

[SFPUC Water Revenue Bond and Other Forms of Indebtedness Issuance - Various Capital Water Projects Benefitting the Water Enterprise - Not to Exceed \$141,418,472]

Ordinance authorizing the issuance and sale of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness (as described below) by the San Francisco Public Utilities Commission (SFPUC) in an aggregate principal amount not to exceed \$141,418,472 to finance the costs of various capital water projects benefitting the Water 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 Water Revenue Refunding Bonds and the retirement of outstanding Water Enterprise Commercial Paper; declaring the Official Intent of the SFPUC 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, as defined herein.

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 ~~striketrough italics Times New Roman font~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~striketrough 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 notes, commercial paper or other forms of indebtedness, when authorized by ordinance

1 approved by a two-thirds vote of the Board of Supervisors, for the purpose of reconstructing,
2 replacing, expanding, repairing or improving water facilities or clean water facilities or
3 combinations of water and clean water facilities under the jurisdiction of the Commission; and

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

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

16 D. Pursuant to Ordinance No. 311-08, adopted by the Board of Supervisors on
17 December 16, 2008, and Resolution No. 09-175, adopted by this Commission on October 27,
18 2009, the Water Enterprise's commercial paper program ("Water CP Program") was increased
19 to an aggregate principal amount of \$500,000,000, and the Commission has caused its Water
20 Enterprise Commercial Paper to be issued from time to time; and

21 E. By Resolution 22-0030, adopted by the Commission on February 8, 2022
22 ("Commission Resolution") the Commission has determined to issue Water Revenue Bonds
23 ("Water Revenue Bonds") and other forms of indebtedness (including without limitation State
24 Revolving Fund (SRF) Loans as described below), as well as interim funding vehicles such as
25 commercial paper, revolving credit agreements, bond anticipation notes or other forms of

1 notes, which interim funding vehicles will be issued in advance of being paid off by either
2 Water Revenue Bonds and other forms of indebtedness (including without limitation SRF
3 Loans) to finance the costs of various capital projects benefitting the Water Enterprise (the
4 "Capital Improvement Projects" such projects being more fully described in the Commission
5 Resolution), pursuant to Proposition E, and has formally requested this Board to authorize the
6 issuance and sale of Water Revenue Bonds and other forms of indebtedness for such
7 purposes, such Commission Resolution being on file with the Clerk of the Board in File
8 No. 220502; and

9 F. In order to finance the costs of the Capital Improvement Projects, the Board now
10 desires to authorize the issuance and sale of Water Revenue Bonds and other forms of
11 indebtedness, as described above, for such purposes, including obtaining SRF Loans and/or
12 grants from the State Water Resources Control Board; and

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

17 H. This Board is concurrently considering with this Ordinance, related supplemental
18 appropriation ordinances for fiscal year ending 2023, including expenditures of the proceeds
19 of the Water Revenue Bonds and other forms of indebtedness (including, without limitation
20 and for illustrative purposes only, SRF Loans, commercial paper, revolving credit agreements,
21 and bond anticipation notes); and

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

1 other forms of indebtedness (including, without limitation and for illustrative purposes only,
2 SRF Loans, commercial paper, revolving credit agreements, and bond anticipation notes).

