

[SFPUC Wastewater Revenue Bond Issuance - Various Capital Wastewater Projects Benefitting the Wastewater Enterprise - Not to Exceed \$704,198,901]

Ordinance authorizing the issuance and sale of tax-exempt or taxable Wastewater Revenue Bonds and other forms of indebtedness (as described below) by the San Francisco Public Utilities Commission (SFPUC) (“Commission”) in an aggregate principal amount not to exceed \$704,198,901 to finance the costs of various capital wastewater projects benefitting the Wastewater Enterprise pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002, as Proposition E; authorizing the issuance of Wastewater Revenue Refunding Bonds and the retirement of outstanding Wastewater Enterprise Commercial Paper; declaring the Official Intent of the Commission to reimburse itself with one or more issues of tax-exempt bonds or other forms of indebtedness; and ratifying previous actions taken in connection therewith.

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

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

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

A. On November 5, 2002, the voters of the City and County of San Francisco (“City”) approved Proposition E (“Proposition E”), which among other things, authorized the San Francisco Public Utilities Commission (“Commission”) to issue revenue bonds, including

1 notes, commercial paper or other forms of indebtedness (which forms of indebtedness may
2 include without limitation for purposes of Proposition E, loans and other forms of indebtedness
3 provided by governmental agencies and/or commercial or investment banks), when
4 authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, for the
5 purpose of reconstructing, replacing, expanding, repairing or improving water facilities or
6 clean water facilities or combinations of water and clean water facilities under the jurisdiction
7 of the Commission; and

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

12 C. By Resolution 22-0030 adopted by the Commission on February 8, 2022
13 ("Commission Resolution") the Commission has determined to issue Wastewater Revenue
14 Bonds ("Wastewater Revenue Bonds") and other forms of indebtedness (including without
15 limitation SRF Loans or WIFIA Loans , as described below), as well as interim funding
16 vehicles such as commercial paper, revolving credit notes, bond anticipation notes or other
17 forms of notes, which interim funding vehicles will be issued in advance of being paid off by
18 either Wastewater Revenue Bonds or other forms of indebtedness (including, without
19 limitation and for illustrative purposes only, SRF Loans or WIFIA Loans), to finance the costs
20 of various capital wastewater projects benefitting the Wastewater Enterprise ("Capital
21 Improvement Projects", such projects being more fully described in the Commission
22 Resolution), pursuant to Proposition E, and has formally requested this Board to authorize the
23 issuance and sale of Wastewater Revenue Bonds for such purposes, such Commission
24 Resolution being on file with the Clerk of the Board in File No. 220500; and

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1 D. Pursuant to Section 43.5 of the San Francisco Administrative Code ("Article V"),
2 enacted by Ordinance No. 203-98 adopted by the Board on June 8, 1998, and signed by the
3 Mayor of the City on June 19, 1998, as amended by Ordinance No. 270-06, adopted on
4 October 24, 2006 by the Board and signed by the Mayor on October 31, 2006, the Board
5 established a procedure pursuant to which the Commission may issue short-term
6 indebtedness, including the issuance of commercial paper in anticipation of the issuance of
7 revenue bonds; and

8 E. The Commission has authorized pursuant to Resolution No. 17-0086, approved
9 by the Commission on April 25, 2017, and the Board has approved pursuant to Resolution No.
10 193-17, adopted by the Board on May 23, 2017, and signed by the Mayor on May 26, 2017, a
11 resolution to increase the Wastewater CP Program to an aggregate principal amount not to
12 exceed \$750 million of commercial paper notes outstanding at any one time, and the
13 Commission has caused from time to time wastewater commercial paper to be issued; and

14 F. In order to finance the costs of the Capital Improvement Projects, the Board now
15 desires to authorize pursuant to Proposition E the issuance and sale of Wastewater Revenue
16 Bonds and other forms of indebtedness for such purposes, including without limitation State
17 Revolving Fund Loans and/or grants from the State Water Resources Control Board ("SRF
18 Loans") or U.S. Environmental Protection Agency Water Infrastructure Finance and Innovation
19 Act loans ("WIFIA Loans") and such other indebtedness as may be advantageous to the
20 Commission; and

