

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

2  
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.**

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  
indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of

1 Supervisors, for the purpose of reconstructing, replacing, expanding, repairing or improving  
2 water facilities, clean water facilities or power facilities or combinations of water, clean water  
3 facilities and power facilities under the jurisdiction of the Commission, or for any lawful  
4 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 and U.  
7 S. Bank National Association and in connection therewith, has from time to time issued power  
8 revenue bonds to finance projects benefitting the Power Enterprise; and

9 C. By Resolution 22-0030, adopted by the Commission on February 8, 2022  
10 ("Commission Resolution") the Commission has determined to issue Power Revenue Bonds  
11 ("Power Revenue Bonds") and other forms of indebtedness (including without limitation state  
12 and federal loan programs as described below), as well as interim funding vehicles such as  
13 commercial paper, revolving credit agreements, bond anticipation notes or other forms of  
14 notes, which interim funding vehicles will be issued in advance of being paid off by either  
15 Power Revenue Bonds and other forms of indebtedness (including without limitation state and  
16 federal loan programs) to finance the costs of various capital projects benefitting the Power  
17 Enterprise (the "Capital Improvement Projects" such projects being more fully described in the  
18 Commission Resolution), pursuant to Proposition A, and has formally requested this Board to  
19 authorize the issuance and sale of Power Revenue Bonds and other forms of indebtedness  
20 for such purposes, such Commission Resolution being on file with the Clerk of the Board in  
21 File No. 220499; 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 and/or  
25

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,  
11 together with a copy of the final Official Statement (if any) with respect to such series of  
12 Refunding Bonds, provided that the failure to deliver such Bond Refunding Savings Report  
13 shall in no way affect the validity of any Refunding Bonds. Notwithstanding the foregoing, the  
14 Commission is authorized to issue Refunding Bonds for non-economic factors, including by  
15 way of illustration, eliminating onerous covenants and obsolete provisions contained in the  
16 Commission's indenture or other security documents. The Commission shall request a waiver  
17 of the savings requirement for any Refunding Bonds issued for non-economic reasons. In  
18 furtherance of the purpose of managing the Commission outstanding indebtedness, the  
19 General Manager is hereby authorized and directed, in consultation the City Attorney, from  
20 Available Power Enterprise Revenues to retire outstanding Power Enterprise Commercial  
21 Paper at such times and in such amounts advantageous to the Commission.

22 Section 4. Declaration of Official Intent. The Board, on behalf of the Commission,  
23 hereby declares the official intent of the Commission to reimburse the Commission with  
24 proceeds of the Power Revenue Bonds or other forms of indebtedness (including SRF Loans  
25 or other federal loans, commercial paper, revolving credit notes, or bond anticipation notes)

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

22 Section 5. General Authority. The Controller, Treasurer, the City Attorney and other  
23 officers of the City and their duly authorized deputies and agents are hereby authorized and  
24 directed, jointly and severally, to take such actions and to execute and deliver such  
25 certificates, agreements, requests or other documents, as they may deem necessary or

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

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

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

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

18  
19 APPROVED AS TO FORM:  
20 DAVID CHIU, City Attorney

21  
22 By: /s/ Mark D. Blake  
23 Mark D. Blake  
24 Deputy City Attorney  
25 n:\financ\as2022\1300183\01597854.docx