

1 [Wastewater Revenue Bond Issuance and Sale - Public Utilities Commission - Not to
2 Exceed \$846,906,000]

3 **Ordinance approving the issuance and sale of wastewater revenue bonds by the San**
4 **Francisco Public Utilities Commission in an aggregate principal amount not to**
5 **exceed \$846,906,000 to finance the costs of various projects benefitting the**
6 **Wastewater Enterprise pursuant to amendments to the Charter of the City and County**
7 **of San Francisco enacted by the voters on November 5, 2002, as Proposition E;**
8 **declaring the official intent of the Commission to reimburse itself with one or more**
9 **issues of tax-exempt bonds; and ratifying previous actions taken in connection**
10 **therewith.**

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

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

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

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

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

5 C. By Resolution No.14-0032 adopted by the Commission on February 11, 2014,
6 (the "Commission Resolution"), the Commission has determined to issue one or more
7 additional series of revenue bonds (the "Wastewater Revenue Bonds") to finance the costs
8 of all or a portion of certain capital projects described therein benefitting the Wastewater
9 Enterprise (the "Capital Projects" such projects as further described in the Commission
10 Resolution), as well as for the payment of costs of issuance and other incidental costs
11 related thereto, and formally requested this Board of Supervisors to authorize the issuance
12 and sale of the Wastewater Revenue Bonds for such purposes, pursuant to Charter Section
13 8B.124, such Commission Resolution and all such documents relating to the issuance of the
14 Wastewater Revenue Bonds referenced therein being on file with the Clerk of the Board in
15 File No. _____, which is hereby declared to be a part of this Ordinance as if set forth
16 fully herein.

17 D. The Commission has determined that it is necessary and desirable to make
18 certain additional improvements to the facilities of the Wastewater Enterprise (the
19 "Improvements"), and has further determined to finance the costs of the Improvements
20 through the issuance of wastewater revenue bonds. The Board now desires to authorize the
21 issuance and sale of the Wastewater Revenue Bonds by the Commission pursuant to
22 Proposition E; provided however, the Commission shall file with the Commission Board and
23 this Board of Supervisors any and all certifications required by Charter Section 8B.124 prior
24 to the issuance of Wastewater Revenue Bonds authorized hereby (as further described
25 below); and

1 E. Proposition E allows for the issuance of revenue bonds or other forms of
2 indebtedness by ordinance approved by two-thirds of the Board, subject to the provision of
3 certain certifications of an independent engineer retained by the Commission and certain
4 certifications by the San Francisco Planning Department, which certifications shall make the
5 findings and determinations set forth in Proposition E; and

6 F. The Commission has paid, beginning no earlier than 60 days prior to the
7 adoption of this Ordinance and will pay, on and after the date hereof, certain expenditures
8 (the "Expenditures") in connection with the acquisition, construction and/or equipping of the
9 Capital Projects, and

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

15 H. This Board is concurrently considering with this ordinance Capital Improvement
16 Program related supplemental appropriations totaling \$950,906,000 for fiscal years ending
17 2015 and 2016, such amount being inclusive of the Wastewater Revenue Bonds.

18 Section 2. Approval of the Wastewater Revenue Bonds. Subject to the terms of this
19 Ordinance, the Commission is hereby authorized to issue the Wastewater Revenue Bonds
20 pursuant to Proposition E to finance a portion of the design, acquisition and construction of
21 the Capital Projects (including the costs of issuance for such obligations) and other
22 incidental costs relating thereto; and the Board hereby approves the issuance and sale of
23 the Wastewater Revenue Bonds in one or more series from time to time by the Commission
24 pursuant to Charter Proposition E and in accordance with the Prior Ordinance and the
25 Commission Resolution, in an aggregate principal amount not to exceed \$846,906,000

1 (inclusive of financing costs), at a maximum rate or rates of interest of not to exceed twelve
2 percent (12%) per annum. The Commission is hereby authorized to determine the timing,
3 amount and manner of sale of each series of Wastewater Revenue Bonds issued pursuant
4 to this authorization; provided however, the Commission's authorization to issue Wastewater
5 Revenue Bonds is subject to approval by the Commission's Board of the form of offering
6 document and the filing with its Board and the Clerk of the Board any certifications required
7 by Proposition E prior to the issuance of any bonds herein authorized.

8 Section 3. Declaration of Official Intent. The Board, on behalf of the Commission,
9 hereby declares the official intent of the Commission to reimburse the Commission with
10 proceeds of the Wastewater Revenue Bonds for the Expenditures with respect to the Capital
11 Projects made on and after a date that is no more than 60 days prior to the adoption of this
12 Ordinance. The Commission reasonably expects on the date hereof that it will reimburse
13 the Expenditures with proceeds of the Wastewater Revenue Bonds. Each said Expenditure
14 was and will be either (A) of a type properly chargeable to a capital account under general
15 federal income tax principles (determined in each case as of the date of the Expenditure),
16 (B) a cost of issuance with respect to the Bonds, (C) a nonrecurring items that is not
17 customarily payable from current revenues, or (D) a grant to pay a party that is not related to
18 or an agent of the issuer so long as such grand does not impose any obligation or condition
19 (directly or indirectly) to repay any amount to or for the benefit of the Commission. The
20 maximum principal amount of the Wastewater Revenue Bonds to be issued for the Capital
21 Projects is \$846,906,000 (inclusive of financing costs).

22 The Commission will make a reimbursement allocation, which is a written allocation
23 by the Issuer that evidences the Commission's use of proceeds of the Wastewater Revenue
24 Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on
25 which the Expenditure is paid or the component of the Capital Projects is placed in service

1 or abandoned, but in no event more than three years after the date on which the
2 Expenditure is paid. The Commission recognizes that exceptions are available for certain
3 "preliminary expenditures," costs of issuance, certain de minimis amounts, expenditures by
4 "small issuers" (based on the year of issuance and not the year of expenditure) and
5 expenditures for construction projects of at least 5 years.

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

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

16 Section 6. File Documents. All documents referred to as on file with the Clerk of the
17 Board are in File Nos. _____.

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

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21 APPROVED AS TO FORM:
22 DENNIS J. HERRERA, City Attorney

23 By: _____
24 MARK D. BLAKE
Deputy City Attorney

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