

1 [Public Utilities Commission - Issuance Wastewater Revenue Bonds - Not to Exceed
2 \$1,112,601,280]

3 **Ordinance authorizing the issuance and sale of tax-exempt or taxable Wastewater**
4 **Revenue Bonds and other forms of indebtedness by the San Francisco Public Utilities**
5 **Commission (Commission) in an aggregate principal amount not to exceed**
6 **\$1,112,601,280 to finance the costs of various capital wastewater projects benefitting**
7 **the Wastewater Enterprise pursuant to amendments to the Charter of the City and**
8 **County of San Francisco enacted by the voters on November 5, 2002, as Proposition E;**
9 **authorizing the issuance of Wastewater Revenue Refunding Bonds; declaring the**
10 **Official Intent of the Commission to Reimburse Itself with one or more issues of tax-**
11 **exempt or taxable 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.

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

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

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

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

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

9 C. By Resolution 16-0035 adopted by the Commission on February 9, 2016 (the
10 "Commission Resolution") the Commission has determined to issue Wastewater Revenue
11 Bonds (the "Wastewater Revenue Bonds") and other forms of indebtedness (including SRF
12 Loans, as described below) to finance the costs of various capital wastewater projects
13 benefitting the Wastewater Enterprise (the "Capital Improvement Projects" such projects
14 being more fully described in the Commission Resolution), pursuant to Proposition E, and has
15 formally requested this Board to authorize the issuance and sale of Wastewater Revenue
16 Bonds for such purposes, such Commission Resolution being on file with the Clerk of the
17 Board of Supervisors in File No. 160471, which is hereby declared to be a part of this
18 Ordinance as if set forth fully herein; and

19 D. In order to finance the costs of the Capital Improvement Projects, the Board now
20 desires to authorize the issuance and sale of Wastewater Revenue Bonds and other forms of
21 indebtedness for such purposes, including obtaining State Revolving Fund Loans and/or
22 grants from the State Water Resources Control Board (collectively "SRF Loans"); and

23 E. The Commission has paid, beginning no earlier than 60 days prior to the
24 adoption of this Ordinance and will pay, on and after the date hereof, certain expenditures (the
25

1 “Expenditures”) in connection with the acquisition, construction and/or equipping of the Capital
2 Improvement Projects, and

3 F. This Board is concurrently considering with this Ordinance a Capital
4 Improvement Program related supplemental appropriations Ordinance totaling
5 \$1,215,201,280 for fiscal years ending 2017 and 2018, such amount being inclusive of the
6 Wastewater Revenue Bonds and other forms of indebtedness (including SRF Loans).

7 G. This Board, on behalf of the Commission, adopts this Ordinance as official
8 action of the Commission in order to comply with Treasury Regulation §1.150-2 and any other
9 regulations of the Internal Revenue Service relating to the qualification for reimbursement of
10 Commission expenditures incurred prior to the date of issue of the Wastewater Revenue
11 Bonds, and

12 Section 2. Authorization to Issue Wastewater Revenue Bonds and other forms of
13 indebtedness. The Board hereby authorizes the issuance and sale of Wastewater Revenue
14 Bonds in one or more series from time to time by the Commission pursuant to Proposition E
15 and in accordance with the Commission Resolution, and the execution and delivery of SRF
16 Loan agreements, in an aggregate principal amount not to exceed \$1,112,601,280 (inclusive
17 of financing costs), at a maximum rate or rates of interest of not to exceed twelve percent
18 (12%) per annum to finance a portion of the costs of the design, acquisition and construction
19 of the Capital Improvement Projects. Without limiting the foregoing, the Commission shall
20 also be authorized to enter into agreements to obtain State Revolving Fund Loans and/or
21 grants (collectively “SRF Loans”) from the State Water Resources Control Board on such
22 terms as the Commission may deem advantageous. The Commission is hereby authorized to
23 determine the timing, amount and manner of sale (i.e., competitive or negotiated) of each
24 series of Wastewater Revenue Bonds or the delivery of other forms of indebtedness (including
25 SRF Loans) pursuant to this authorization; provided however, the Commission’s authorization

1 to issue Wastewater Revenue Bonds or incur other forms of indebtedness (including SRF
2 Loans) is subject to approval by the Commission of the form of substantially final offering
3 document related to such Bonds (if any) and the approval of any related agreements,
4 financing documents and the filing with its Board and the Clerk of the Board any certifications
5 required by Proposition E prior to the issuance of any bonds herein authorized. The
6 Commission shall also file, within 30 days of any bond sale authorized hereby, with the Clerk of the
7 Board of Supervisors a report showing the results of the sale of bonds or other form of indebtedness
8 including (i) principal amount sold and method of sale, (ii) true interest cost, (iii) final maturity, (iv)
9 the facilities constructed and/or improved, and (v) a statement about the remaining bonding
10 authorization under this Ordinance (the "Report").

