

1 [Public Utilities Commission - Issuance of Wastewater Revenue Bond Issuance and Other
2 Forms of Indebtedness - Not to Exceed \$1,165,736,266]

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 **\$1,165,736,266 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 and the retirement**
10 **of outstanding Wastewater Enterprise Commercial Paper; declaring the Official Intent**
11 **of the Commission to reimburse itself with one or more issues of tax-exempt or taxable**
12 **bonds or other forms of indebtedness; and ratifying previous actions taken in**
13 **connection therewith, as defined herein.**

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

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

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

24 a. On November 5, 2002, the voters of the City and County of San Francisco
25 (“City”) approved Proposition E (“Proposition E”, City Charter Section 8B.121(a)), which,
among other things, states that the San Francisco Public Utilities Commission (“Commission”)

1 shall have exclusive charge of the construction, management, supervision, maintenance,
2 extension, expansion, operation, use and control of all water, clean water (sewer) and energy
3 supplies and utilities of the City as well as the real, personal and financial assets, that are
4 under the Commission's jurisdiction or assigned to the Commission under City Charter
5 Section 4.132.

6 b. Proposition E authorized the San Francisco Public Utilities Commission
7 ("Commission") to issue revenue bonds, including notes, commercial paper or other forms of
8 indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of
9 Supervisors, for the purpose of reconstructing, replacing, expanding, repairing or improving
10 water facilities or clean water (sewer) facilities or combinations of water and clean water
11 facilities under the jurisdiction of the Commission or for any other lawful purpose of the water
12 or clean water (sewer) utilities of the City in furtherance of the purposes provided in
13 Proposition E; and

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

18 d. By Resolution No. 26-0021 adopted by the Commission on February 10, 2026
19 ("Commission Resolution") the Commission has determined to issue or incur, as applicable,
20 Wastewater Revenue Bonds ("Wastewater Revenue Bonds") and other forms of indebtedness
21 (including without limitation State Revolving Fund Loans borrowed from the State Water
22 Resources Control Board and other loans by the State of California or any department or
23 agency thereof ("State Loans"), grants from the State Water Resources Control Board, loans
24 from the Water Infrastructure Finance and Innovation Act ("WIFIA") program and/or other
25 federal loans (WIFIA and other federal loans being, "Federal Loans"), as well as interim

1 funding vehicles such as commercial paper, bank liquidity or credit agreements, revolving
2 credit agreements, bond anticipation notes or other forms of notes, which interim funding
3 vehicles will be issued in advance of being paid off by either Wastewater Revenue Bonds and
4 other forms of indebtedness , (Wastewater Revenue Bonds and other forms of indebtedness,
5 as well as interim funding vehicles, are collectively referred to as "Commission Indebtedness")
6 to finance the costs of various capital projects benefitting the Wastewater Enterprise ("Capital
7 Improvement Projects", such projects being more fully described in the Commission
8 Resolution), pursuant to Proposition E, and the Commission has formally requested this
9 Board to authorize the issuance and sale or incurrence of Commission Indebtedness for such
10 purposes, such Commission Resolution being on file with the Clerk of the Board in File No.
11 _____; and

12 e. Pursuant to Section 43.5 of the San Francisco Administrative Code ("Article V"),
13 enacted by Ordinance No. 203-98 adopted by the Board on June 8, 1998, and signed by the
14 Mayor of the City on June 19, 1998, as amended by Ordinance No. 270-06, adopted on
15 October 24, 2006 by the Board and signed by the Mayor on October 31, 2006, the Board
16 established a procedure pursuant to which the Commission may issue short-term
17 indebtedness, including the issuance of commercial paper in anticipation of the issuance of
18 revenue bonds; and

19 f. Pursuant to Ordinance No. 269-24, finally passed by the Board of Supervisors
20 on November 19, 2024, and signed by the Mayor on November 25, 2024, and Resolution
21 No. 24-0193, adopted by this Commission on September 10, 2024, the Wastewater
22 Enterprise's commercial paper program ("Wastewater CP Program") was increased to an
23 aggregate principal amount of \$1,250,000,000 outstanding at one time, and the Commission
24 has caused its Wastewater Enterprise commercial paper to be issued from time to time; and

