

1 [San Francisco Public Utilities Commission Power Revenue Bond and Other Forms of
2 Indebtedness Issuance - Various Capital Projects Benefitting the Power Enterprise - Not
to Exceed \$41,031,367]

3 **Ordinance authorizing the issuance and sale of tax-exempt or taxable Power**
4 **Revenue Bonds and other forms of indebtedness (as described below) by the San**
5 **Francisco Public Utilities Commission (“Commission”) in an aggregate principal**
6 **amount not to exceed \$41,031,367 to finance the costs of various capital projects**
7 **benefitting the Power Enterprise under the Charter, including amendments to the**
8 **Charter enacted by the voters on June 5, 2018, commonly referred to as**
9 **Proposition A; authorizing the issuance of Power Revenue Refunding Bonds;**
10 **declaring the Official Intent of the Commission to reimburse itself with one or more**
11 **issues of tax-exempt or taxable bonds or other forms of indebtedness; and ratifying**
12 **previous actions taken in connection therewith, as defined herein.**

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

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

19
20 Section 1. Findings. The Board of Supervisors (“Board”) of the City hereby finds
21 and declares as follows:

22 A. On June 5, 2018, the voters of the City and County of San Francisco (“City”)
23 approved Proposition A (“Proposition A”), which among other things, authorized the
24 Commission to issue revenue bonds, including notes, commercial paper or other forms of
25 indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board

1 of Supervisors, for the purpose of reconstructing, replacing, expanding, repairing or
2 improving water facilities, clean water facilities or power facilities or combinations of
3 water, clean water facilities and power facilities under the jurisdiction of the Commission,
4 or for any lawful purpose of the water, clean water and power facilities; and

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

9 C. By Resolution 23-0038, adopted by the Commission on February 14, 2023
10 (“Commission Resolution”) the Commission has determined to issue Power Revenue
11 Bonds (“Power Revenue Bonds”) and other forms of indebtedness (including without
12 limitation state and federal loan programs as described below), as well as interim funding
13 vehicles such as commercial paper, revolving credit agreements, bond anticipation notes
14 or other forms of notes, which interim funding vehicles will be issued in advance of being
15 paid off by either Power Revenue Bonds and other forms of indebtedness (including
16 without limitation state and federal loan programs) to finance the costs of various capital
17 projects benefitting the Power Enterprise (the "Capital Improvement Projects" such
18 projects being more fully described in the Commission Resolution), pursuant to
19 Proposition A, and has formally requested this Board to authorize the issuance and sale
20 of Power Revenue Bonds and other forms of indebtedness for such purposes, such
21 Commission Resolution being on file with the Clerk of the Board in File No. 230667; and

22 D. In order to finance the costs of the Capital Improvement Projects, the Board now
23 desires to authorize the issuance and sale of Power Revenue Bonds and other forms of
24 indebtedness, as described above, for such purposes, including obtaining SRF Loans
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1 and/or grants from the State Water Resources Control Board, or other loans under other
2 federal loan 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
5 other regulations of the Internal Revenue Service relating to the qualification for
6 reimbursement of Commission expenditures incurred prior to the date of issue of the
7 Power Revenue Bonds and other forms of indebtedness (including, without limitation and
8 for illustrative purposes only, SRF Loans, commercial paper, revolving credit agreements,
9 and bond anticipation notes).

10 Section 2. Authorization to Issue Power Revenue Bonds and other forms of
11 indebtedness. The Board hereby authorize the issuance and sale of taxable or tax-
12 exempt Power Revenue Bonds and other forms of indebtedness (including, without
13 limitation and for illustrative purposes only, SRF Loans, commercial paper, revolving
14 credit agreements, and bond anticipation notes) in one or more series from time to time
15 by the Commission pursuant the Charter, including Proposition A, in an aggregate
16 principal amount not to exceed \$41,031,367 (inclusive of financing costs), at a maximum
17 rate or rates of interest of not to exceed twelve percent (12%) per annum to finance a
18 portion of the costs of the design, acquisition and construction of the Capital Improvement
19 Projects.

