

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.

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

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

20 A. Pursuant to Charter Sections 9.107(6) and 9.107(8), together with the provisions  
21 of Proposition A (approved by the voters in June 5, 2018) to authorize the San Francisco  
22 Public Utilities Commission ("Commission") to issue revenue bonds, including notes,  
23 commercial paper or other forms of indebtedness (which forms of indebtedness may include  
24 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 power facilities under the jurisdiction of the Commission.

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

8 C. By Resolution 20-0031 adopted by the Commission on February 11, 2020  
9 (“Commission Resolution”) the Commission has determined to issue Power Revenue Bonds  
10 (“Power Revenue Bonds”) and other forms of indebtedness, including commercial paper,  
11 revolving credit notes and other forms of notes, to finance the costs of various capital Power  
12 projects benefitting the Power Enterprise (“Capital Improvement Projects,” such projects being  
13 more fully described in the Commission Resolution), pursuant to Charter Sections 9.107(6)  
14 and 9.107(8), and has formally requested this Board to authorize the issuance and sale of  
15 Power Revenue Bonds for such purposes, such Commission Resolution being on file with the  
16 Clerk of the Board in File No. 200836; and

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

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

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

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

13 H. In order to refinance the costs of any Power Enterprise facilities or  
14 improvements financed with bonds issued pursuant to Charter Sections 9.107(6) and  
15 9.107(8), together with the provisions of Proposition A, the Board now desires to authorize the  
16 issuance and sale of Power Revenue Refunding Bonds.

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

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

16 Section 3. Authorization to Retire Commercial Paper. In furtherance of the purpose of  
17 managing the Commission outstanding indebtedness, the General Manager is hereby  
18 authorized and directed, in consultation the City Attorney, from Available Power Enterprise  
19 Revenues to retire outstanding Power Enterprise Commercial Paper at such times and in  
20 such amounts advantageous to the Commission.

21 Section 34. Authorization to Issue Refunding Power Revenue Bonds. The Board  
22 further authorizes and approves the issuance by the Commission of Refunding Power  
23 Revenue Bonds and other forms of indebtedness ("Refunding Bonds") to refund any  
24 outstanding obligations of the Power Enterprise, without limitation as to principal amount, in  
25 one or more series on one or more dates, at a maximum interest rate or rates of interest not to

1 exceed twelve percent (12%) per annum, provided that each such Refunding Bond issue or  
2 obligation is permitted under the applicable policies and procedures of the City and authorized  
3 by Section 9.109 of the Charter (including related ordinances and resolutions of the Board).  
4 The Refunding Bonds may be issued as tax-exempt or taxable obligations, or any  
5 combination thereof. Refunding Bonds authorized hereunder shall be subject to the further  
6 following conditions, that: (i) 3% net present value debt service savings or greater is achieved  
7 to ensure ratepayer savings (exclusive of any issuance to refund commercial paper, revolving  
8 credit notes or bond anticipation notes); (ii) that the maturity of the refunded bonds is not  
9 extended; provided principal payments and term may be adjusted, where permitted under  
10 federal and state tax law, only if and when the underlying capital asset funded through said  
11 refunded bonds has a useful life not in excess of any limit permitted under federal and state  
12 tax law than the refunded term; (iii) this authorization is subject to a ~~5~~ 6-year term through  
13 June 30, 2026, at which time this Board may consider an extension; and (iv) the Commission  
14 shall within 30 days of any executed refunding transaction provide a bond refunding savings  
15 report ("Bond Refunding Savings Report") prepared by its financial advisor (that reflects at  
16 least a 3% net present value debt service savings) to the Board, together with a copy of the  
17 final Official Statement with respect to such series of Refunding Bonds, provided that failure to  
18 provide such Bond Refunding Savings Report shall not affect the validity of any Refunding  
19 Bonds.

20 Section 5. Certain Other Refunding Bonds. Notwithstanding the foregoing, the  
21 Commission is authorized to issue Refunding Bonds for non-economic factors, including by  
22 way of illustration, eliminating onerous covenants and obsolete provisions contained in the  
23 Commission's indenture or other security documents. The Commission shall request a waiver  
24 of the savings requirement under Section 4 for any Refunding Bonds issued for non-economic  
25 reasons, which the Board may grant by resolution.