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1 g. In order to finance the costs of the Capital Improvement Projects, the Board now
2 desires to authorize the issuance and sale or incurrence, as applicable, of Commission
3 Indebtedness, as described above, for such purposes; and

4 h. The Commission has paid, beginning no earlier than 60 days prior to the
5 adoption of this Ordinance and will pay, on and after the date hereof, certain expenditures
6 (“Expenditures”) in connection with the acquisition, construction and/or equipping of the
7 Capital Improvement Projects; and

8 i. This Board is concurrently considering with this Ordinance, related supplemental
9 appropriation ordinances for Fiscal Years (“FY”) 2026-27 and 2027-28, including expenditures
10 of the proceeds of Commission Indebtedness; and

11 j. This Board, on behalf of the Commission, adopts this Ordinance as official
12 action of the Commission in order to comply with Treasury Regulation §1.150-2 and any other
13 regulations of the Internal Revenue Service relating to the qualification for reimbursement of
14 Commission expenditures incurred prior to the date of issue or incurrence of Commission
15 Indebtedness.

16 Section 2. Authorization to Issue or Incur Commission Indebtedness. The Board
17 hereby authorizes the issuance and sale or incurrence, as applicable, of taxable or tax-
18 exempt Commission Indebtedness from time to time by the Commission pursuant to
19 Proposition E and in accordance with the Commission Resolution, , in an aggregate principal
20 amount not to exceed \$1,165,736,266 (inclusive of financing costs) bearing a maximum rate
21 or rates of interest of not to exceed twelve percent (12%) per annum to finance a portion of
22 the costs of the design, acquisition and construction of the Capital Improvement Projects. The
23 Commission is hereby further authorized to determine the timing, amount, series or subseries,
24 other terms and conditions and manner of sale (i.e., competitive or negotiated) of, or
25 borrowing under, the Commission Indebtedness pursuant to this authorization; provided

1 however, the Commission’s authorization to issue or incur Commission Indebtedness , is
2 subject to approval by the Commission of the form of substantially final offering document
3 related to such obligations (if any) and the approval of any related agreements, financing
4 documents and the filing with its Board and the Clerk of the Board any certifications required
5 by Proposition E prior to the issuance or incurrence of any Commission Indebtedness herein
6 authorized. The Commission shall also file, within 30 days of closing any Commission
7 Indebtedness transactions authorized hereby, with the Clerk of the Board of Supervisors a
8 report showing the results of the transaction, including (i) principal amount sold and method of
9 sale, (ii) true interest cost, (iii) final maturity, (iv) the facilities constructed and/or improved, and
10 (v) a statement about the remaining bonding authorization under this Ordinance (“Bond
11 Report”), provided that the failure to file such Bond Report shall not affect the validity of any
12 debt authorized hereunder.

13 Section 3. Authorization to Issue Wastewater Revenue Refunding Bonds;
14 Commercial Paper Retirement. Notwithstanding Section 2 immediately above, the Board
15 further authorizes and approves the issuance by the Commission of Wastewater Revenue
16 Refunding Bonds (“Refunding Bonds”) without limitation as to principal amount, in one or
17 more series on one or more dates, at a maximum interest rate or rates of interest not to
18 exceed twelve percent (12%) per annum, provided that each such Refunding Bond issue is
19 permitted under the applicable policies and procedures of the City and authorized by either
20 Section 9.109 of the Charter (including related ordinances and resolutions of the Board) or
21 Proposition E. The Refunding Bonds may be issued as taxable or tax-exempt obligations, or
22 any combination thereof. Refunding Bonds authorized under this ordinance shall be subject
23 to the further following conditions, that: (i) three percent (3%) net present value debt service
24 savings or greater is achieved to ensure ratepayer savings (exclusive of any issuance to
25 refund commercial paper, revolving credit notes, or bond anticipation notes); (ii) that the