20 Section 3. Authorization to Issue Power Revenue Refunding Bonds; Commercial
21 Paper Retirement. Notwithstanding Section 2 immediately above, the Board further
22 authorizes and approves the issuance by the Commission of Power Revenue Refunding
23 Bonds (“Refunding Bonds”) without limitation as to principal amount, in one or more series
24 on one or more dates, at a maximum interest rate or rates of interest not to exceed twelve
25 percent (12%) per annum, provided that each such Refunding Bond issue is permitted

1 under the applicable policies and procedures of the City and authorized by Section 9.109
2 of the Charter (including related ordinances and resolutions of the Board). The Refunding
3 Bonds may be issued as taxable or tax-exempt obligations, or any combination thereof.
4 Refunding Bonds authorized hereunder shall be subject to the further following conditions,
5 that: (i) three percent (3%) net present value debt service savings or greater is achieved
6 to ensure ratepayer savings (exclusive of any issuance to refund commercial paper,
7 revolving credit notes, or bond anticipation notes); (ii) that the maturity of the refunded
8 bonds is not extended; (iii) this authorization is subject to a 5-year term through June 30,
9 2028, at which time this Board may consider an extension; (iv) principal payments and
10 term may be adjusted, where permitted under federal and state tax law, only if and when
11 the underlying capital asset funded through said refunded bonds has a useful life not in
12 excess of any limit permitted under federal and state tax law than the refunded term; and
13 (v) the Commission shall within 30 days of any executed refunding transaction provide a
14 refunding savings report (“Bond Refunding Savings Report”) prepared by its municipal
15 advisors (that reflects at least a three percent (3%) net present value debt service
16 savings) to the Board, together with a copy of the final Official Statement (if any) with
17 respect to such series of Refunding Bonds, provided that the failure to deliver such Bond
18 Refunding Savings Report shall in no way affect the validity of any Refunding Bonds.
19 Notwithstanding the foregoing, the Commission is authorized to issue Refunding Bonds
20 that do not meet all of the foregoing conditions provided that the Commission makes a
21 finding, by resolution, that significant non-economic factors exist that justify the waiver of
22 the three percent (3%) net present value debt service savings test and other conditions
23 set forth above. Such non-economic factors may include, by way of illustration and not
24 limitation, eliminating onerous covenants and obsolete provisions contained in the
25 Commission’s indenture or other security documents, or restructuring a series of bonds in

1 response to then-current market conditions. In furtherance of the purpose of managing
2 the Commission outstanding indebtedness, the General Manager is hereby authorized
3 and directed, in consultation the City Attorney, from Available Power Enterprise Revenues
4 to retire outstanding Power Enterprise Commercial Paper at such times and in such
5 amounts advantageous to the Commission.

6 Section 4. Declaration of Official Intent. The Board, on behalf of the Commission,
7 hereby declares the official intent of the Commission to reimburse the Commission with
8 proceeds of the Power Revenue Bonds or other forms of indebtedness (including SRF
9 Loans or other federal loans, commercial paper, revolving credit notes, or bond
10 anticipation notes) for the Expenditures with respect to the Capital Improvement Projects
11 made on and after a date that is no more than 60 days prior to the adoption of this
12 Ordinance. The Commission reasonably expects on the date hereof that it will reimburse
13 the Expenditures with proceeds of the Power Revenue Bonds or other forms of
14 indebtedness (including, without limitation and for illustrative purposes only, SRF Loans,
15 commercial paper, revolving credit notes or bond anticipation notes). Each said
16 Expenditure was and will be either (A) of a type properly chargeable to a capital account
17 under general federal income tax principles (determined in each case as of the date of the
18 Expenditure), (B) a cost of issuance with respect to such obligations, (C) a nonrecurring
19 item that is not customarily payable from current revenues, or (D) a grant to pay a party
20 that is not related to or an agent of the issuer so long as such grant does not impose any
21 obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the
22 Commission. The Commission will make a reimbursement allocation, which is a written
23 allocation by the Issuer that evidences the Commission's use of proceeds of the Power
24 Revenue Bonds or other forms of indebtedness to reimburse an Expenditure, no later than
25 18 months after the later of the date on which the Expenditure is paid or the component of

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

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

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

24 Section 7. File Documents. All documents referred to as on file with the Clerk of
25 the Board are in File Nos. 230667.

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Section 8.

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

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: /s/ Mark D. Blake
Mark D. Blake
Deputy City Attorney