11 Section 3. Authorization to Issue Wastewater Revenue Refunding Bonds. The Board
12 further authorizes and approves the issuance by the Commission of Wastewater Revenue
13 Refunding Bonds and other forms of indebtedness (including SRF Loans) (the "Refunding
14 Bonds") to refund any outstanding obligations of the Wastewater Enterprise, without limitation
15 as to principal amount, in one or more series on one or more dates, at a maximum interest
16 rate or rates of interest not to exceed twelve percent (12%) per annum, provided that each
17 such Refunding Bond issue or obligation is permitted under the applicable policies and
18 procedures of the City and authorized by either Section 9.109 of the Charter or Proposition E
19 of 2002 (including related ordinances and resolutions of the Board). The Refunding Bonds
20 may be issued as tax-exempt or taxable bonds, or any combination thereof. Refunding Bonds
21 authorized hereunder shall be subject to the further following conditions, that: (i) three percent
22 (3%) net present value debt service savings or greater is achieved to ensure ratepayer
23 savings; (ii) this authorization is subject to a 2-year term through June 30, 2018, at which time
24 this Board may consider an extension; principal payments and term may be adjusted, where
25 permitted under federal and state tax law, only if and when the underlying capital asset funded

1 through said refunded bonds has a useful life not in excess of any limit permitted under
2 federal and state tax law than the refunded term; and (iii) the Commission shall within 30 days
3 of any executed refunding transaction provide a savings report prepared by its financial
4 advisors (that reflects at least a three percent (3%) net present value debt service savings) to
5 the Board, together with a copy of the final Official Statement with respect to such series of
6 Refunding Bonds.

7 Section 4. Declaration of Official Intent. The Board, on behalf of the Commission,
8 hereby declares the official intent of the Commission to reimburse the Commission with
9 proceeds of the Wastewater Revenue Bonds or other forms of indebtedness (including SRF
10 Loans) for the Expenditures with respect to the Capital Improvement Projects made on and
11 after a date that is no more than 60 days prior to the adoption of this Ordinance. The
12 Commission reasonably expects on the date hereof that it will reimburse the Expenditures
13 with proceeds of the Wastewater Revenue Bonds or other forms of indebtedness (including
14 SRF Loans). Each said Expenditure was and will be either (A) of a type properly chargeable
15 to a capital account under general federal income tax principles (determined in each case as
16 of the date of the Expenditure), (B) a cost of issuance with respect to the Wastewater
17 Revenue Bonds or other forms of indebtedness (including SRF Loans), (C) a nonrecurring
18 item that is not customarily payable from current revenues, or (D) a grant to pay a party that is
19 not related to or an agent of the issuer so long as such grant does not impose any obligation
20 or condition (directly or indirectly) to repay any amount to or for the benefit of the Commission.
21 The maximum principal amount of the Wastewater Revenue Bonds or other forms of
22 indebtedness (including SRF Loans) to be issued for the Capital Improvement Projects is
23 \$1,112,601,280 (inclusive of financing costs).

24 The Commission will make a reimbursement allocation, which is a written allocation by
25 the Issuer that evidences the Commission's use of proceeds of the Wastewater Revenue

1 Bonds or other forms of indebtedness (including SRF Loans) to reimburse an Expenditure, no
2 later than 18 months after the later of the date on which the Expenditure is paid or the
3 component of the Capital Improvement Projects is placed in service or abandoned, but in no
4 event more than three years after the date on which the Expenditure is paid. The Commission
5 recognizes that exceptions are available for certain “preliminary expenditures,” costs of
6 issuance, certain de minimis amounts, expenditures by “small issuers” (based on the year of
7 issuance and not the year of expenditure) and expenditures for construction projects of at
8 least 5 years.

9 Section 5. General Authority. The Controller, Treasurer, the City Attorney and other
10 officers of the City and their duly authorized deputies and agents are hereby authorized and
11 directed, jointly and severally, to take such actions and to execute and deliver such
12 certificates, agreements, requests or other documents, as they may deem necessary or
13 desirable to facilitate the issuance, sale and delivery of the Wastewater Revenue Bonds,
14 Refunding Bonds, to obtain bond insurance or other credit enhancements with respect to such
15 obligations, to obtain surety, to obtain title and other insurance with respect to the facilities to
16 be financed, and otherwise to carry out the provisions of this Ordinance. The Commission is
17 hereby directed to provide the final form to the Clerk of the Board of any disclosure document
18 prepared in connection with the execution of any Wastewater Revenue Bonds or Refunding
19 Bonds, and the final executed Installment Sale Agreement or other document reflecting the
20 incurrence of an SRF Loan, within 30 days of the closing of such transactions.

21 Section 6. Ratification of Prior Actions. All actions authorized and directed by this
22 Ordinance in connection with the issuance of the Wastewater Revenue Bonds or other forms
23 of indebtedness (including SRF Loans), Refunding Bonds, and heretofore taken are hereby
24 ratified, approved and confirmed by this Board.

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1 Section 7. File Documents. All documents referred to as on file with the Clerk of the
2 Board are in File Nos. _____.

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

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

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9 By: _____
10 Mark D. Blake
11 Deputy City Attorney
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