21 G. The Commission has paid, beginning no earlier than 60 days prior to the
22 adoption of this Ordinance and will pay, on and after the date hereof, certain expenditures
23 ("Expenditures") in connection with the acquisition, construction and/or equipping of the
24 Capital Improvement Projects; and

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1 H. This Board is concurrently considering with this Ordinance, related supplemental
2 appropriation ordinances for the fiscal year ending 2023, including the proceeds of such
3 Wastewater Revenue Bonds and other forms of indebtedness (including, without limitation
4 and for illustrative purposes only) SRF Loans, WIFIA Loans, commercial paper, revolving
5 credit notes and bond anticipation notes); and

6 I. In order to finance and refinance the costs of any Wastewater Enterprise
7 facilities or improvements financed with bonds issued pursuant Proposition E, the Board now
8 desires to authorize the issuance and sale of Wastewater Revenue Refunding Bonds.

9 Section 2. Authorization to Issue Wastewater Revenue Bonds and other forms of
10 indebtedness. The Board hereby authorizes the issuance and sale of Wastewater Revenue
11 Bonds in one or more series from time to time by the Commission pursuant to Proposition E
12 and in accordance with the Commission Resolution and the execution and delivery of SRF
13 Loan or WIFIA Loan agreements or the issuance of commercial paper, revolving credit notes,
14 or bond anticipation notes, in an aggregate principal amount not to exceed \$704,198,901
15 (inclusive of financing costs), but exclusive of refunding indebtedness), bearing a maximum
16 rate or rates of interest of not to exceed twelve percent (12%) per annum to finance a portion
17 of the costs of the design, acquisition and construction of the Capital Improvement Projects.
18 Without limiting the foregoing, the Commission shall be authorized to incur SRF Loans from
19 the State Water Resources Control Board or WIFIA Loans from the U.S. Environmental
20 Protection Agency at such time, in such amounts, and upon such other terms and conditions
21 as the Commission may deem advantageous. The Commission is hereby further authorized
22 to determine the timing, amount and manner of sale (i.e., competitive or negotiated) of each
23 series of Wastewater Revenue Bonds, commercial paper, revolving credit notes, or bond
24 anticipation notes pursuant to this authorization; provided however, the Commission's
25 authorization to issue Wastewater Revenue Bonds or incur other forms of indebtedness

1 (including SRF Loans, WIFIA Loans, bond anticipation notes, commercial paper or revolving
2 credit notes) is subject to approval by the Commission of the form of substantially final offering
3 document related to such obligations (if any) and the approval of any related agreements,
4 financing documents and the filing with its Board and the Clerk of the Board any certifications
5 required by Proposition E prior to the issuance of any bonds or the incurrence of any
6 indebtedness herein authorized. The Commission shall also file, within 30 days of any bond
7 sale authorized hereby, with the Clerk of the Board of Supervisors a report showing the
8 results of the sale of Wastewater Revenue Bonds, SRF Loans or other form of indebtedness
9 including (i) principal amount sold and method of sale, (ii) true interest cost, (iii) final maturity,
10 (iv) the facilities constructed and/or improved, and (v) a statement about the remaining
11 bonding authorization under this Ordinance ("Bond Report"); provided however that failure to
12 file the Bond Report shall not affect the validity of any bonds authorized hereunder.

13 Section 3. Authorization to Issue Wastewater Revenue Refunding Bonds;
14 Commercial Paper Retirement. The Board further authorizes and approves the issuance by
15 the Commission of Wastewater Revenue Refunding Bonds ("Refunding Bonds") without
16 limitation as to principal amount, in one or more series on one or more dates, at a maximum
17 interest rate or rates of interest not to exceed twelve percent (12%) per annum, provided that
18 each such Refunding Bond issue is permitted under the applicable policies and procedures of
19 the City and authorized by Section 9.109 of the Charter (including related ordinances and
20 resolutions of the Board). The Refunding Bonds may be issued as taxable or tax-exempt
21 obligations, or any combination thereof. Refunding Bonds s authorized hereunder shall be
22 subject to the further following conditions, that: (i) three percent (3%) net present value debt
23 service savings or greater is achieved to ensure ratepayer savings (exclusive of any issuance
24 to refund commercial paper, revolving credit notes, or bond anticipation notes); (ii) that the
25 maturity of the refunded bonds is not extended; (iii) this authorization is subject to a 5-year