3 Section 2. Authorization to Issue Water Revenue Bonds and other forms of
4 indebtedness. The Board hereby authorizes the issuance and sale of taxable or tax-exempt
5 Water Revenue Bonds or other forms of indebtedness (including SRF Loans, commercial
6 paper, revolving credit agreements, and bond anticipation notes) in one or more series from
7 time to time by the Commission pursuant to Proposition E and in accordance with the
8 Commission Resolution, in an aggregate principal amount not to exceed \$141,418,472
9 (inclusive of financing costs, but exclusive of refunding indebtedness), bearing a maximum
10 rate or rates of interest of not to exceed twelve percent (12%) per annum, to finance a portion
11 of the costs of the design, acquisition and construction of the Capital Improvement Projects.
12 Without limiting the foregoing, the Commission shall be authorized to incur state and federal
13 at such time, in such amounts, and upon such other terms and conditions as the Commission
14 may deem advantageous, and to approve any financing documentation related thereto
15 consistent with this Ordinance. The Commission is hereby further authorized to determine the
16 timing, amount and manner of sale (i.e., competitive or negotiated) of each series of Water
17 Revenue Bonds, bond anticipation notes, revolving credit agreements, or commercial paper,
18 pursuant to this authorization; provided however, the Commission's authorization to issue
19 Water Revenue Bonds, bond anticipation notes, revolving credit agreements, or commercial
20 paper is subject to approval by the Commission of the form of substantially final offering
21 document related to such obligations (if any) and the approval of any related agreements,
22 financing documents and the filing with its Board and the Clerk of the Board any certifications
23 required by Proposition E prior to the issuance of any bonds or incurrence of any
24 indebtedness herein authorized. The Commission shall also file, within 30 days of closing any
25 Water Revenue Bond or other form of indebtedness (including SRF Loans or other federal

1 loans and bond anticipation notes) transactions) authorized hereby, with the Clerk of the
2 Board of Supervisors a report showing the results of the transaction, including (i) principal
3 amount sold and method of sale, (ii) true interest cost, (iii) final maturity, (iv) the facilities
4 constructed and/or improved, and (v) a statement about the remaining bonding authorization
5 under this Ordinance ("Bond Report"), provided that the failure to file such Bond Report shall
6 not affect the validity of any debt authorized hereunder.

7 Section 3. Authorization to Issue Water Revenue Refunding Bonds; Commercial
8 Paper Retirement. The Board further authorizes and approves the issuance by the
9 Commission of Water Revenue Refunding Bonds ("Refunding Bonds") without limitation as to
10 principal amount, in one or more series on one or more dates, at a maximum interest rate or
11 rates of interest not to exceed twelve percent (12%) per annum, provided that each such
12 Refunding Bond issue is permitted under the applicable policies and procedures of the City
13 and authorized by Section 9.109 of the Charter (including related ordinances and resolutions
14 of the Board). The Refunding Bonds may be issued as taxable or tax-exempt obligations, or
15 any combination thereof. Refunding Bonds authorized hereunder shall be subject to the
16 further following conditions, that: (i) three percent (3%) net present value debt service savings
17 or greater is achieved to ensure ratepayer savings (exclusive of any issuance to refund
18 commercial paper, revolving credit notes, or bond anticipation notes); (ii) that the maturity of
19 the refunded bonds is not extended; (iii) this authorization is subject to a 5-year term through
20 June 30, 2027, at which time this Board may consider an extension; principal payments and
21 term may be adjusted, where permitted under federal and state tax law, only if and when the
22 underlying capital asset funded through said refunded bonds has a useful life not in excess of
23 any limit permitted under federal and state tax law than the refunded term; and (iv) the
24 Commission shall within 30 days of any executed refunding transaction provide a refunding
25 savings report ("Bond Refunding Savings Report") prepared by its financial advisors (that

1 reflects at least a three percent (3%) net present value debt service savings) to the Board,
2 together with a copy of the final Official Statement (if any) with respect to such series of
3 Refunding Bonds, provided that the failure to deliver such Bond Refunding Savings Report
4 shall in no way affect the validity of any Refunding Bonds. Notwithstanding the foregoing, the
5 Commission is authorized to issue Refunding Bonds for non-economic factors, including by
6 way of illustration, eliminating onerous covenants and obsolete provisions contained in the
7 Commission's indenture or other security documents. The Commission shall request a waiver
8 of the savings requirement for any Refunding Bonds issued for non-economic reasons. In
9 furtherance of the purpose of managing the Commission outstanding indebtedness, the
10 General Manager is hereby authorized and directed, in consultation the City Attorney, from
11 Available Water Enterprise Revenues to retire outstanding Water Enterprise Commercial
12 Paper at such times and in such amounts advantageous to the Commission.

