FILE NO. 98-0738 ORDINANCE NO. 203-98

[Public Utilities Commission Short-Term Indebtedness]

AMENDING PART I OF THE SAN FRANCISCO MUNICIPAL CODE (THE SAN FRANCISCO ADMINISTRATIVE CODE) BY ADDING CHAPTER 84, SECTIONS 84.1 THROUGH 84.6 TO PROVIDE A PROCEDURE FOR THE ISSUANCE BY THE PUBLIC UTILITIES COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO OF COMMERCIAL PAPER AND OTHER SHORT-TERM INDEBTEDNESS IN ANTICIPATION OF THE ISSUANCE OF REVENUE BONDS

NOTE: This Chapter is new.

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

Section 1. FINDINGS. The Board of Supervisors of the City and County of San Francisco hereby finds and declares as follows:

A. Section 9.107 of the Charter of the City and County of San Francisco provides for the issuance of revenue bonds by the Public Utilities Commission of the City and County of San Francisco following the approval of the issuance of such revenue bonds by a majority of the voters, or, in the case of revenue bonds issued for the purposes set forth in clauses 1 and 6 of such Section, following approval by at least a three-fourths affirmative vote of the members of the Board.

B. Pursuant to Section 4.102 of the Charter, the Commission is authorized to execute such powers and duties as shall be prescribed by the Board.

C. Pursuant to Section 9.107 of the Charter, except as otherwise provided in the Charter, all revenue bonds may be issued and sold in accordance with state law or any procedure provided by City ordinance.

D. Pursuant to Section 9.113 of the Charter, the Board is authorized to borrow money by the issuance of tax anticipation notes, temporary notes, commercial paper or any other short-term debt instruments in the manner provided by state law or City ordinance.

E. The Board wishes to establish a procedure pursuant to which the Commission may issue or incur short-term indebtedness in anticipation of the issuance of revenue bonds which have been authorized in accordance with the Charter.

Section 2. Part I of the San Francisco Municipal Code (the San Francisco Administrative Code) is hereby amended by adding Chapter 84, to read as follows:

SEC. 84.1 DEFINITIONS. For purposes of this Chapter, the following terms shall have the meanings given below:

(a) The term "Board" shall mean the Board of Supervisors of the City.

(b) The term "Charter" shall mean the Charter of this City.

(c) The term "City" shall mean the City and County of San Francisco.

(d) The term "Commission" shall mean the Public Utilities Commission of the City.

(e) The term "Director" shall mean Director of the Mayor's Office of Public Finance or any successor to that office.

SEC. 84.2 AUTHORIZATION OF SHORT-TERM INDEBTEDNESS. Following voter approval or Board approval, as the case may be, of the issuance of revenue bonds by the Commission pursuant to Section 9.107 of the Charter, the Commission, in anticipation of the issuance of such revenue bonds, may incur short-term indebtedness in the form of commercial paper, temporary notes or other forms of indebtedness subject to the limitations set forth below.

The issuance of such short-term indebtedness, and certain of the terms and conditions thereof, shall be subject to prior authorization by the Board.

Except as provided in Section 84.5, use of the proceeds of any such short-term indebtedness shall be limited to the purposes for which the applicable revenue bonds were approved by the voters or by the Board, as the case may be. Short-term indebtedness incurred pursuant to this Chapter shall not result in interest costs or a maturity date exceeding

the limits, if any, fixed by the voters or the Board, as the case may be, with respect to the applicable revenue bond approval(s).

Such short-term indebtedness shall be payable solely from the proceeds of the applicable revenue bonds, or revenues of the Commission pledged, or to be pledged, to the payment of such revenue bonds. If any of the principal of such short-term indebtedness is paid from revenues of the Commission (other than revenues derived from grants) rather than from the proceeds of revenue bonds, the principal amount of revenue bonds the Commission is thereafter authorized to issue shall be reduced by the principal amount of short-term indebtedness paid from revenues (other than revenues derived from grants).