1 term through June 30, 2027, at which time this Board may consider an extension; principal
2 payments and term may be adjusted, where permitted under federal and state tax law, only if
3 and when the underlying capital asset funded through said refunded bonds has a useful life
4 not in excess of any limit permitted under federal and state tax law than the refunded term;
5 and (iv) the Commission shall within 30 days of any executed refunding transaction provide a
6 refunding savings report ("Bond Refunding Savings Report") prepared by its financial advisors
7 (that reflects at least a three percent (3%) net present value debt service savings) to the
8 Board, together with a copy of the final Official Statement (if any) with respect to such series
9 of Refunding Bonds, provided that the failure to deliver such Bond Refunding Savings Report
10 shall in no way affect the validity of any Refunding Bonds. Notwithstanding the foregoing, the
11 Commission is authorized to issue Refunding Bonds for non-economic factors, including by
12 way of illustration, eliminating onerous covenants and obsolete provisions contained in the
13 Commission's indenture or other security documents. The Commission shall request a waiver
14 of the savings requirement for any Refunding Bonds issued for non-economic reasons. In
15 furtherance of the purpose of managing the Commission outstanding indebtedness, the
16 General Manager is hereby authorized and directed, in consultation the City Attorney, from
17 Available Wastewater Enterprise Revenues to retire outstanding Wastewater Enterprise
18 Commercial Paper at such times and in such amounts advantageous to the Commission.

19 Section 4. Declaration of Official Intent. The Board, on behalf of the Commission,
20 hereby declares the official intent of the Commission to reimburse the Commission with
21 proceeds of the Wastewater Revenue Bonds or other forms of indebtedness (including SRF
22 Loans or other federal loans, commercial paper, revolving credit notes, or bond anticipation
23 notes) for the Expenditures with respect to the Capital Improvement Projects made on and
24 after a date that is no more than 60 days prior to the adoption of this Ordinance. The
25 Commission reasonably expects on the date hereof that it will reimburse the Expenditures

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

19 Section 5. General Authority. The Controller, Treasurer, the City Attorney and other
20 officers of the City, including the Director of the Office of Public Finance, and their duly
21 authorized deputies and agents are hereby authorized and directed, jointly and severally, to
22 take such actions and to execute and deliver such certificates, agreements, requests or other
23 documents, as they may deem necessary or desirable to facilitate the issuance, sale and
24 delivery of the Wastewater Revenue Bonds, SRF Loans, WIFIA Loans, bond anticipation
25 notes, commercial paper or Refunding Bonds, to obtain bond insurance or other credit or

1 liquidity enhancements with respect to any such obligations, and otherwise to carry out the
2 provisions of this Ordinance. The Commission is hereby directed to provide the final form to
3 the Clerk of the Board of any disclosure document (if any) prepared in connection with the
4 execution of any Wastewater Revenue Bonds, SRF Loans, WIFIA Loans, bond anticipation
5 notes, commercial paper or Refunding Bonds, and the final executed Installment Sale
6 Agreement or other document reflecting the incurrence of an SRF Loan or a WIFIA Loan,
7 within 30 days of the closing of such transactions; provided however that failure to provide
8 such document shall not affect the validity of the obligations authorized hereunder. The
9 Commission is further directed as a part of the two-year budget review to provide to this Board
10 of Supervisors a written report about Wastewater Revenue Bonds authorized hereunder,
11 detailing the total amount authorized, the total amount sold, the remaining authorized but
12 unissued amount, and the bond authorization no longer necessary due to changes in projects
13 and project financing.

14 Section 6. Ratification of Prior Actions. All actions authorized and directed by this
15 Ordinance in connection with the issuance of the Wastewater Revenue Bonds or other forms
16 of indebtedness (including, without limitation and for illustrative purposes only, SRF Loans,
17 WIFIA Loans, bond anticipation notes or commercial paper), Refunding Bonds, and heretofore
18 taken are hereby ratified, approved and confirmed by this Board.

19 Section 7. File Documents. All documents referred to as on file with the Clerk of the
20 Board are in File No. 220500.

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

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4 APPROVED AS TO FORM:
5 DAVID CHIU, City Attorney
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7 By: /s/ Mark D. Blake
8 Mark D. Blake
9 Deputy City Attorney
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