

1 [San Francisco Public Utilities Commission Wastewater Revenue Bond Issuance - Various  
2 Capital Wastewater Projects Benefitting the Wastewater Enterprise - Not to Exceed  
3 \$349,919,252]

4 **Ordinance authorizing the issuance and sale of tax-exempt or taxable Wastewater**  
5 **Revenue Bonds and other forms of indebtedness, as defined herein, by the San**  
6 **Francisco Public Utilities Commission (Commission) in an aggregate principal amount**  
7 **not to exceed \$349,919,252 to finance the costs of various capital wastewater projects**  
8 **benefitting the Wastewater Enterprise pursuant to amendments to the Charter of the**  
9 **City and County of San Francisco enacted by the voters on November 5, 2002, as**  
10 **Proposition E; authorizing the issuance of Wastewater Revenue Refunding Bonds and**  
11 **the retirement of outstanding Wastewater Enterprise Commercial Paper; declaring the**  
12 **Official Intent of the Commission to reimburse itself with one or more issues of tax-**  
13 **exempt bonds or other forms of indebtedness, as defined herein; and ratifying**  
14 **previous actions taken in connection therewith, as defined herein.**

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

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

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

1           A.     On November 5, 2002, the voters of the City and County of San Francisco (the  
2 “City”) approved Proposition E (“Proposition E”), which among other things, authorized the  
3 San Francisco Public Utilities Commission (“Commission”) to issue revenue bonds, including  
4 notes, commercial paper or other forms of indebtedness (which forms of indebtedness may  
5 include without limitation for purposes of Proposition E, loans and other forms of indebtedness  
6 provided by governmental agencies and/or commercial or investment banks), when  
7 authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, for the  
8 purpose of reconstructing, replacing, expanding, repairing or improving water facilities or  
9 clean water facilities or combinations of water and clean water facilities under the jurisdiction  
10 of the Commission; and

11           B.     The Commission adopted the Indenture dated as of January 1, 2003, as further  
12 amended and supplemented from time to time (“Indenture”), between the Commission and U.  
13 S. Bank National Association and in connection therewith, has from time to time issued  
14 revenue bonds to finance projects benefitting the Wastewater Enterprise; and

15           C.     By Resolution 20-0031 adopted by the Commission on February 11, 2020  
16 (“Commission Resolution”) the Commission has determined to issue Wastewater Revenue  
17 Bonds (“Wastewater Revenue Bonds”) and other forms of indebtedness (including without  
18 limitation SRF Loans or WIFIA Loans , as described below), as well as interim funding  
19 vehicles such as commercial paper, revolving credit notes, bond anticipation notes or other  
20 forms of notes, which interim funding vehicles will be issued in advance of being paid off by  
21 either Wastewater Revenue Bonds or other forms of indebtedness (including, without  
22 limitation and for illustrative purposes only, SRF Loans or WIFIA Loans), to finance the costs  
23 of various capital wastewater projects benefitting the Wastewater Enterprise ("Capital  
24 Improvement Projects", such projects being more fully described in the Commission  
25 Resolution), pursuant to Proposition E, and has formally requested this Board to authorize the

1 issuance and sale of Wastewater Revenue Bonds for such purposes, such Commission  
2 Resolution being on file with the Clerk of the Board in File No. 200837; and

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4 D. Pursuant to Section 43.5 of the San Francisco Administrative Code (“Article V”),  
5 enacted by Ordinance No. 203-98 adopted by the Board on June 8, 1998, and signed by the  
6 Mayor of the City on June 19, 1998, as amended by Ordinance No. 270-06, adopted on  
7 October 24, 2006 by the Board and signed by the Mayor on October 31, 2006, the Board  
8 established a procedure pursuant to which the Commission may issue short-term  
9 indebtedness, including the issuance of commercial paper in anticipation of the issuance of  
10 revenue bonds; and

