

1 [Public Utilities Commission - Power Revenue Bond Issuance - Not to Exceed \$32,483,088]

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3 **Ordinance authorizing the issuance and sale of tax-exempt or taxable Power Revenue**
 4 **Bonds and other forms of indebtedness by the San Francisco Public Utilities**
 5 **Commission (Commission) in an aggregate principal amount not to exceed \$32,483,088**
 6 **to finance the costs of various capital projects benefitting the Power Enterprise**
 7 **pursuant to Charter Sections 9.107(6) and 9.107(8); authorization to issue Refunding**
 8 **Power Revenue Bonds; declaring the Official Intent of the Commission to reimburse**
 9 **itself with one or more issues of tax-exempt or taxable bonds; and ratifying previous**
 10 **actions taken in connection therewith, as defined herein.**

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

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

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

20 A. Pursuant to Charter Sections 9.107(6) and 9.107(8), the San Francisco Public
 21 Utilities Commission (the "Commission") is authorized to issue revenue bonds, without a vote
 22 of the voters, to finance or refinance the acquisition, construction, installation, equipping,
 23 improvement or rehabilitation of electric power facilities as well as equipment or facilities for
 24 renewable energy and energy conservation; and

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1 B. The Commission adopted the Trust Indenture dated as of May 1, 2015, as
2 further amended and supplemented from time to time (the "Indenture"), between the
3 Commission and U. S. Bank National Association and in connection therewith, has from time
4 to time issued revenue bonds to finance projects benefitting the Power Enterprise; and

5 C. By Resolution No. 16-0035 adopted by the Commission on February 9, 2016
6 (the "Commission Resolution") the Commission has determined to issue Power Revenue
7 Bonds (the "Power Revenue Bonds") and other forms of indebtedness to finance the costs of
8 various capital Power projects benefitting the Power Enterprise (the "Capital Improvement
9 Projects" such projects being more fully described in the Commission Resolution), pursuant to
10 Charter Sections 9.107(6) and 9.107(8), and has formally requested this Board to authorize
11 the issuance and sale of Power Revenue Bonds for such purposes, such Commission
12 Resolution being on file with the Clerk of the Board of Supervisors in File No. 160473, which is
13 hereby declared to be a part of this Ordinance as if set forth fully herein; and

14 D. In order to finance the costs of the Capital Improvement Projects, the Board now
15 desires to authorize the issuance and sale of Power Revenue Bonds and other forms of
16 indebtedness 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 (the
19 "Expenditures") in connection with the acquisition, construction and/or equipping of the Capital
20 Improvement Projects, and

21 F. This Board is concurrently considering with this ordinance Capital Improvement
22 Program related supplemental appropriations totaling \$113,890,682 for fiscal years ending
23 2017 and 2018, such amount being inclusive of the Power Revenue Bonds and other forms of
24 indebtedness.

1 G. This Board of Supervisors, on behalf of the Commission, adopts this Ordinance
2 as official action of the Commission in order to comply with Treasury Regulation §1.150-2 and
3 any other regulations of the Internal Revenue Service relating to the qualification for
4 reimbursement of Commission expenditures incurred prior to the date of issue of the Power
5 Revenue Bonds, and

6 Section 2. Authorization to Issue Power Revenue Bonds. The Board hereby authorizes
7 the issuance and sale of Power Revenue Bonds and other forms of indebtedness (including
8 New Clean Renewable Energy Bonds and Qualified Energy Conservation Bonds) in one or
9 more series from time to time by the Commission pursuant to the Charter and in accordance
10 with the Commission Resolution in an aggregate principal amount not to exceed \$32,483,088
11 (inclusive of financing costs), at a maximum rate or rates of interest of not to exceed twelve
12 percent (12%) per annum to finance a portion of the costs of the design, acquisition and
13 construction of the Capital Improvement Projects. The Commission is hereby authorized to
14 determine the timing, amount and manner of sale (i.e., competitive or negotiated) of each
15 series of Power Revenue Bonds or the delivery of other forms of indebtedness pursuant to
16 this authorization; provided however, the Commission’s authorization to issue Power Revenue
17 Bonds or incur other forms of indebtedness is subject to approval by the Commission of the
18 form of substantially final offering document related to such bonds (if any) and the approval of
19 any related financing documents.

