

File No. 200836

Committee Item No. 7

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget & Appropriations Committee Date August 21, 2020

Board of Supervisors Meeting Date _____

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Completed by: Linda Wong Date August 14, 2020

Completed by: Linda Wong Date _____

1 [San Francisco Public Utilities Commission Power Revenue Bond Issuance - Various Capital
2 Projects Benefitting the Power Enterprise - Not to Exceed \$142,970,073]

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 in an aggregate principal amount not to exceed \$142,970,073 to finance**
6 **the costs of various capital projects benefitting the Power Enterprise pursuant to**
7 **Charter, Sections 9.107(6) and 9.107(8); authorization to issue Refunding Power**
8 **Revenue Bonds and the retirement of outstanding Power Enterprise Commercial**
9 **Paper; declaring the Official Intent of the Commission to Reimburse Itself with one or**
10 **more issues of tax-exempt bonds; and ratifying previous actions taken in connection**
11 **therewith, as defined herein.**

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

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

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

22 A. Pursuant to Charter Sections 9.107(6) and 9.107(8), together with the provisions
23 of Proposition A (approved by the voters in June 5, 2018) to authorize the San Francisco
24 Public Utilities Commission ("Commission") to issue revenue bonds, including notes,
25 commercial paper or other forms of indebtedness (which forms of indebtedness may include
without limitation, loans and other forms of indebtedness provided by governmental agencies

1 and/or commercial or investment banks), when authorized by ordinance approved by a two-
2 thirds vote of the Board of Supervisors, for the purpose of reconstructing, replacing,
3 expanding, repairing or improving water facilities or clean water facilities or combinations of
4 water and clean water facilities under the jurisdiction of the Commission.

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

9 C. By Resolution 20-0031 adopted by the Commission on February 11, 2020
10 (“Commission Resolution”) the Commission has determined to issue Power Revenue Bonds
11 (“Power Revenue Bonds”) and other forms of indebtedness, including commercial paper,
12 revolving credit notes and other forms of notes, to finance the costs of various capital Power
13 projects benefitting the Power Enterprise (“Capital Improvement Projects,” such projects being
14 more fully described in the Commission Resolution), pursuant to Charter Sections 9.107(6)
15 and 9.107(8), and has formally requested this Board to authorize the issuance and sale of
16 Power Revenue Bonds for such purposes, such Commission Resolution being on file with the
17 Clerk of the Board in File No. _____; and

18 D. In order to finance the costs of the Capital Improvement Projects, the Board now
19 desires to authorize the issuance and sale of Power Revenue Bonds and other forms of
20 indebtedness (including, without limitation and for illustrative purposes only), New Clean
21 Renewable Energy Bonds and Qualified Energy Conservation Bonds, commercial paper,
22 revolving credit notes, and bond anticipation notes) for such purposes; and

23 E. The Commission has paid, beginning no earlier than 60 days prior to the
24 adoption of this Ordinance and will pay, on and after the date hereof, certain expenditures (the
25

1 “Expenditures”) in connection with the acquisition, construction and/or equipping of the Capital
2 Improvement Projects, and

3 F. This Board is concurrently considering with this ordinance another Ordinance
4 approving a Capital Improvement Program related supplemental appropriations totaling
5 \$260,351,806 for fiscal years ending 2021 and 2022, such amount being inclusive of the
6 Power Revenue Bonds and other forms of indebtedness (including, without limitation and for
7 illustrative purposes only, New Clean Renewable Energy Bonds, Qualified Energy
8 Conservation Bonds, commercial paper, revolving credit notes, and bond anticipation notes)
9 approved hereby; 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 and
12 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 Power
14 Revenue Bonds.

15 Section 2. Authorization to Issue Power Revenue Bonds. The Board hereby
16 authorizes the issuance and sale of Power Revenue Bonds and other forms of indebtedness
17 (including, without limitation and for illustrative purposes only, New Clean Renewable Energy
18 Bonds, Qualified Energy Conservation Bonds, commercial paper, revolving credit notes, and
19 bond anticipation notes) in one or more series from time to time by the Commission pursuant
20 to the Charter and in accordance with the Commission Resolution in an aggregate principal
21 amount not to exceed \$142,970,073 (inclusive of financing costs but exclusive of refunding
22 indebtedness), bearing a maximum rate or rates of interest of not to exceed twelve percent
23 (12%) per annum to finance a portion of the costs of the design, acquisition and construction
24 of the Capital Improvement Projects. The Commission is hereby authorized to determine the
25 timing, amount and manner of sale (i.e., competitive or negotiated) of each series of Power