11 E. The Commission has authorized pursuant to Resolution No. 17-0086, approved  
12 by the Commission on April 25, 2017, and the Board has approved pursuant to Resolution No.  
13 193-17, adopted by the Board on May 23, 2017, and signed by the Mayor on May 26, 2017, a  
14 resolution to increase the Wastewater CP Program to an aggregate principal amount not to  
15 exceed \$750 million of commercial paper notes outstanding at any one time, and the  
16 Commission has caused from time to time wastewater commercial paper to be issued; and

17 F. In order to finance the costs of the Capital Improvement Projects, the Board now  
18 desires to authorize pursuant to Proposition E the issuance and sale of Wastewater Revenue  
19 Bonds and other forms of indebtedness for such purposes, including without limitation State  
20 Revolving Fund Loans and/or grants from the State Water Resources Control Board (“SRF  
21 Loans”) or U.S. Environmental Protection Agency Water Infrastructure Finance and Innovation  
22 Act loans (“WIFIA Loans”) and such other indebtedness as may be advantageous to the  
23 Commission; and

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

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

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4 FH. This Board is concurrently considering with this Ordinance, another Ordinance  
5 approving a Capital Improvement Program related supplemental appropriation totaling  
6 \$579,185,142 for fiscal years ending 2021 and 2022, including the proceeds of such  
7 Wastewater Revenue Bonds and other forms of indebtedness (including, without limitation  
8 and for illustrative purposes only) SRF Loans, WIFIA Loans, commercial paper, revolving  
9 credit notes and bond anticipation notes); and

10 GI. This Board, on behalf of the Commission, adopts this Ordinance as official  
11 action of the Commission in order to comply with Treasury Regulation §1.150-2 and any other  
12 regulations of the Internal Revenue Service relating to the qualification for reimbursement of  
13 Commission expenditures incurred prior to the date of issue of the Wastewater Revenue  
14 Bonds or other forms of indebtedness (including, without limitation and for illustrative  
15 purposes only, SRF Loans, WIFIA Loans, commercial paper, revolving credit notes and bond  
16 anticipation notes).

17 J. In order to refinance the costs of any Wastewater Enterprise facilities or  
18 improvements financed with bonds issued pursuant Proposition E, the Board now desires to  
19 authorize the issuance and sale of Wastewater Revenue Refunding Bonds.

20 Section 2. Authorization to Issue Wastewater Revenue Bonds and other forms of  
21 indebtedness. The Board hereby authorizes the issuance and sale of Wastewater Revenue  
22 Bonds in one or more series from time to time by the Commission pursuant to Proposition E  
23 and in accordance with the Commission Resolution and the execution and delivery of SRF  
24 Loan or WIFIA Loan agreements or the issuance of commercial paper, revolving credit notes,  
25 or bond anticipation notes, in an aggregate principal amount not to exceed \$349,919,252

1 (inclusive of financing costs), but exclusive of refunding indebtedness), bearing a maximum  
2 rate or rates of interest of not to exceed twelve percent (12%) per annum to finance a portion  
3 of the costs of the design, acquisition and construction of the Capital Improvement Projects.  
4 Without limiting the foregoing, the Commission shall be authorized to incur SRF Loans from  
5 the State Water Resources Control Board or WIFIA Loans from the U.S. Environmental  
6 Protection Agency at such time, in such amounts, and upon such other terms and conditions  
7 as the Commission may deem advantageous. The Commission is hereby further authorized  
8 to determine the timing, amount and manner of sale (i.e., competitive or negotiated) of each  
9 series of Wastewater Revenue Bonds, commercial paper, revolving credit notes, or bond  
10 anticipation notes pursuant to this authorization; provided however, the Commission's  
11 authorization to issue Wastewater Revenue Bonds or incur other forms of indebtedness  
12 (including SRF Loans, WIFIA Loans, bond anticipation notes, commercial paper or revolving  
13 credit notes) is subject to approval by the Commission of the form of substantially final offering  
14 document related to such obligations (if any) and the approval of any related agreements,  
15 financing documents and the filing with its Board and the Clerk of the Board any certifications  
16 required by Proposition E prior to the issuance of any bonds or the incurrence of any  
17 indebtedness herein authorized. The Commission shall also file, within 30 days of any bond  
18 sale authorized hereby, with the Clerk of the Board of Supervisors a report showing the  
19 results of the sale of Wastewater Revenue Bonds, SRF Loans or other form of indebtedness  
20 including (i) principal amount sold and method of sale, (ii) true interest cost, (iii) final maturity,  
21 (iv) the facilities constructed and/or improved, and (v) a statement about the remaining  
22 bonding authorization under this Ordinance ("Bond Report"); provided however that failure to  
23 file the Bond Report shall not affect the validity of any bonds authorized hereunder.