20 Section 3. Authorization to Issue Refunding Power Revenue Bonds. The Board further
21 authorizes and approves the issuance by the Commission of Refunding Power Revenue
22 Bonds and other forms of indebtedness (the “Refunding Bonds”) to refund any outstanding
23 obligations of the Power Enterprise, without limitation as to principal amount, in one or more
24 series on one or more dates, at a maximum interest rate or rates of interest not to exceed
25 twelve percent (12%) per annum, provided that each such Refunding Bond issue or obligation

1 is permitted under the applicable policies and procedures of the City and authorized by either
2 Section 9.109 of the Charter (including related ordinances and resolutions of the Board). The
3 Refunding Bonds may be issued as tax-exempt or taxable bonds, or any combination thereof.
4 Refunding Power Revenue Bonds authorized hereunder shall be subject to the further
5 following conditions, that: (i) 3% net present value debt service savings or greater is achieved
6 to ensure ratepayer savings; (ii) this authorization is subject to a 2-year term through June 30,
7 2018, at which time this Board may consider an extension; principal payments and term may
8 be adjusted, where permitted under federal and state tax law, only if and when the underlying
9 capital asset funded through said refunded bonds has a useful life not in excess of any limit
10 permitted under federal and state tax law than the refunded term; and (iii) the Commission
11 shall within 30 days of any executed refunding transaction provide a savings report prepared
12 by its financial advisor (that reflects at least a 3% net present value debt service savings) to
13 the Board, together with a copy of the final Official Statement with respect to such series of
14 Refunding Bonds.

15 Section 4. Declaration of Official Intent. The Board, on behalf of the Commission,
16 hereby declares the official intent of the Commission that it will reimburse itself with proceeds
17 of the Power Revenue Bonds or other forms of indebtedness for the Expenditures with
18 respect to the Capital Improvement Projects made on and after a date that is no more than 60
19 days prior to the adoption of this Ordinance. The Commission reasonably expects on the date
20 hereof that it will reimburse the Expenditures with proceeds of the Power Revenue Bonds or
21 other forms of indebtedness. Each said Expenditure was and will be either (A) of a type
22 properly chargeable to a capital account under general federal income tax principles
23 (determined in each case as of the date of the Expenditure), (B) a cost of issuance with
24 respect to the Power Revenue Bonds or other forms of indebtedness, (C) a nonrecurring item
25 that is not customarily payable from current revenues, or (D) a grant to pay a party that is not

1 related to or an agent of the issuer so long as such grant does not impose any obligation or
2 condition (directly or indirectly) to repay any amount to or for the benefit of the Commission.
3 The maximum principal amount of the Power Revenue Bonds or other forms of indebtedness
4 to be issued for the Capital Improvement Projects is \$32,483,088 (inclusive of financing
5 costs).

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

15 Section 5. General Authority. The Controller, Treasurer, the City Attorney and other
16 officers of the City and their duly authorized deputies and agents are hereby authorized and
17 directed, jointly and severally, to take such actions and to execute and deliver such
18 certificates, agreements, requests or other documents, as they may deem necessary or
19 desirable to facilitate the issuance, sale and delivery of the Power Revenue Bonds, any Power
20 Refunding Bonds, to obtain bond insurance or other credit enhancements with respect to such
21 obligations, to obtain surety, to obtain title and other insurance with respect to the facilities to
22 be financed, and otherwise to carry out the provisions of this Ordinance. The Commission is
23 hereby directed to provide the final form to the Clerk of the Board of any disclosure document
24 prepared in connection with the execution of any Power Revenue Bonds or Refunding Bonds,
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1 or other document reflecting the incurrence of another obligation payable from the Power
2 Enterprise, within 30 days of the closing of such transactions.

3 Section 6. Ratification of Prior Actions. All actions authorized and directed by this
4 Ordinance in connection with the issuance of the Power Revenue Bonds, Refunding Power
5 Revenue Bonds, and heretofore taken are hereby ratified, approved and confirmed by this
6 Board.

7 Section 7. File Documents. All documents referred to as on file with the Clerk of the
8 Board of Supervisors are in File No. _____.

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

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12 APPROVED AS TO FORM:
13 DENNIS J. HERRERA, City Attorney

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15 By: _____
16 MARK D. BLAKE
17 Deputy City Attorney
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