

1 [San Francisco Public Utilities Commission Water Revenue Bond and Other Forms of
2 Indebtedness Issuance - Various Capital Water Projects Benefitting the Water Enterprise -
3 Not to Exceed \$347,141,218]

4 **Ordinance authorizing the issuance and sale of tax-exempt or taxable Water Revenue**
5 **Bonds and other forms of indebtedness, as defined herein, by the San Francisco Public**
6 **Utilities Commission (Commission) in an aggregate principal amount not to exceed**
7 **\$347,141,218 to finance the costs of various capital water projects benefitting the Water**
8 **Enterprise pursuant to amendments to the Charter of the City and County of San**
9 **Francisco enacted by the voters on November 5, 2002, as Proposition E; authorizing**
10 **the issuance of Water Revenue Refunding Bonds and the retirement of outstanding**
11 **Water Enterprise Commercial Paper; declaring the Official Intent of the Commission to**
12 **reimburse itself with one or more issues of tax-exempt bonds or other forms of**
13 **indebtedness, as defined herein; and ratifying previous actions taken in connection**
14 **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 ~~striketrough italics Times New Roman font~~.
18 **Board amendment additions** are in double-underlined Arial font.
19 **Board amendment deletions** are in ~~striketrough 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 and
24 declares as follows:

A. On November 5, 2002, the voters of the City and County of San Francisco
("City") approved Proposition E ("Proposition E"), which among other things, authorized the

1 San Francisco Public Utilities Commission (“Commission”) to issue revenue bonds, including
2 notes, commercial paper or other forms of indebtedness, when authorized by ordinance
3 approved by a two-thirds vote of the Board of Supervisors, for the purpose of reconstructing,
4 replacing, expanding, repairing or improving water facilities or clean water facilities or
5 combinations of water and clean water facilities under the jurisdiction of the Commission; and

6 B. On November 5, 2002, a majority of voters voting on the measure further
7 approved, under the authority of Charter Section 9.107, Proposition A (“Proposition A”) which,
8 among other things, authorized the Commission to issue its revenue bonds and/or other forms
9 of revenue financing for the purpose of financing the costs of acquisition and construction of
10 improvements to the City’s water system; and

11 C. The Commission adopted the Amended and Restated Water Indenture dated as
12 of January 1, 2002, as further amended and supplemented from time to time (“Indenture”),
13 between the Commission and U. S. Bank National Association and in connection therewith,
14 has from time to time issued revenue bonds to finance projects benefitting the Water
15 Enterprise; and

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

23 E. Pursuant to Ordinance No. 311-08, adopted by the Board of Supervisors on
24 December 16, 2008, and Resolution No. 09-175, adopted by this Commission on October 27,
25 2009, the Water Enterprise’s commercial paper program (“Water CP Program”) was increased

1 to an aggregate principal amount of \$500,000,000, and the Commission has caused its Water
2 Enterprise Commercial Paper to be issued from time to time; and

3 EE. By Resolution 20-0031, adopted by the Commission on February 11, 2020
4 (“Commission Resolution”) the Commission has determined to issue Water Revenue Bonds
5 (“Water Revenue Bonds”) and other forms of indebtedness (including without limitation State
6 Revolving Fund (SRF) Loans as described below), as well as interim funding vehicles such as
7 commercial paper, revolving credit agreements, bond anticipation notes or other forms of
8 notes, which interim funding vehicles will be issued in advance of being paid off by either
9 Water Revenue Bonds and other forms of indebtedness (including without limitation SRF
10 Loans) to finance the costs of various capital projects benefitting the Water Enterprise (the
11 “Capital Improvement Projects” such projects being more fully described in the Commission
12 Resolution), pursuant to Proposition E, and has formally requested this Board to authorize the
13 issuance and sale of Water Revenue Bonds and other forms of indebtedness for such
14 purposes, such Commission Resolution being on file with the Clerk of the Board in File No.
15 200838; and

16 FG. In order to finance the costs of the Capital Improvement Projects, the Board now
17 desires to authorize the issuance and sale of Water Revenue Bonds and other forms of
18 indebtedness, as described above, for such purposes, including obtaining SRF Loans and/or
19 grants from the State Water Resources Control Board; and

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

24 HI. This Board is concurrently considering with this Ordinance, another Ordinance
25 approving a Capital Improvement Program and related supplemental appropriation totaling

1 \$344,846,164 for fiscal years ending 2021 and 2022, including expenditures of the proceeds
2 of the Water Revenue Bonds and other forms of indebtedness (including, without limitation
3 and for illustrative purposes only, SRF Loans, commercial paper, revolving credit agreements,
4 and bond anticipation notes); and

5 I. This Board, on behalf of the Commission, adopts this Ordinance as official
6 action of the Commission in order to comply with Treasury Regulation §1.150-2 and any other
7 regulations of the Internal Revenue Service relating to the qualification for reimbursement of
8 Commission expenditures incurred prior to the date of issue of the Water Revenue Bonds and
9 other forms of indebtedness (including, without limitation and for illustrative purposes only,
10 SRF Loans, commercial paper, revolving credit agreements, and bond anticipation notes)

11 K. In order to refinance the costs of any water system or clean water system
12 facilities or improvements financed with bonds issued pursuant Proposition E or Proposition A,
13 the Board now desires to authorize the issuance and sale of Water Revenue Refunding
14 Bonds.