24 Section 3. Authorization to Retire Commercial Paper. In furtherance of the purpose  
25 of managing the Commission outstanding indebtedness, the General Manager is hereby

1 authorized and directed, in consultation the City Attorney, from Available Wastewater  
2 Enterprise Revenues to retire outstanding Wastewater Enterprise Commercial Paper at such  
3 times and in such amounts advantageous to the Commission.

4 Section 4. Authorization to Issue Wastewater Revenue Refunding Bonds ~~and to~~  
5 ~~retire Outstanding Commercial Paper.~~ The Board further authorizes and approves the  
6 issuance by the Commission of Wastewater Revenue Refunding Bonds (“Refunding Bonds”)  
7 to refund any outstanding obligations of the Wastewater Enterprise, without limitation as to  
8 principal amount, in one or more series on one or more dates, at a maximum interest rate or  
9 rates of interest not to exceed twelve percent (12%) per annum, provided that each such  
10 Refunding Bond issue is permitted under the applicable policies and procedures of the  
11 Commission and authorized by Section 9.109 of the Charter (including related ordinances and  
12 resolutions of the Board). The Refunding Bonds may be issued as tax-exempt or taxable  
13 obligations, or any combination thereof. Refunding Bonds authorized hereunder shall be  
14 subject to the further following conditions, that: (i) three percent (3%) net present value debt  
15 service savings or greater is achieved to ensure ratepayer savings (exclusive of any issuance  
16 to refund commercial paper or bond anticipation notes); (ii) that the maturity of the refunded  
17 bonds is not extended, provided that principal payments and term may be adjusted, where  
18 permitted under federal and state tax law, only if and when the underlying capital asset funded  
19 through said refunded bonds has a useful life not in excess of any limit permitted under  
20 federal and state tax law than the refunded term (iii) this authorization is subject to a 56-year  
21 term through June 30, 2056, at which time this Board may consider an extension; and (iv)  
22 the Commission shall within 30 days of any executed refunding transaction provide a  
23 refunding savings report (“Refunding Savings Report”) prepared by its financial advisors (that  
24 reflects at least a three percent (3%) net present value debt service savings) to the Board,  
25 together with a copy of the final Official Statement (if any) with respect to such series of

1 Refunding Bonds; provided that the failure to deliver such Refunding Savings Report shall in  
2 no way affect the validity of any Refunding Bonds.

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4 Section 5. Certain other Refunding Bonds. Notwithstanding the foregoing, the  
5 Commission is authorized to issue Refunding Bonds for non-economic factors, including by  
6 way of illustration, eliminating onerous covenants and obsolete provisions contained in the  
7 Commission's indenture or other security documents. The Commission shall request a waiver  
8 of the savings requirement under Section 4 for any Refunding Bonds issued for non-economic  
9 reasons, which the Board may grant by resolution. ~~In furtherance of the purpose of managing  
10 the Commission outstanding indebtedness, the General Manager is hereby authorized and  
11 directed, in consultation the City Attorney, from Available Wastewater Enterprise Revenues to  
12 retire outstanding Wastewater Enterprise Commercial Paper at such times and in such  
13 amounts advantageous to the Commission.~~