13 Section 4. Declaration of Official Intent. The Board, on behalf of the Commission,
14 hereby declares the official intent of the Commission to reimburse the Commission with
15 proceeds of the Water Revenue Bonds or other forms of indebtedness (including SRF Loans
16 or other federal loans, commercial paper, revolving credit notes, or bond anticipation notes)
17 for the Expenditures with respect to the Capital Improvement Projects made on and after a
18 date that is no more than 60 days prior to the adoption of this Ordinance. The Commission
19 reasonably expects on the date hereof that it will reimburse the Expenditures with proceeds of
20 the Water Revenue Bonds or other forms of indebtedness (including, without limitation and for
21 illustrative purposes only, SRF Loans, commercial paper, revolving credit notes or bond
22 anticipation notes). Each said Expenditure was and will be either (A) of a type properly
23 chargeable to a capital account under general federal income tax principles (determined in
24 each case as of the date of the Expenditure), (B) a cost of issuance with respect to such
25 obligations, (C) a nonrecurring item that is not customarily payable from current revenues, or

1 (D) a grant to pay a party that is not related to or an agent of the issuer so long as such grant
2 does not impose any obligation or condition (directly or indirectly) to repay any amount to or
3 for the benefit of the Commission. The Commission will make a reimbursement allocation,
4 which is a written allocation by the Issuer that evidences the Commission's use of proceeds of
5 the Water Revenue Bonds or other forms of indebtedness to reimburse an Expenditure, no
6 later than 18 months after the later of the date on which the Expenditure is paid or the
7 component of the Capital Improvement Projects is placed in service or abandoned, but in no
8 event more than three years after the date on which the Expenditure is paid. The
9 Commission recognizes that exceptions are available for certain "preliminary expenditures,"
10 costs of issuance, certain de minimis amounts, expenditures by "small issuers" (based on the
11 year of issuance and not the year of expenditure) and expenditures for construction projects
12 of at least 5 years.

13 Section 5. General Authority. The Controller, Treasurer, the City Attorney and other
14 officers of the City, including the Director of the Office of Public Finance, and their duly
15 authorized deputies and agents are hereby authorized and directed, jointly and severally, to
16 take such actions and to execute and deliver such certificates, agreements, requests or other
17 documents, as they may deem necessary or desirable to facilitate the issuance, sale and
18 delivery of the Water Revenue Bonds or other forms of indebtedness, including Refunding
19 Bonds, and to obtain bond insurance or other credit or liquidity enhancements with respect to
20 any such obligations, and otherwise to carry out the provisions of this Ordinance. The
21 Commission is hereby directed to provide the final form to the Clerk of the Board of any
22 disclosure document prepared in connection with the execution of any Water Revenue
23 Bonds, other forms of indebtedness, or Refunding Bonds, and the final executed Installment
24 Sale Agreement or other document reflecting the incurrence of an SRF Loan or other federal
25 loan, within 30 days of the closing of such transactions provided that the failure to deliver

1 such document shall not affect the validity of the obligations authorized hereunder. The
2 Commission is further directed as a part of the two-year budget review to provide to this
3 Board of Supervisors a written report about Water Revenue Bonds authorized hereunder,
4 detailing the total amount authorized, the total amount sold, the remaining authorized but
5 unissued amount, and the bond authorization no longer necessary due to changes in projects
6 and project financing.

7 Section 6. Ratification of Prior Actions. All actions authorized and directed by this
8 Ordinance in connection with the issuance of the Water Revenue Bonds, other forms of
9 indebtedness (including, without limitation and for illustrative purposes only, SRF Loans,
10 federal loan, commercial paper, revolving credit notes, or bond anticipation notes) or
11 Refunding Bonds and heretofore taken are hereby ratified, approved and confirmed by this
12 Board.

13 Section 7. File Documents. All documents referred to as on file with the Clerk of the
14 Board are in File No. 220502.

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

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18 APPROVED AS TO FORM:
19 DAVID CHIU, City Attorney
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21 By: /s/ Mark D. Blake
22 Mark D. Blake
23 Deputy City Attorney
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