1 maturity of the refunded bonds is not extended (exclusive of any issuance to refund
2 commercial paper, revolving credit notes, or bond anticipation notes); (iii) this authorization is
3 subject to a 5-year term through June 30, 2031 at which time this Board may consider an
4 extension; (iv) principal payments and term may be adjusted, where permitted under federal
5 and state tax law, only if and when the underlying capital asset funded through said refunded
6 bonds has a useful life not in excess of any limit permitted under federal and state tax law
7 than the refunded term; and (v) the Commission shall within 30 days of any executed
8 refunding transaction provide a refunding savings report ("Bond Refunding Savings Report")
9 prepared by its municipal advisors (that reflects at least a three percent (3%) net present
10 value debt service savings) to the Board, together with a copy of the final Official Statement (if
11 any) with respect to such series of Refunding Bonds, provided that the failure to deliver such
12 Bond Refunding Savings Report shall in no way affect the validity of any Refunding Bonds.
13 Notwithstanding the foregoing, the Commission is authorized to issue Refunding Bonds that
14 do not meet all of the foregoing conditions provided that the Commission makes a finding, by
15 resolution, that significant non-economic factors exist that justify the waiver of the three
16 percent (3%) net present value debt service savings test and other conditions set forth above.
17 Such non-economic factors may include, by way of illustration and not limitation, eliminating
18 onerous covenants and obsolete provisions contained in the Commission's indenture or other
19 security documents, or restructuring a series of bonds in response to then-current market
20 conditions. In addition, the principal amount of any Refunding Bonds issued or authorized by
21 the Commission, in connection with which the Commission made or makes a finding that
22 significant non-economic factors justifies such refunding, including the avoidance of the risk
23 that the Federal government may further reduce subsidy payments payable with respect to
24 Build America Bonds, shall not reduce or count against the principal amount of indebtedness
25 of the Commission authorized by the Board in this or any previous ordinance pursuant to

1 Proposition E. In furtherance of the purpose of managing the Commission outstanding
2 indebtedness, the General Manager is hereby authorized to use Available Wastewater
3 Enterprise Revenues and other funds as appropriate to retire outstanding Wastewater
4 Enterprise commercial paper and other forms of indebtedness 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 Commission Indebtedness for the Expenditures with respect to the Capital
9 Improvement Projects made on and after a date that is no more than 60 days prior to the
10 adoption of this Ordinance. The Commission reasonably expects on the date hereof that it
11 will reimburse the Expenditures with proceeds of Commission Indebtedness. Each said
12 Expenditure was and will be either (A) of a type properly chargeable to a capital account
13 under general federal income tax principles (determined in each case as of the date of the
14 Expenditure), (B) a cost of issuance with respect to such obligations, (C) a nonrecurring item
15 that is not customarily payable from current revenues, or (D) a grant to pay a party that is not
16 related to or an agent of the issuer so long as such grant does not impose any obligation or
17 condition (directly or indirectly) to repay any amount to or for the benefit of the Commission.
18 The Commission will make a reimbursement allocation, which is a written allocation by the
19 Issuer that evidences the Commission's use of proceeds of Commission Indebtedness to
20 reimburse an Expenditure, no later than 18 months after the later of the date on which the
21 Expenditure is paid or the component of the Capital Improvement Projects is placed in service
22 or abandoned, but in no event more than three years after the date on which the Expenditure
23 is paid. The Commission recognizes that exceptions are available for certain "preliminary
24 expenditures," costs of issuance, certain de minimis amounts, expenditures by "small issuers"

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1 (based on the year of issuance and not the year of expenditure) and expenditures for
2 construction projects of at least 5 years.