Any pledge of revenues by the Commission for the payment of short-term indebtedness may, in the sole discretion of the Director upon recommendation of the Commission, be subordinate to any pledge of the Commission for its revenue bonds.

All indebtedness incurred pursuant to this Chapter shall not constitute or evidence a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the City, or upon any income, receipt, revenue of the City, except the revenues or funds, if any, pledged by the Commission.

All short-term indebtedness incurred pursuant to this Chapter must additionally comply with each of the following provisions:

(a) shall be evidenced by notes, warrants, commercial paper or other evidences of indebtedness maturing not later than five (5) years from their issuance date; and

(b) any draw on such short-term indebtedness shall be subject to approval by the Director.

Such short-term indebtedness may be sold at the discretion of the Director, upon recommendation of the Commission, by public or private sale. All other terms and conditions

for such short-term indebtedness shall be determined by the Director, upon recommendation of the Commission.

SEC. 84.3 CREDIT OR LIQUIDITY SUPPORT. The Director, upon recommendation of the Commission, may arrange for credit or liquidity support for short-term indebtedness issued pursuant to this Chapter or may arrange for credit or liquidity support to provide an additional source of repayment for such short-term indebtedness.

Notwithstanding anything to the contrary in this Chapter, any monies paid by a financial institution under any agreement for credit or liquidity support (a "Credit Facility") shall:

(a) be repaid over a period not exceeding the maximum maturity, if any, fixed by the voters or the Board, as the case may be, with respect to the applicable revenue bond approval;

(b) bear interest at a rate that does not cause the aggregate average interest cost to exceed the maximum approved interest cost on such short-term indebtedness over the entire period such short-term indebtedness is outstanding; and

(c) have such other terms and conditions as the Director, upon the recommendation of the Commission, shall fix.

SEC. 84.4 MAXIMUM SHORT-TERM INDEBTEDNESS. The maximum principal amount of all short-term indebtedness outstanding and incurred under this Chapter, including any amounts outstanding under any Credit Facility, together with the outstanding principal amount of related revenue bonds, shall not at any time exceed the maximum principal amount of the applicable revenue bonds approved by the voters or the Board, as the case may be.

///

SEC. 84.5 REFUNDING SHORT-TERM INDEBTEDNESS. The Commission, with the prior approval of the Director, may issue commercial paper, refunding notes, warrants, or other evidences of short-term indebtedness, in anticipation of the issuance of revenue bonds, for the purpose of paying and redeeming, at or prior to maturity, outstanding short-term indebtedness issued in accordance with this Chapter. Notwithstanding the preceding sentence, any short-term indebtedness issued to refund outstanding short-term indebtedness may not:

(a) exceed the interest cost limitation set forth in Section 84.2; and

(b) exceed the limitation on the maximum principal amount of short-term indebtedness set forth in Section 84.4; and

(c) mature more than five (5) years from the original date of issuance of the original short-term indebtedness it is refunding.

Short-term indebtedness issued to refund outstanding short-term indebtedness may be refunded by the Commission in accordance with this Section 84.5.

SEC. 84.6. CONSTRUCTION. The powers conferred by the provisions of this Chapter are in addition to and supplemental to the powers conferred by the Charter or any other ordinance or law.

APPROVED AS TO FORM:

LOUISE H. RENNE, City Attorney

By: _____

DAVE ANGELO SANCHEZ
Deputy City Attorney

Board of Supervisors, San Francisco

Passed on First Reading

June 1, 1998

Ayes: Supervisors Ammiano Bierman Brown Katz Kaufman Leno Medina Newsom Teng Yaki

Noes: Supervisor Yee

§ Finally Passed
§
§ June 8, 1998
§
§
§ Ayes: Supervisors Ammiano Brown
§ Katz Kaufman Leno Medina Newsom
§ Teng Yaki
§
§ Noes: Supervisor Yee
§
§ Absent: Supervisor Bierman

I hereby certify that the foregoing ordinance was finally passed by the Board of Supervisors of the City and County of San Francisco

John L. Taylor
Clerk

File No.
98-0738

JUN 19 1998
Date Approved

Mayor