

1 [Water Revenue Bond Issuance and Sale - Public Utilities Commission - Not to Exceed  
2 \$290,431,536]

3 **Ordinance approving the issuance and sale of water revenue bonds by the Public**  
4 **Utilities Commission in an aggregate principal amount not to exceed \$290,431,536 to**  
5 **finance the costs of various capital water projects benefitting the Water Enterprise**  
6 **pursuant to amendments to the Charter of the City and County of San Francisco**  
7 **enacted by the voters on November 5, 2002, as Proposition E; declaring the official**  
8 **intent of the Commission to reimburse itself with one or more issues of tax-exempt**  
9 **bonds; and ratifying previous actions taken in connection therewith.**

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11 NOTE: Additions are single-underline italics Times New Roman;  
12 deletions are ~~strike-through italics Times New Roman~~.  
Board amendment additions are double-underlined;  
Board amendment deletions are ~~strike-through normal~~.

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

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

16 A. On November 5, 2002, the voters of the City and County of San Francisco (the  
17 "City") approved Proposition E, which among other things, authorized the Commission to  
18 issue revenue bonds, including notes, commercial paper or other forms of indebtedness,  
19 when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, for  
20 the purpose of reconstructing, replacing, expanding, repairing or improving water facilities or  
21 clean water facilities or combinations of water and clean water facilities under the jurisdiction  
22 of the Commission; and

23 B. The Commission adopted the Amended and Restated Indenture dated as of  
24 January 1, 2002, as further amended and supplemented from time to time (the "Indenture"),  
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1 between the Commission and U. S. Bank National Association and in connection therewith,  
2 has from time to time issued revenue bonds to finance projects benefitting the Water  
3 Enterprise; and

4 C. By Resolution 14-00032 adopted by the Commission on February 11, 2014 (the  
5 "Commission Resolution") the Commission has determined to issue water revenue bonds  
6 (the "Revenue Bonds") to finance the costs of various capital water projects benefitting the  
7 Water Enterprise (the "Capital Improvement Projects" such projects being more fully  
8 described in the Commission Resolution), pursuant to Proposition E, and has formally  
9 requested this Board of Supervisors to authorize the issuance and sale of water revenue  
10 bonds for such purposes, such Commission Resolution and all such documents relating to  
11 the issuance of the Water Revenue Bonds referenced therein being on file with the Clerk of  
12 the Board in File No. \_\_\_\_\_, which is hereby declared to be a part of this Ordinance as  
13 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 water revenue bonds for such purposes; and

16 E. The Commission has paid, beginning no earlier than 60 days prior to the  
17 adoption of this Ordinance and will pay, on and after the date hereof, certain expenditures  
18 (the "Expenditures") in connection with the acquisition, construction and/or equipping of the  
19 Capital Improvement Projects, and

20 F. This Board of Supervisors, on behalf of the Commission, adopts this Ordinance  
21 as official action of the Commission in order to comply with Treasury Regulation §1.150-2  
22 and any other regulations of the Internal Revenue Service relating to the qualification for  
23 reimbursement of Commission expenditures incurred prior to the date of issue of the Water  
24 Revenue Bonds, and

1           Section 2. Approval of the Water Revenue Bonds. The Board hereby approves the  
2           issuance and sale of the Water Revenue Bonds from time to time by the Commission  
3           pursuant to Proposition E and in accordance with the Commission Resolution in an  
4           aggregate principal amount not to exceed \$290,431,536 (inclusive of financing costs), at a  
5           maximum rate or rates of interest of not to exceed twelve percent (12%) per annum to  
6           finance a portion of the costs of the design, acquisition and construction of the Capital  
7           Improvement Projects. The Commission is hereby authorized to determine the timing,  
8           amount and manner of sale (i.e., competitive or negotiated) of each series of Water  
9           Revenue Bonds issued pursuant to this authorization; provided however, the Commission's  
10          authorization to issue Water Revenue Bonds is subject to approval by the Commission's  
11          Board of the form of substantially final offering document related to such bonds and the filing  
12          with its Board and the Clerk of the Board any certifications required by Proposition E prior to  
13          the issuance of any bonds herein authorized.

14          Section 3. Declaration of Official Intent. The Board, on behalf of the Commission ,  
15          hereby declares the official intent of the Commission to reimburse the Commission with  
16          proceeds of the Water Revenue Bonds for the Expenditures with respect to the Capital  
17          Improvement Projects made on and after a date that is no more than 60 days prior to the  
18          adoption of this Ordinance. The Commission reasonably expects on the date hereof that it  
19          will reimburse the Expenditures with proceeds of the Water Revenue Bonds. Each said  
20          Expenditure was and will be either (A) of a type properly chargeable to a capital account  
21          under general federal income tax principles (determined in each case as of the date of the  
22          Expenditure), (B) a cost of issuance with respect to the Water Revenue Bonds, (C) a  
23          nonrecurring items that is not customarily payable from current revenues, or (D) a grant to pay  
24          a party that is not related to or an agent of the issuer so long as such grand does not impose  
25          any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of

1 the Commission. The maximum principal amount of the Water Revenue Bonds to be issued  
2 for the Capital Improvement Projects is \$290,431,536 (inclusive of financing costs).

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

12 Section 4. General Authority. The Controller, Treasurer, the City Attorney and other  
13 officers of the City and their duly authorized deputies and agents are hereby authorized and  
14 directed, jointly and severally, to take such actions and to execute and deliver such  
15 certificates, agreements, requests or other documents, as they may deem necessary or  
16 desirable to facilitate the issuance, sale and delivery of the Water Revenue Bonds, to obtain  
17 bond insurance or other credit enhancements with respect to the Water Revenue Bonds, to  
18 obtain surety, to obtain title and other insurance with respect to the facilities to be financed,  
19 and otherwise to carry out the provisions of this Ordinance.

20 Section 5. Ratification of Prior Actions. All actions authorized and directed by this  
21 Ordinance and heretofore taken are hereby ratified, approved and confirmed by this Board.

22 Section 6. File Documents. All documents referred to as on file with the Clerk of the  
23 Board are in File Nos. \_\_\_\_\_.

1           Section 7. Effective Date. Pursuant to Charter Section 14.102, this Ordinance shall  
2 take effect thirty (30) days after its adoption.

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4 APPROVED AS TO FORM:  
5 DENNIS J. HERRERA, City Attorney

6 By: \_\_\_\_\_  
7       MARK D. BLAKE  
8       Deputy City Attorney

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