14 Section 46. Declaration of Official Intent. The Board, on behalf of the Commission,  
15 hereby declares the official intent of the Commission to reimburse the Commission with  
16 proceeds of the Wastewater Revenue Bonds or other forms of indebtedness (including SRF  
17 Loans, WIFIA Loans, bond anticipation notes or commercial paper) for the Expenditures with  
18 respect to the Capital Improvement Projects made on and after a date that is no more than 60  
19 days prior to the adoption of this Ordinance. The Commission reasonably expects on the date  
20 hereof that it will reimburse the Expenditures with proceeds of the Wastewater Revenue  
21 Bonds or other forms of indebtedness (including SRF Loans, WIFIA Loans, bond anticipation  
22 notes or commercial paper). Each said Expenditure was and will be either (A) of a type  
23 properly chargeable to a capital account under general federal income tax principles  
24 (determined in each case as of the date of the Expenditure), (B) a cost of issuance with  
25 respect to such obligations, (C) a nonrecurring item that is not customarily payable from

1 current revenues, or (D) a grant to pay a party that is not related to or an agent of the issuer  
2 so long as such grant does not impose any obligation or condition (directly or indirectly) to  
3 repay any amount to or for the benefit of the Commission. The Commission will make a  
4 reimbursement allocation, which is a written allocation by the Issuer that evidences the  
5 Commission's use of proceeds of the Wastewater Revenue Bonds or other forms of  
6 indebtedness to reimburse an Expenditure, no later than 18 months after the later of the date  
7 on which the Expenditure is paid or the component of the Capital Improvement Projects is  
8 placed in service or abandoned, but in no event more than three years after the date on which  
9 the Expenditure is paid. The Commission recognizes that exceptions are available for certain  
10 "preliminary expenditures," costs of issuance, certain de minimis amounts, expenditures by  
11 "small issuers" (based on the year of issuance and not the year of expenditure) and  
12 expenditures for construction projects of at least 5 years.

13 Section 57. General Authority. The Controller, Treasurer, the City Attorney and other  
14 officers of the City, including the Director of the Office of Public Finance, and their duly  
15 authorized deputies and agents are hereby authorized and directed, jointly and severally, to  
16 take such actions and to execute and deliver such certificates, agreements, requests or other  
17 documents, as they may deem necessary or desirable to facilitate the issuance, sale and  
18 delivery of the Wastewater Revenue Bonds, SRF Loans, WIFIA Loans, bond anticipation  
19 notes, commercial paper or Refunding Bonds, to obtain bond insurance or other credit or  
20 liquidity enhancements with respect to any such obligations, and otherwise to carry out the  
21 provisions of this Ordinance. The Commission is hereby directed to provide the final form to  
22 the Clerk of the Board of any disclosure document (if any) prepared in connection with the  
23 execution of any Wastewater Revenue Bonds, SRF Loans, WIFIA Loans, bond anticipation  
24 notes, commercial paper or Refunding Bonds, and the final executed Installment Sale  
25 Agreement or other document reflecting the incurrence of an SRF Loan or a WIFIA Loan,



1 within 30 days of the closing of such transactions; provided however that failure to provide  
2 such document shall not affect the validity of the obligations authorized hereunder. The  
3 Commission is further directed as a part of the two-year budget review to provide to this Board  
4 of Supervisors a written report about Wastewater Revenue Bonds authorized hereunder,  
5 detailing the total amount authorized, the total amount sold, the remaining authorized but  
6 unissued amount, and the bond authorization no longer necessary due to changes in projects  
7 and project financing.

8 Section 68. Ratification of Prior Actions. All actions authorized and directed by this  
9 Ordinance in connection with the issuance of the Wastewater Revenue Bonds or other forms  
10 of indebtedness (including, without limitation and for illustrative purposes only, SRF Loans,  
11 WIFIA Loans, bond anticipation notes or commercial paper), Refunding Bonds, and heretofore  
12 taken are hereby ratified, approved and confirmed by this Board.

13 Section 79. File Documents. All documents referred to as on file with the Clerk of the  
14 Board are in File Nos. 200837.

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

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

23  
24 By: /s/ Mark D. Blake  
25 Mark D. Blake  
Deputy City Attorney