3 Section 5. General Authority. The Controller of the City (“Controller”), Treasurer of
4 the City (“Treasurer”), the City Attorney and other officers of the City, including the Director of
5 the Office of Public Finance, and their duly authorized deputies and agents are hereby
6 authorized and directed, jointly and severally, to take such actions and to execute and deliver
7 such certificates, agreements, requests or other documents, as they may deem necessary or
8 desirable to facilitate the issuance, sale and delivery or incurrence of Commission
9 Indebtedness or Refunding Bonds, and to obtain bond insurance or other credit or liquidity
10 enhancements with respect to any such obligations, and otherwise to carry out the provisions
11 of this Ordinance. The Commission is hereby directed to provide the final form to the Clerk of
12 the Board of any disclosure document (if any) prepared in connection with the execution of
13 any Commission Indebtedness or Refunding Bonds, and the final executed Installment Sale
14 Agreement, loan agreement or other document reflecting the incurrence of State Loans or
15 Federal Loans, within 30 days of the closing of such transactions; provided however that
16 failure to provide such document shall not affect the validity of the obligations authorized
17 hereunder. The Commission is further directed as a part of the two-year budget review to
18 provide to this Board of Supervisors a written report about Wastewater Revenue Bonds
19 authorized hereunder, detailing the total amount authorized, the total amount sold, the
20 remaining authorized but unissued amount, and the bond authorization no longer necessary
21 due to changes in projects and project financing.

22 Section 6. Ratification of Prior Actions. All actions authorized and directed by this
23 Ordinance in connection with the issuance or incurrence of the Commission Indebtedness or
24 Refunding Bonds, and heretofore taken are hereby ratified, approved and confirmed by this
25 Board.

1 Section 7. Additional Definitions and Terms Pertaining to Proceeds. The following
2 additional definitions and declarations of the Board shall be as follows:

3 a. Financings. For all purposes of this Ordinance and any related Commission
4 Resolution, a Financing (“Financing”) is: (i) any issuance of tax-exempt or taxable revenue
5 bonds, notes, bond anticipation notes, commercial paper, bank liquidity or credit agreements,
6 certificates of participation or other obligations for borrowed money, including, without limitation,
7 any financing lease, installment purchase or sale agreement, or other similar financing
8 agreements or arrangement; and (ii) any indebtedness to a State or Federal lender, program, or
9 funding source, including, without limitation, any State Loan or Federal Loan, and any borrowing
10 from a similar programs or replacement programs that may come into existence after the
11 adoption date hereof; and (iii) any funding to the Commission arising from a joint powers
12 agreement between the Commission and one or more other public agencies for the joint
13 acquisition, construction, operation and/or management of infrastructure or facilities; and (iv)
14 any financial award from a Federal, State, or local government authority or a private grant-
15 making foundation or a private nonoperating foundation or a Section 501(c)3 charitable
16 organization; and (v) any funding from a securitization that involves the issuance of debt
17 instruments.

18 b. For all purposes of this Ordinance and any related Commission Resolution, a
19 Financing Agreement (“Financing Agreement”) is: any contract, agreement, financing lease,
20 installment purchase or sale agreement, application, draw notice, joint powers agreement,
21 securitization agreement, or other similar financing agreements or arrangement, or
22 amendment to any of these, entered into by the Commission in connection with any
23 Financing.

24 c. Upon request or with the consent of the Chief Financial Officer or the Deputy
25 Chief Financial Officer of the Commission, or their designee(s), the Controller shall record the

1 substitution of funds arising from any Financing Agreement (whether already in existence as
2 of the date of this Ordinance or entered into in connection with a Financing that is approved
3 hereunder) with separate and other Financing Agreement transactional funds, all as
4 necessary to conform to (i) Generally Accepted Accounting Principles and other laws and (ii)
5 the terms of any Financing Agreement. Commission funds held by the Controller generally
6 remain subject to Article VIII B of the Charter and Article XIII C and Article XIII D of the
7 California Constitution.

8 d. In accordance with Section 3.105 and Section 9.113 of the Charter, at the
9 closing of each Commission transaction involving a Financing Agreement, the Chief Financial
10 Officer or the Deputy Chief Financial Officer of the Commission, or their designee(s), shall ask
11 the Controller to independently confirm whether sufficient unencumbered balances are
12 expected to be available in the proper fund(s) to meet all payments under such obligations as
13 they become due, if any, and the Controller shall issue related certifications.

14 Section 8. File Documents. All documents referred to as on file with the Clerk of the
15 Board are in File Nos. _____.

16 Section 9. Effective Date. Pursuant to Charter Section 8B.124, the remainder of this
17 Ordinance shall take effect thirty (30) days after its adoption.

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

21 By: /s/ _____
22 Sheryl L. Bregman
23 Deputy City Attorney

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