1           Section 46. Declaration of Official Intent. The Board, on behalf of the Commission,  
2 hereby declares the official intent of the Commission to reimburse the Commission with  
3 proceeds of the Power Revenue Bonds or other forms of indebtedness for the Expenditures  
4 with respect to the Capital Improvement Projects made on and after a date that is no more  
5 than 60 days prior to the adoption of this Ordinance. The Commission reasonably expects on  
6 the date hereof that it will reimburse the Expenditures with proceeds of the Power Revenue  
7 Bonds or other forms of indebtedness including, without limitation, New Clean Renewable  
8 Energy Bonds and Qualified Energy Conservation Bonds. Each said Expenditure was and  
9 will be either (A) of a type properly chargeable to a capital account under general federal  
10 income tax principles (determined in each case as of the date of the Expenditure), (B) a cost  
11 of issuance with respect to the Power Revenue Bonds or other forms of indebtedness, (C) a  
12 nonrecurring item that is not customarily payable from current revenues, or (D) a grant to pay  
13 a party that is not related to or an agent of the issuer so long as such grant does not impose  
14 any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of  
15 the Commission. The Commission will make a reimbursement allocation, which is a written  
16 allocation by the Issuer that evidences the Commission's use of proceeds of the Power  
17 Revenue Bonds or other forms of indebtedness to reimburse an Expenditure, no later than 18  
18 months after the later of the date on which the Expenditure is paid or the component of the  
19 Capital Improvement Projects is placed in service or abandoned, but in no event more than  
20 three years after the date on which the Expenditure is paid. The Commission recognizes that  
21 exceptions are available for certain "preliminary expenditures," costs of issuance, certain de  
22 minimis amounts, expenditures by "small issuers" (based on the year of issuance and not the  
23 year of expenditure) and expenditures for construction projects of at least 5 years.

24           Section 57. General Authority. The Controller, Treasurer, the City Attorney and other  
25 officers of the City and their duly authorized deputies and agents are hereby authorized and

1 directed, jointly and severally, to take such actions and to execute and deliver such  
2 certificates, agreements, requests or other documents, as they may deem necessary or  
3 desirable to facilitate the issuance, sale and delivery of the Power Revenue Bonds or other  
4 forms of indebtedness (including, without limitation and for illustrative purposes only, New  
5 Clean Renewable Energy Bonds, Qualified Energy Conservation Bonds, commercial paper,  
6 revolving credit notes, and bond anticipation notes), any Power Refunding Bonds, and to  
7 obtain bond insurance or other credit or liquidity enhancements with respect to any such  
8 obligations and otherwise to carry out the provisions of this Ordinance. The Commission is  
9 hereby directed to provide the final form to the Clerk of the Board of any disclosure document  
10 prepared in connection with the execution of any Power Revenue Bonds and other forms of  
11 indebtedness (including, without limitation and for illustrative purposes only, New Clean  
12 Renewable Energy Bonds and Qualified Energy Conservation Bonds, commercial paper,  
13 revolving credit notes, and bond anticipation notes) or Refunding Bonds, or other document  
14 reflecting the incurrence of another obligation payable from the Power Enterprise, within 30  
15 days of the closing of such transactions, provided that the failure to deliver such document  
16 shall not affect the validity of the obligations authorized hereunder. The Commission is further  
17 directed as a part of the two-year budget review to provide to this Board of Supervisors a  
18 written report about Power Revenue Bonds authorized hereunder, detailing the total amount  
19 authorized, the total amount sold, the remaining authorized but unissued amount, and the  
20 bond authorization no longer necessary due to changes in projects and project financing.

21 Section 68. Ratification of Prior Actions. All actions authorized and directed by this  
22 Ordinance in connection with the issuance of the Power Revenue Bonds and other forms of  
23 indebtedness (including, without limitation and for illustrative purposes only, New Clean  
24 Renewable Energy Bonds, Qualified Energy Conservation Bonds, commercial paper,  
25

1 revolving credit notes, and bond anticipation notes), and Refunding Power Revenue Bonds,  
2 and heretofore taken are hereby ratified, approved and confirmed by this Board.

3 Section 79. File Documents. All documents referred to as on file with the Clerk of the  
4 Board are in File Nos. 200836.

5 Section 810. Effective Date. Pursuant to Charter Section 2.105, Section 4 of this  
6 Ordinance and Sections 7 and 8 of this Ordinance as they pertain to Refunding Bonds  
7 authorized under Section 4 shall take effect immediately after its adoption. Pursuant to  
8 Charter Section 8B.124, the remainder of this Ordinance shall take effect thirty (30) days after  
9 its adoption.

10 APPROVED AS TO FORM:  
11 DENNIS J. HERRERA, City Attorney

12  
13 By: /s/ Mark D. Blake  
14 Mark D. Blake  
15 Deputy City Attorney  
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