1 Revenue Bonds or the delivery of other forms of indebtedness pursuant to this authorization;
2 provided however, the Commission's authorization to issue Power Revenue Bonds or incur
3 other forms of indebtedness (including, without limitation, New Clean Renewable Energy
4 Bonds, Qualified Energy Conservation Bonds, commercial paper, revolving credit notes, and
5 bond anticipation notes), is subject to approval by the Commission of the form of substantially
6 final offering document related to such bonds (if any) and the approval of any related financing
7 documents. The Commission shall also file, within 30 days of any bond sale authorized
8 hereby, with the Clerk of the Board of Supervisors a report showing the results of the sale of
9 Power Revenue Bonds or other form of indebtedness including (i) principal amount sold and
10 method of sale, (ii) true interest cost, (iii) final maturity, (iv) the facilities constructed and/or
11 improved, and (v) a statement about the remaining bonding authorization under this
12 Ordinance ("Bond Report"); provided that failure to provide such Bond Report shall not affect
13 the validity of any debt authorized hereby.

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

1 notes or bond anticipation notes); (ii) that the maturity of the refunded bonds is not extended;
2 (iii) this authorization is subject to a 5-year term through June 30, 2025, at which time this
3 Board may consider an extension; principal payments and term may be adjusted, where
4 permitted under federal and state tax law, only if and when the underlying capital asset funded
5 through said refunded bonds has a useful life not in excess of any limit permitted under
6 federal and state tax law than the refunded term; and (iv) the Commission shall within 30 days
7 of any executed refunding transaction provide a bond refunding savings report (“Bond
8 Refunding Savings Report”) prepared by its financial advisor (that reflects at least a 3% net
9 present value debt service savings) to the Board, together with a copy of the final Official
10 Statement with respect to such series of Refunding Bonds, provided that failure to provide
11 such Bond Refunding Savings Report shall not affect the validity of any Refunding Bonds.
12 Notwithstanding the foregoing, the Commission is authorized to issue Refunding Bonds for
13 non-economic factors, including by way of illustration, eliminating onerous covenants and
14 obsolete provisions contained in the Commission’s indenture or other security documents.
15 The Commission shall request a waiver of the savings requirement for any Refunding Bonds
16 issued for non-economic reasons, which this Board may grant by resolution. In furtherance of
17 the purpose of managing the Commission outstanding indebtedness, the General Manager is
18 hereby authorized and directed, in consultation the City Attorney, from Available Power
19 Enterprise Revenues to retire outstanding Power Enterprise Commercial Paper at such times
20 and in such amounts advantageous to the Commission.

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 including, without limitation, New Clean Renewable
3 Energy Bonds and Qualified Energy Conservation Bonds. Each said Expenditure was and will
4 be either (A) of a type properly chargeable to a capital account under general federal income
5 tax principles (determined in each case as of the date of the Expenditure), (B) a cost of
6 issuance with respect to the Power Revenue Bonds or other forms of indebtedness, (C) a
7 nonrecurring item that is not customarily payable from current revenues, or (D) a grant to pay
8 a party that is not related to or an agent of the issuer so long as such grant does not impose
9 any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of
10 the Commission. The Commission will make a reimbursement allocation, which is a written
11 allocation by the Issuer that evidences the Commission's use of proceeds of the Power
12 Revenue Bonds or other forms of indebtedness to reimburse an Expenditure, no later than 18
13 months after the later of the date on which the Expenditure is paid or the component of the
14 Capital Improvement Projects is placed in service or abandoned, but in no event more than
15 three years after the date on which the Expenditure is paid. The Commission recognizes that
16 exceptions are available for certain "preliminary expenditures," costs of issuance, certain de
17 minimis amounts, expenditures by "small issuers" (based on the year of issuance and not the
18 year of expenditure) and 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 and their duly authorized deputies and agents are hereby authorized and
21 directed, jointly and severally, to take such actions and to execute and deliver such
22 certificates, agreements, requests or other documents, as they may deem necessary or
23 desirable to facilitate the issuance, sale and delivery of the Power Revenue Bonds or other
24 forms of indebtedness (including, without limitation and for illustrative purposes only, New
25 Clean Renewable Energy Bonds, Qualified Energy Conservation Bonds, commercial paper,

1 revolving credit notes, and bond anticipation notes), any Power Refunding Bonds, and to
2 obtain bond insurance or other credit or liquidity enhancements with respect to any such
3 obligations 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 and other forms of
6 indebtedness (including, without limitation and for illustrative purposes only, New Clean
7 Renewable Energy Bonds and Qualified Energy Conservation Bonds, commercial paper,
8 revolving credit notes, and bond anticipation notes) or Refunding Bonds, or other document
9 reflecting the incurrence of another obligation payable from the Power Enterprise, within 30
10 days of the closing of such transactions, provided that the failure to deliver such document
11 shall not affect the validity of the obligations authorized hereunder. The Commission is further
12 directed as a part of the two-year budget review to provide to this Board of Supervisors a
13 written report about Power Revenue Bonds authorized hereunder, detailing the total amount
14 authorized, the total amount sold, the remaining authorized but unissued amount, and the
15 bond authorization no longer necessary due to changes in projects and project financing.

