

1 [Public Utilities Commission - Power Revenue Bond Issuance - Not to Exceed \$32,483,088]

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3 **Ordinance authorizing the issuance and sale of tax-exempt or taxable Power Revenue**
4 **Bonds and other forms of indebtedness by the San Francisco Public Utilities**
5 **Commission (Commission) in an aggregate principal amount not to exceed \$32,483,088**
6 **to finance the costs of various capital projects benefitting the Power Enterprise**
7 **pursuant to Charter Sections 9.107(6) and 9.107(8); authorization to issue Refunding**
8 **Power Revenue Bonds; declaring the Official Intent of the Commission to reimburse**
9 **itself with one or more issues of tax-exempt or taxable bonds; and ratifying previous**
10 **actions taken in connection therewith, as defined herein.**

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

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

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

21 A. Pursuant to Charter Sections 9.107(6) and 9.107(8), the San Francisco Public
22 Utilities Commission (the "Commission") is authorized to issue revenue bonds, without a vote
23 of the voters, to finance or refinance the acquisition, construction, installation, equipping,
24 improvement or rehabilitation of electric power facilities as well as equipment or facilities for
25 renewable energy and energy conservation; and

1 B. The Commission adopted the Trust Indenture dated as of May 1, 2015, as
2 further amended and supplemented from time to time (the “Indenture”), between the
3 Commission and U. S. Bank National Association and in connection therewith, has from time
4 to time issued revenue bonds to finance projects benefitting the Power Enterprise; and

5 C. By Resolution 16-0035 adopted by the Commission on February 9, 2016 (the
6 “Commission Resolution”) the Commission has determined to issue Power Revenue Bonds
7 (the “Power Revenue Bonds”) and other forms of indebtedness to finance the costs of various
8 capital Power projects benefitting the Power Enterprise (the "Capital Improvement Projects"
9 such projects being more fully described in the Commission Resolution), pursuant to Charter
10 Sections 9.107(6) and 9.107(8), and has formally requested this Board to authorize the
11 issuance and sale of Power Revenue Bonds for such purposes, such Commission Resolution
12 being on file with the Clerk of the Board of Supervisors in File No. 160473, which is hereby
13 declared to be a part of this Ordinance as 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 Power Revenue Bonds and other forms of
16 indebtedness for such purposes; and

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

21 F. This Board is concurrently considering with this ordinance Capital Improvement
22 Program related supplemental appropriations totaling \$113,890,682 for fiscal years ending
23 2017 and 2018, such amount being inclusive of the Power Revenue Bonds and other forms of
24 indebtedness.

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

6 Section 2. Authorization to Issue Power Revenue Bonds. The Board hereby
7 authorizes the issuance and sale of Power Revenue Bonds and other forms of indebtedness
8 (including New Clean Renewable Energy Bonds and Qualified Energy Conservation Bonds) in
9 one or more series from time to time by the Commission pursuant to the Charter and in
10 accordance with the Commission Resolution in an aggregate principal amount not to exceed
11 \$32,483,088 (inclusive of financing costs), at a maximum rate or rates of interest of not to
12 exceed twelve percent (12%) per annum to finance a portion of the costs of the design,
13 acquisition and construction of the Capital Improvement Projects. The Commission is hereby
14 authorized to determine the timing, amount and manner of sale (i.e., competitive or
15 negotiated) of each series of Power Revenue Bonds or the delivery of other forms of
16 indebtedness pursuant to this authorization; provided however, the Commission's
17 authorization to issue Power Revenue Bonds or incur other forms of indebtedness is subject
18 to approval by the Commission of the form of substantially final offering document related to
19 such bonds (if any) and the approval of any related financing documents. The Commission shall
20 also file, within 30 days of any bond sale authorized hereby, with the Clerk of the Board of Supervisors
21 a report showing the results of the sale of bonds or other form of indebtedness including (i) principal
22 amount sold and method of sale, (ii) true interest cost, (iii) final maturity, (iv) the facilities constructed
23 and/or improved, and (v) a statement about the remaining bonding authorization under this Ordinance
24 (the "Report").

