and approves the issuance by the Commission of Water Revenue Refunding
11 Bonds (“Refunding Bonds”) without limitation as to principal amount, in one or more series on
12 one or more dates, at a maximum interest rate or rates of interest not to exceed twelve
13 percent (12%) per annum, provided that each such Refunding Bond issue is permitted under
14 the applicable policies and procedures of the City and authorized by Section 9.109 of the
15 Charter (including related ordinances and resolutions of the Board). The Refunding Bonds
16 may be issued as taxable or tax-exempt obligations, or any combination thereof. Refunding
17 Bonds authorized hereunder shall be subject to the further following conditions, that: (i) three
18 percent (3%) net present value debt service savings or greater is achieved to ensure
19 ratepayer savings (exclusive of any issuance to refund commercial paper, revolving credit
20 notes, or bond anticipation notes); (ii) that the maturity of the refunded bonds is not extended;
21 (iii) this authorization is subject to a 5-year term through June 30, 2028, at which time this
22 Board may consider an extension; (iv) principal payments and term may be adjusted, where
23 permitted under federal and state tax law, only if and when the underlying capital asset funded
24 through said refunded bonds has a useful life not in excess of any limit permitted under
25 federal and state tax law than the refunded term; and (v) the Commission shall within 30 days

1 of any executed refunding transaction provide a refunding savings report (“Bond Refunding
2 Savings Report”) prepared by its municipal advisors (that reflects at least a three percent
3 (3%) net present value debt service savings) to the Board, together with a copy of the final
4 Official Statement (if any) with respect to such series of Refunding Bonds, provided that the
5 failure to deliver such Bond Refunding Savings Report shall in no way affect the validity of any
6 Refunding Bonds. Notwithstanding the foregoing, the Commission is authorized to issue
7 Refunding Bonds that do not meet all of the foregoing conditions provided that the
8 Commission makes a finding, by resolution, that significant non-economic factors exist that
9 justify the waiver of the three percent (3%) net present value debt service savings test and
10 other conditions set forth above. Such non-economic factors may include, by way of
11 illustration and not limitation, eliminating onerous covenants and obsolete provisions
12 contained in the Commission’s indenture or other security documents, or restructuring a
13 series of bonds in response to then-current market conditions. In furtherance of the purpose of
14 managing the Commission outstanding indebtedness, the General Manager is hereby
15 authorized and directed, in consultation the City Attorney, from Available Water Enterprise
16 Revenues to retire outstanding Water Enterprise Commercial Paper at such times and in such
17 amounts advantageous to the Commission.

18 Section 4. Declaration of Official Intent. The Board, on behalf of the Commission,
19 hereby declares the official intent of the Commission to reimburse the Commission with
20 proceeds of the Water Revenue Bonds or other forms of indebtedness (including SRF Loans
21 or other federal loans, commercial paper, revolving credit notes, or bond anticipation notes)
22 for the Expenditures with respect to the Capital Improvement Projects made on and after a
23 date that is no more than 60 days prior to the adoption of this Ordinance. The Commission
24 reasonably expects on the date hereof that it will reimburse the Expenditures with proceeds of
25 the Water Revenue Bonds or other forms of indebtedness (including, without limitation and for

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

18 Section 5. General Authority. The Controller, Treasurer, the City Attorney and other
19 officers of the City, including the Director of the Office of Public Finance, and their duly
20 authorized deputies and agents are hereby authorized and directed, jointly and severally, to
21 take such actions and to execute and deliver such certificates, agreements, requests or other
22 documents, as they may deem necessary or desirable to facilitate the issuance, sale and
23 delivery of the Water Revenue Bonds or other forms of indebtedness, including Refunding
24 Bonds, and to obtain bond insurance or other credit or liquidity enhancements with respect to
25 any such obligations, and otherwise to carry out the provisions of this Ordinance. The

1 Commission is hereby directed to provide the final form to the Clerk of the Board of any
2 disclosure document prepared in connection with the execution of any Water Revenue
3 Bonds, other forms of indebtedness, or Refunding Bonds, and the final executed Installment
4 Sale Agreement or other document reflecting the incurrence of an SRF Loan or other federal
5 loan, within 30 days of the closing of such transactions provided that the failure to deliver
6 such document shall not affect the validity of the obligations authorized hereunder. The
7 Commission is further directed as a part of the two-year budget review to provide to this
8 Board of Supervisors a written report about Water Revenue Bonds authorized hereunder,
9 detailing the total amount authorized, the total amount sold, the remaining authorized but
10 unissued amount, and the bond authorization no longer necessary due to changes in projects
11 and project financing.

12 Section 6. Ratification of Prior Actions. All actions authorized and directed by this
13 Ordinance in connection with the issuance of the Water Revenue Bonds, other forms of
14 indebtedness (including, without limitation and for illustrative purposes only, SRF Loans,
15 federal loan, commercial paper, revolving credit notes, or bond anticipation notes) or
16 Refunding Bonds and heretofore taken are hereby ratified, approved and confirmed by this
17 Board.

18 Section 7. File Documents. All documents referred to as on file with the Clerk of the
19 Board are in File No. 230665.

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

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4 APPROVED AS TO FORM:
5 DAVID CHIU, City Attorney

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7 By: /s/ Mark D. Blake
8 Mark D. Blake
9 Deputy City Attorney