16
17 Section 6. Ratification of Prior Actions. All actions authorized and directed by this
18 Ordinance in connection with the issuance of the Power Revenue Bonds and other forms of
19 indebtedness (including, without limitation and for illustrative purposes only, New Clean
20 Renewable Energy Bonds, Qualified Energy Conservation Bonds, commercial paper,
21 revolving credit notes, and bond anticipation notes), and Refunding Power Revenue Bonds,
22 and heretofore taken are hereby ratified, approved and confirmed by this Board.

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

25

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

3
4 APPROVED AS TO FORM:
5 DENNIS J. HERRERA, City Attorney

6
7 By: /s/ Mark D. Blake
8 Mark D. Blake
9 Deputy City Attorney
10 n:\financ\as2016\1300183\01109131.docx

LEGISLATIVE DIGEST

[San Francisco Public Utilities Commission Power Revenue Bond Issuance - Various Capital Projects Benefitting the Power Enterprise - Not to Exceed \$142,970,073]

Ordinance authorizing the issuance and sale of tax-exempt or taxable Power Revenue Bonds and other forms of indebtedness by the San Francisco Public Utilities Commission in an aggregate principal amount not to exceed \$142,970,073 to finance the costs of various capital projects benefitting the Power Enterprise pursuant to Charter, Sections 9.107(6) and 9.107(8); authorization to issue Refunding Power Revenue Bonds and the retirement of outstanding Power Enterprise Commercial Paper; declaring the Official Intent of the Commission to Reimburse Itself with one or more issues of tax-exempt bonds; and ratifying previous actions taken in connection therewith, as defined herein.

Existing Law

This is new legislation.

Background Information

The proposed Ordinance authorizes the issuance by the SFPUC of its power enterprise revenue bonds (the "Power Revenue Bonds") in an amount not to exceed \$142,970,073 to finance the costs of various capital water projects benefitting the SFPUC Power Enterprise. The Power Revenue Bonds will be issued pursuant to amendments to the Charter sections enacted by the voters November 5, 2020 as Proposition E, at a maximum rate of 12% per annum. The Ordinance delegates to the SFPUC the authority to determine the timing, amount and manner of sale of Power Revenue Bonds (i.e., competitive or negotiated), subject to the SFPUC approving the form of a substantially final offering document.

The Power Revenue Bonds will be issued pursuant to the terms of a Trust Indenture dated as of May 1, 2015, as further amended and supplemented from time to time ("Indenture"), between the Commission and U. S. Bank National Association, as trustee thereunder.

The Commission is authorized to determine the timing, amount and manner of sale (i.e., competitive or negotiated) of each series of Power Revenue Bonds or other forms of indebtedness (including without limitation State Revolving Fund (SRF) Loans, as well as interim funding vehicles such as commercial paper, revolving credit agreements, bond anticipation notes or other forms of notes, which interim funding vehicles will be issued in advance of being paid off by either Water Revenue Bonds and other forms of indebtedness (including without limitation SRF Loans) to finance the costs of various capital projects benefitting the Water Enterprise (the "Capital Improvement Projects"), pursuant to Proposition E; but the Commission's authority to issue Power Revenue Bonds or incur other forms of indebtedness is subject to further approval by the Commission of the form of substantially final offering document related to such bonds (if any) and the approval of any related financing documents.

FILE NO. 200386

Finally the Ordinance provides for the issuance of Refunding Bonds under Charter Section 9.109 without returning to the Board for approval provided that the Commission achieves at least 3% present value debt service savings, and satisfies other conditions contained in the Ordinance. The Commission is required to provide a savings report to the Board within 30 days of the date of execution of any refunding.

The authority to issue Refunding Bonds is for a 6-year term through June 30, 2026, at which time this Board may consider an extension.

Upon issuance of the Bonds, to the extent permitted by law, one-twentieth of one percent (0.05%) of the gross proceeds of the Bonds will be deposited in a fund established by the City Controller's Office and appropriated by the Board at the direction of the Public Utilities Revenue Bond Oversight Committee established by Proposition P.



TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Sophia Kittler
RE: San Francisco Public Utilities Commission Power Revenue Bond
Issuance----Not to Exceed \$142,970,073
DATE: July 31, 2020

Ordinance authorizing the issuance and sale of tax-exempt or taxable Power Revenue Bonds and other forms of indebtedness by the San Francisco Public Utilities Commission in an aggregate principal amount not to exceed \$142,970,073 to finance the costs of various capital projects benefitting the Power Enterprise pursuant to Charter Sections 9.107(6) and 9.107(8); authorization to issue Refunding Power Revenue Bonds and the retirement of outstanding Power Enterprise Commercial Paper; declaring the Official Intent of the Commission to Reimburse Itself with one or more issues of tax-exempt bonds; and ratifying previous actions taken in connection therewith.

Should you have any questions, please contact Sophia Kittler at 415-554-6153.



To: Angela Calvillo, Clerk of the Board of Supervisors
From: Ashley Groffenberger, Acting Mayor's Budget Director
Date: July 31, 2020
Re: Mayor's FY 2020-21 and FY 2021-22 Budget Submission

Madam Clerk,

In accordance with the Seventh Supplement to the Mayoral Proclamation Declaring the Existence of a Local Emergency dated February 25, 2020, the Mayor's Office hereby submits the Mayor's proposed budget by August 1, corresponding legislation, and related materials for Fiscal Year 2020-21 and Fiscal Year 2021-22.

In addition to the Mayor's Proposed FY 2020-21 and FY 2021-22 Budget Book, the following items are included in the Mayor's submission:

- The Annual Appropriation Ordinance and Annual Salary Ordinance, along with Administrative Provisions, physical copies of which will be delivered by the Controller's Office
- The proposed budget for the Office of Community Investment and Infrastructure for FY 2020-21
- 21 separate pieces of trailing legislation (see list attached)
- A Transfer of Function letter detailing the transfer of positions from one City department to another
- A letter addressing funding levels for nonprofit corporations or public entities for the coming two fiscal years

Please note the following:

- There are no Interim Exceptions proposed.
- Technical adjustments to the budget are being prepared, but are not submitted with this set of materials.

If you have any questions, please contact my office.

Sincerely,

Ashley Groffenberger
Acting Mayor's Budget Director

cc: Members of the Board of Supervisors
Budget and Legislative Analyst
Controller

Department	Item	Relevance to Budget	Type
HOM	Homelessness and Supportive Housing Fund Expenditure Plan for 2020-21 and 2021-22	Expenditure plan included in budget.	Resolution
CON	Neighborhood Beautification Fund	Neighborhood Beautification Fund contribution levels assumed in budget.	Ordinance
CON	Access Line Tax CPI increase	Sets Access Line Tax. Revenues assumed in budget.	Resolution
CON	Prop J Certification - previously approved	Costs related to Prop J services assumed in budget.	Resolution
CON	Prop J Certification - new	Costs related to Prop J services assumed in budget.	Resolution
PUC	Hetch Hetchy Capital Budget	Appropriates funds to support PUC Hetch Hetchy capital budget expenditures.	Ordinance
PUC	CleanPowerSF Capital Budget	Appropriates funds to support PUC CleanPowerSF capital budget expenditures.	Ordinance
PUC	Wastewater Capital Budget	Appropriates funds to support PUC Wastewater Enterprise capital budget expenditures.	Ordinance
PUC	Water Capital Budget	Appropriates funds to support PUC Water Enterprise capital budget expenditures.	Ordinance
PUC	Power Debt Authorization	Authorizes debt issuance for Hetch Hetchy and CleanPowerSF capital projects.	Ordinance
PUC	Wastewater Debt Authorization	Authorizes debt issuance for Wastewater Enterprise capital projects.	Ordinance
PUC	Water Debt Authorization	Authorizes debt issuance for Water Enterprise capital projects.	Ordinance
LIB	In-Kind Grant of Friends of San Francisco Public Library	Grant assumed in budget.	Resolution
ADM	Medical Examiner Fees	Fee revenue assumed in budget.	Ordinance
ADM	Permit Center Fees	Fee revenue assumed in budget.	Ordinance
ADM	COP Refunding Authorization	Debt savings assumed in budget.	Ordinance
ADM	COP Refunding Appropriation	Appropriates and de-appropriates COP savings.	Ordinance
ADM	County Clerk Fee	Fee revenue assumed in budget.	Resolution
DPH	DPH Patient Rates	Fee revenue assumed in budget.	Ordinance
MOHCD	ESG Cares 2	Grant assumed in budget.	Resolution
CON	BSIF Reserve Use	Use of reserve assumed in budget.	Resolution