1 Section 3. Authorization to Issue Refunding Power Revenue Bonds. The Board further
2 authorizes and approves the issuance by the Commission of Refunding Power Revenue
3 Bonds and other forms of indebtedness (the “Refunding Bonds”) to refund any outstanding
4 obligations of the Power Enterprise, without limitation as to principal amount, in one or more
5 series on one or more dates, at a maximum interest rate or rates of interest not to exceed
6 twelve percent (12%) per annum, provided that each such Refunding Bond issue or obligation
7 is permitted under the applicable policies and procedures of the City and authorized by either
8 Section 9.109 of the Charter (including related ordinances and resolutions of the Board). The
9 Refunding Bonds may be issued as tax-exempt or taxable bonds, or any combination thereof.
10 Refunding Power Revenue Bonds authorized hereunder shall be subject to the further
11 following conditions, that: (i) 3% net present value debt service savings or greater is achieved
12 to ensure ratepayer savings; (ii) this authorization is subject to a 2-year term through June 30,
13 2018, at which time this Board may consider an extension; principal payments and term may
14 be adjusted, where permitted under federal and state tax law, only if and when the underlying
15 capital asset funded through said refunded bonds has a useful life not in excess of any limit
16 permitted under federal and state tax law than the refunded term; and (iii) the Commission
17 shall within 30 days of any executed refunding transaction provide a savings report prepared
18 by its financial advisor (that reflects at least a 3% net present value debt service savings) to
19 the Board. together with a copy of the final Official Statement with respect to such series of
20 Refunding Bonds.

21 Section 4. Declaration of Official Intent. The Board, on behalf of the Commission,
22 hereby declares the official intent of the Commission to reimburse the Commission with
23 proceeds of the Power Revenue Bonds or other forms of indebtedness for the Expenditures
24 with respect to the Capital Improvement Projects made on and after a date that is no more
25 than 60 days prior to the adoption of this Ordinance. The Commission reasonably expects on

1 the date hereof that it will reimburse the Expenditures with proceeds of the Power Revenue
2 Bonds or other forms of indebtedness. Each said Expenditure was and will be either (A) of a
3 type properly chargeable to a capital account under general federal income tax principles
4 (determined in each case as of the date of the Expenditure), (B) a cost of issuance with
5 respect to the Power Revenue Bonds or other forms of indebtedness, (C) a nonrecurring item
6 that is not customarily payable from current revenues, or (D) a grant to pay a party that is not
7 related to or an agent of the issuer so long as such grant does not impose any obligation or
8 condition (directly or indirectly) to repay any amount to or for the benefit of the Commission.
9 The maximum principal amount of the Power Revenue Bonds or other forms of indebtedness
10 to be issued for the Capital Improvement Projects is \$32,483,088 (inclusive of financing
11 costs).

12 The Commission will make a reimbursement allocation, which is a written allocation by
13 the Issuer that evidences the Commission's use of proceeds of the Power Revenue Bonds or
14 other forms of indebtedness to reimburse an Expenditure, no later than 18 months after the
15 later of the date on which the Expenditure is paid or the component of the Capital
16 Improvement Projects is placed in service or abandoned, but in no event more than three
17 years after the date on which the Expenditure is paid. The Commission recognizes that
18 exceptions are available for certain "preliminary expenditures," costs of issuance, certain de
19 minimis amounts, expenditures by "small issuers" (based on the year of issuance and not the
20 year of expenditure) and expenditures for construction projects of at least 5 years.

21 Section 5. General Authority. The Controller, Treasurer, the City Attorney and other
22 officers of the City and their duly authorized deputies and agents are hereby authorized and
23 directed, jointly and severally, to take such actions and to execute and deliver such
24 certificates, agreements, requests or other documents, as they may deem necessary or
25 desirable to facilitate the issuance, sale and delivery of the Power Revenue Bonds, any Power

1 Refunding Bonds, to obtain bond insurance or other credit enhancements with respect to such
2 obligations, to obtain surety, to obtain title and other insurance with respect to the facilities to
3 be financed, and otherwise to carry out the provisions of this Ordinance. The Commission is
4 hereby directed to provide the final form to the Clerk of the Board of any disclosure document
5 prepared in connection with the execution of any Power Revenue Bonds or Refunding Bonds,
6 or other document reflecting the incurrence of another obligation payable from the Power
7 Enterprise, within 30 days of the closing of such transactions.

8 Section 6. Ratification of Prior Actions. All actions authorized and directed by this
9 Ordinance in connection with the issuance of the Power Revenue Bonds, Refunding Power
10 Revenue Bonds, and heretofore taken are hereby ratified, approved and confirmed by this
11 Board.

12 Section 7. File Documents. All documents referred to as on file with the Clerk of the
13 Board are in File Nos. _____.

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

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17 APPROVED AS TO FORM:
18 DENNIS J. HERRERA, City Attorney

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21 By: _____
22 Mark D. Blake
23 Deputy City Attorney
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