

1 [SFPUC Power Revenue Bond Issuance - Various Capital Projects Benefitting the Power
2 Enterprise - Not to Exceed \$140,889,875]

3 **Ordinance authorizing the issuance and sale of tax-exempt or taxable Power Revenue**
4 **Bonds and other forms of indebtedness (as described below) by the San Francisco**
5 **Public Utilities Commission (SFPUC) (“Commission”) in an aggregate principal amount**
6 **not to exceed \$140,889,875 to finance the costs of various capital projects benefitting**
7 **the Power Enterprise under the Charter, including amendments to the Charter enacted**
8 **by the voters on June 5, 2018, commonly referred to as Proposition A; authorizing the**
9 **issuance of Power Revenue Refunding Bonds; declaring the Official Intent of the**
10 **Commission to Reimburse Itself with one or more issues of tax-exempt or taxable**
11 **bonds or other forms of indebtedness; and ratifying previous actions taken in**
12 **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 (“Board”) of the City hereby finds
22 and declares as follows:

23 A. On June 5, 2018, the voters of the City and County of San Francisco (“City”)
24 approved Proposition A (“Proposition A”), which among other things, authorized the
25 Commission to issue revenue bonds, including notes, commercial paper or other forms of

1 indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of
2 Supervisors, for the purpose of reconstructing, replacing, expanding, repairing or improving
3 water facilities, clean water facilities or power facilities or combinations of water, clean water
4 facilities and power facilities under the jurisdiction of the Commission, or for any lawful
5 purpose of the water, clean water and power facilities; and

6 B. The Commission adopted the Indenture dated as of May 1, 2015, as further
7 amended and supplemented from time to time ("Indenture"), between the Commission and U.
8 S. Bank National Association and in connection therewith, has from time to time issued power
9 revenue bonds to finance projects benefitting the Power Enterprise; and

10 C. By Resolution 22-0030, adopted by the Commission on February 8, 2022
11 ("Commission Resolution") the Commission has determined to issue Power Revenue Bonds
12 ("Power Revenue Bonds") and other forms of indebtedness (including without limitation state
13 and federal loan programs as described below), as well as interim funding vehicles such as
14 commercial paper, revolving credit agreements, bond anticipation notes or other forms of
15 notes, which interim funding vehicles will be issued in advance of being paid off by either
16 Power Revenue Bonds and other forms of indebtedness (including without limitation state and
17 federal loan programs) to finance the costs of various capital projects benefitting the Power
18 Enterprise (the "Capital Improvement Projects" such projects being more fully described in the
19 Commission Resolution), pursuant to Proposition A, and has formally requested this Board to
20 authorize the issuance and sale of Power Revenue Bonds and other forms of indebtedness
21 for such purposes, such Commission Resolution being on file with the Clerk of the Board in
22 File No. 220499; and

23 D. In order to finance the costs of the Capital Improvement Projects, the Board now
24 desires to authorize the issuance and sale of Power Revenue Bonds and other forms of
25 indebtedness, as described above, for such purposes, including obtaining SRF Loans and/or

1 grants from the State Water Resources Control Board, or other loans under other federal loan
2 programs;

3 E. This Board, on behalf of the Commission, adopts this Ordinance as official
4 action of the Commission in order to comply with Treasury Regulation §1.150-2 and any other
5 regulations of the Internal Revenue Service relating to the qualification for reimbursement of
6 Commission expenditures incurred prior to the date of issue of the Power Revenue Bonds and
7 other forms of indebtedness (including, without limitation and for illustrative purposes only,
8 SRF Loans, commercial paper, revolving credit agreements, and bond anticipation notes).

9 Section 2. Authorization to Issue Power Revenue Bonds and other forms of
10 indebtedness. The Board hereby authorize the issuance and sale of taxable or tax-exempt
11 Power Revenue Bonds in one or more series from time to time by the Commission pursuant
12 the Charter, including Proposition A, in an aggregate principal amount not to exceed
13 \$140,889,875 (inclusive of financing costs), at a maximum rate or rates of interest of not to
14 exceed twelve percent (12%) per annum to finance a portion of the costs of the design,
15 acquisition and construction of the Capital Improvement Projects.

16 Section 3. Authorization to Issue Power Revenue Refunding Bonds; Commercial
17 Paper Retirement. The Board further authorizes and approves the issuance by the
18 Commission of Power Revenue Refunding Bonds (“Refunding Bonds”) without limitation as to
19 principal amount, in one or more series on one or more dates, at a maximum interest rate or
20 rates of interest not to exceed twelve percent (12%) per annum, provided that each such
21 Refunding Bond issue is permitted under the applicable policies and procedures of the City
22 and authorized by Section 9.109 of the Charter (including related ordinances and resolutions
23 of the Board). The Refunding Bonds may be issued as taxable or tax-exempt obligations, or
24 any combination thereof. Refunding Bonds s authorized hereunder shall be subject to the
25 further following conditions, that: (i) three percent (3%) net present value debt service savings

