

FILE NO. 140484

ORDINANCE NO. 108-14

[SFPUC Water Revenue Bond Issuance----Not to Exceed \$209,171,566 ~~290,431,536~~]

**Ordinance approving the issuance and sale of water revenue bonds by the San Francisco Public Utilities Commission in an aggregate principal amount not to exceed \$209,171,566 ~~290,431,536~~ to finance the costs of various capital water projects benefitting the Water Enterprise pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002 as Proposition E; declaring the Official Intent of the Commission to Reimburse Itself with one or more issues of tax-exempt bonds; and ratifying previous actions taken in connection therewith.**

NOTE: Additions are single-underline italics Times New Roman;  
deletions are ~~strike-through italics Times New Roman~~.  
Board amendment additions are double-underlined;  
Board amendment deletions are ~~strikethrough normal~~.

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

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

A. On November 5, 2002, the voters of the City and County of San Francisco (the "City") approved Proposition E ("Proposition E"), which among other things, authorized the San Francisco Public Utilities Commission (the "Commission") 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 or clean water facilities or combinations of water and clean water facilities under the jurisdiction of the Commission; and

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

6           C. By Resolution 14-00032 adopted by the Commission on February 11, 2014 (the  
7 "Commission Resolution") the Commission has determined to issue water revenue bonds  
8 (the "Revenue Bonds") to finance the costs of various capital water projects benefitting the  
9 Water Enterprise (the "Capital Improvement Projects" such projects being more fully  
10 described in the Commission Resolution), pursuant to Proposition E, and has formally  
11 requested this Board of Supervisors to authorize the issuance and sale of water revenue  
12 bonds for such purposes, such Commission Resolution being on file with the Clerk of the  
13 Board in File No. 140484, which is hereby declared to be a part of this Ordinance as if set  
14 forth fully herein; and

15           D. In order to finance the costs of the Capital Improvement Projects, the Board now  
16 desires to authorize the issuance and sale of water revenue bonds for such purposes; and

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

21           F. This Board of Supervisors, on behalf of the Commission, adopts this Ordinance  
22 as official action of the Commission in order to comply with Treasury Regulation §1.150-2  
23 and any other regulations of the Internal Revenue Service relating to the qualification for  
24 reimbursement of Commission expenditures incurred prior to the date of issue of the Water  
25 Revenue Bonds, and

1           Section 2. Approval of the Water Revenue Bonds. The Board hereby approves the  
2 issuance and sale of the Water Revenue Bonds from time to time by the Commission  
3 pursuant to Proposition E and in accordance with the Commission Resolution in an  
4 aggregate principal amount not to exceed \$209,171,566 ~~290,431,536~~ (inclusive of financing  
5 costs), at a maximum rate or rates of interest of not to exceed twelve percent (12%) per  
6 annum to finance a portion of the costs of the design, acquisition and construction of the  
7 Capital Improvement Projects. The Commission is hereby authorized to determine the  
8 timing, amount and manner of sale (i.e., competitive or negotiated) of each series of Water  
9 Revenue Bonds issued pursuant to this authorization; provided however, the Commission's  
10 authorization to issue Water Revenue Bonds is subject to approval by the Commission's  
11 Board of the form of substantially final offering document related to such bonds and the filing  
12 with its Board and the Clerk of the Board any certifications required by Proposition E prior to  
13 the issuance of any bonds herein authorized.

14           Section 3. Declaration of Official Intent. The Board, on behalf of the Commission ,  
15 hereby declares the official intent of the Commission to reimburse the Commission with  
16 proceeds of the Water Revenue Bonds for the Expenditures with respect to the Capital  
17 Improvement Projects made on and after a date that is no more than 60 days prior to the  
18 adoption of this Ordinance. The Commission reasonably expects on the date hereof that it  
19 will reimburse the Expenditures with proceeds of the Water Revenue Bonds. Each said  
20 Expenditure was and will be either (A) of a type properly chargeable to a capital account  
21 under general federal income tax principles (determined in each case as of the date of the  
22 Expenditure), (B) a cost of issuance with respect to the Water Revenue Bonds, (C) a  
23 nonrecurring items that is not customarily payable from current revenues, or (D) a grant to pay  
24 a party that is not related to or an agent of the issuer so long as such grand does not impose  
25 any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of

1 the Commission. The maximum principal amount of the Water Revenue Bonds to be issued  
2 for the Capital Improvement Projects is \$209,171,566 ~~290,431,536~~ (inclusive of financing costs).

3 The Commission will make a reimbursement allocation, which is a written allocation  
4 by the Issuer that evidences the Commission's use of proceeds of the Water Revenue  
5 Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on  
6 which the Expenditure is paid or the component of the Capital Improvement Projects is  
7 placed in service or abandoned, but in no event more than three years after the date on  
8 which the Expenditure is paid. The Commission recognizes that exceptions are available for  
9 certain "preliminary expenditures," costs of issuance, certain *de minimis* amounts,  
10 expenditures by "small issuers" (based on the year of issuance and not the year of  
11 expenditure) and expenditures for construction projects of at least 5 years.

12 Section 4. General Authority. The Controller, Treasurer, the City Attorney and other  
13 officers of the City and their duly authorized deputies and agents are hereby authorized and  
14 directed, jointly and severally, to take such actions and to execute and deliver such  
15 certificates, agreements, requests or other documents, as they may deem necessary or  
16 desirable to facilitate the issuance, sale and delivery of the Water Revenue Bonds, to obtain  
17 bond insurance or other credit enhancements with respect to the Water Revenue Bonds, to  
18 obtain surety, to obtain title and other insurance with respect to the facilities to be financed,  
19 and otherwise to carry out the provisions of this Ordinance.

20 Section 5. Ratification of Prior Actions. All actions authorized and directed by this  
21 Ordinance and heretofore taken are hereby ratified, approved and confirmed by this Board.

22 Section 6. File Documents. All documents referred to as on file with the Clerk of the  
23 Board are in File No. 140484.

1           Section 7. Effective Date. Pursuant to Charter Section 14.102, this Ordinance shall  
2 take effect thirty (30) days after its adoption.

3  
4 APPROVED AS TO FORM:  
5 DENNIS J. HERRERA, City Attorney

6 By: 

7           MARK D. BLAKE  
8 Deputy City Attorney

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# City and County of San Francisco

## Tails Ordinance

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 140484

**Date Passed:** June 24, 2014

Ordinance approving the issuance and sale of water revenue bonds by the Public Utilities Commission in an aggregate principal amount not to exceed \$209,171,566 to finance the costs of various capital water projects benefitting the Water Enterprise pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002, as Proposition E; declaring the official intent of the Commission to reimburse itself with one or more issues of tax-exempt bonds; and ratifying previous actions taken in connection therewith.

June 11, 2014 Budget and Finance Committee - AMENDED

June 11, 2014 Budget and Finance Committee - RECOMMENDED AS AMENDED

June 17, 2014 Board of Supervisors - PASSED ON FIRST READING


Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee


June 24, 2014 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 140484

I hereby certify that the foregoing  
Ordinance was **FINALLY PASSED** on  
6/24/2014 by the Board of Supervisors of  
the City and County of San Francisco.

  
Angela Calvillo  
Clerk of the Board

  
Mayor

7/2/2014  
Date Approved