1 or greater is achieved to ensure ratepayer savings (exclusive of any issuance to refund
2 commercial paper, revolving credit notes, or bond anticipation notes); (ii) that the maturity of
3 the refunded bonds is not extended; (iii) this authorization is subject to a 5-year term through
4 June 30, 2027, at which time this Board may consider an extension; principal payments and
5 term may be adjusted, where permitted under federal and state tax law, only if and when the
6 underlying capital asset funded through said refunded bonds has a useful life not in excess of
7 any limit permitted under federal and state tax law than the refunded term; and (iv) the
8 Commission shall within 30 days of any executed refunding transaction provide a refunding
9 savings report ("Bond Refunding Savings Report") prepared by its financial advisors (that
10 reflects at least a three percent (3%) net present value debt service savings) to the Board for
11 inclusion in Board File No. 220499, together with a copy of the final Official Statement (if any)
12 with respect to such series of Refunding Bonds, provided that the failure to deliver such Bond
13 Refunding Savings Report shall in no way affect the validity of any Refunding Bonds.
14 Notwithstanding the foregoing, the Commission is authorized to issue Refunding Bonds for
15 non-economic factors, including by way of illustration, eliminating onerous covenants and
16 obsolete provisions contained in the Commission's indenture or other security documents.
17 The Commission shall request a waiver of the savings requirement for any Refunding Bonds
18 issued for non-economic reasons. In furtherance of the purpose of managing the Commission
19 outstanding indebtedness, the General Manager is hereby authorized and directed, in
20 consultation the City Attorney, from Available Power Enterprise Revenues to retire
21 outstanding Power Enterprise Commercial Paper at such times and in such amounts
22 advantageous to the Commission.

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 Power Revenue Bonds or other forms of indebtedness (including SRF Loans

1 or other federal loans, commercial paper, revolving credit notes, or bond anticipation notes)
2 for the Expenditures with respect to the Capital Improvement Projects made on and after a
3 date that is no more than 60 days prior to the adoption of this Ordinance. The Commission
4 reasonably expects on the date hereof that it will reimburse the Expenditures with proceeds of
5 the Power Revenue Bonds or other forms of indebtedness (including, without limitation and for
6 illustrative purposes only, SRF Loans, commercial paper, revolving credit notes or bond
7 anticipation notes). Each said Expenditure was and will be either (A) of a type properly
8 chargeable to a capital account under general federal income tax principles (determined in
9 each case as of the date of the Expenditure), (B) a cost of issuance with respect to such
10 obligations, (C) a nonrecurring item that is not customarily payable from current revenues, or
11 (D) a grant to pay a party that is not related to or an agent of the issuer so long as such grant
12 does not impose any obligation or condition (directly or indirectly) to repay any amount to or
13 for the benefit of the Commission. The Commission will make a reimbursement allocation,
14 which is a written allocation by the Issuer that evidences the Commission's use of proceeds of
15 the Power Revenue Bonds or other forms of indebtedness to reimburse an Expenditure, no
16 later than 18 months after the later of the date on which the Expenditure is paid or the
17 component of the Capital Improvement Projects is placed in service or abandoned, but in no
18 event more than three years after the date on which the Expenditure is paid. The
19 Commission recognizes that exceptions are available for certain "preliminary expenditures,"
20 costs of issuance, certain de minimis amounts, expenditures by "small issuers" (based on the
21 year of issuance and not the year of expenditure) and expenditures for construction projects
22 of at least 5 years.

23 Section 5. General Authority. The Controller, Treasurer, the City Attorney and other
24 officers of the City and their duly authorized deputies and agents are hereby authorized and
25 directed, jointly and severally, to take such actions and to execute and deliver such

1 certificates, agreements, requests or other documents, as they may deem necessary or
2 desirable to facilitate the issuance, sale and delivery of the Power Revenue Bonds, Refunding
3 Bonds, to obtain bond insurance or other credit enhancements with respect to such
4 obligations, to obtain surety, to obtain title and other insurance with respect to the facilities to
5 be financed, and otherwise to carry out the provisions of this Ordinance. The Commission is
6 hereby directed to provide the final form to the Clerk of the Board of any disclosure document
7 prepared in connection with the execution of any Power Revenue Bonds or Refunding Bonds,
8 and the final executed Installment Sale Agreement or other document reflecting the
9 incurrence of an SRF Loan or loan under eligible federal program, within 30 days of the
10 closing of such transactions.

11 Section 6. Ratification of Prior Actions. All actions authorized and directed by this
12 Ordinance in connection with the issuance of the Power Revenue Bonds or other forms of
13 indebtedness, Refunding Bonds, and heretofore taken are hereby ratified, approved and
14 confirmed by this Board.

15 Section 7. File Documents. All documents referred to as on file with the Clerk of the
16 Board are in File Nos. 220499.

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

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20 APPROVED AS TO FORM:
21 DAVID CHIU, City Attorney

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23 By: /s/ Mark D. Blake
24 Mark D. Blake
25 Deputy City Attorney
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