15 Section 2. Authorization to Issue Water Revenue Bonds and other forms of
16 indebtedness. The Board hereby authorizes the issuance and sale of Water Revenue Bonds
17 or other forms of indebtedness (including, SRF Loans, commercial paper, revolving credit
18 agreements, and bond anticipation notes) in one or more series from time to time by the
19 Commission pursuant to Proposition E and in accordance with the Commission Resolution, in
20 an aggregate principal amount not to exceed \$347,141,218 (inclusive of financing costs, but
21 exclusive of refunding indebtedness), bearing a maximum rate or rates of interest of not to
22 exceed twelve percent (12%) per annum, to finance a portion of the costs of the design,
23 acquisition and construction of the Capital Improvement Projects. Without limiting the
24 foregoing, the Commission shall be authorized to incur SRF Loans at such time, in such
25 amounts, and upon such other terms and conditions as the Commission may deem

1 advantageous, and to approve any financing documentation related thereto consistent with
2 this Ordinance. The Commission is hereby further authorized to determine the timing, amount
3 and manner of sale (i.e., competitive or negotiated) of each series of Water Revenue Bonds,
4 bond anticipation notes, revolving credit agreements, or commercial paper, pursuant to this
5 authorization; provided however, the Commission's authorization to issue Water Revenue
6 Bonds, bond anticipation notes, revolving credit agreements, or commercial paper is subject
7 to approval by the Commission of the form of substantially final offering document related to
8 such obligations (if any) and the approval of any related agreements, financing documents
9 and the filing with its Board and the Clerk of the Board any certifications required by
10 Proposition E prior to the issuance of any bonds or incurrence of any indebtedness herein
11 authorized. The Commission shall also file, within 30 days of closing any Water Revenue
12 Bond or other form of indebtedness (including SRF Loans and bond anticipation notes)
13 transactions) authorized hereby, with the Clerk of the Board of Supervisors a report showing
14 the results of the transaction, including (i) principal amount sold and method of sale, (ii) true
15 interest cost, (iii) final maturity, (iv) the facilities constructed and/or improved, and (v) a
16 statement about the remaining bonding authorization under this Ordinance ("Bond Report"),
17 provided that the failure to file such Bond Report shall not affect the validity of any debt
18 authorized hereunder.

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

24 Section 4. Authorization to Issue Water Revenue Refunding Bonds and Retire
25

1 ~~Commercial Paper.~~ The Board further authorizes and approves the issuance by the
2 Commission of Water Revenue Refunding Bonds (“Refunding Bonds”) without limitation as to
3 principal amount, in one or more series on one or more dates, at a maximum interest rate or
4 rates of interest not to exceed twelve percent (12%) per annum, provided that each such
5 Refunding Bond issue is permitted under the applicable policies and procedures of the City
6 and authorized by Section 9.109 of the Charter (including related ordinances and resolutions
7 of the Board). The Refunding Bonds may be issued as tax-exempt or taxable obligations, or
8 any combination thereof. Refunding Bonds authorized hereunder shall be subject to the
9 further following conditions, that: (i) three percent (3%) net present value debt service savings
10 or greater is achieved to ensure ratepayer savings (exclusive of any issuance to refund
11 commercial paper, revolving credit notes, or bond anticipation notes); (ii) that the maturity of
12 the refunded bonds is not extended; ~~(iii) this authorization is subject to a 5-year term through~~
13 ~~June 30, 2025, at which time this Board may consider an extension;~~ provided that principal
14 payments and term may be adjusted, where permitted under federal and state tax law, only if
15 and when the underlying capital asset funded through said refunded bonds has a useful life
16 not in excess of any limit permitted under federal and state tax law than the refunded term; ~~(iii)~~
17 this authorization is subject to a 6-year term through June 30, 2026, at which time this Board
18 may consider an extension; and (iv) the Commission shall within 30 days of any executed
19 refunding transaction provide a refunding savings report (“Bond Refunding Savings Report”)
20 prepared by its financial advisors (that reflects at least a three percent (3%) net present value
21 debt service savings) to the Board, together with a copy of the final Official Statement (if any)
22 with respect to such series of Refunding Bonds, provided that the failure to deliver such Bond
23 Refunding Savings Report shall in no way affect the validity of any Refunding Bonds.

24 Section 5. Certain Other Refunding Bonds. Notwithstanding the foregoing, the
25 Commission is authorized to issue Refunding Bonds for non-economic factors, including by

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

9 Section 46. Declaration of Official Intent. The Board, on behalf of the Commission,
10 hereby declares the official intent of the Commission to reimburse the Commission with
11 proceeds of the Water Revenue Bonds or other forms of indebtedness (including SRF Loans,
12 commercial paper, revolving credit notes, or bond anticipation notes) for the Expenditures with
13 respect to the Capital Improvement Projects made on and after a date that is no more than 60
14 days prior to the adoption of this Ordinance. The Commission reasonably expects on the date
15 hereof that it will reimburse the Expenditures with proceeds of the Water Revenue Bonds or
16 other forms of indebtedness (including, without limitation and for illustrative purposes only,
17 SRF Loans, commercial paper, revolving credit notes or bond anticipation notes). Each said
18 Expenditure was and will be either (A) of a type properly chargeable to a capital account
19 under general federal income tax principles (determined in each case as of the date of the
20 Expenditure), (B) a cost of issuance with respect to such obligations, (C) a nonrecurring item
21 that is not customarily payable from current revenues, or (D) a grant to pay a party that is not
22 related to or an agent of the issuer so long as such grant does not impose any obligation or
23 condition (directly or indirectly) to repay any amount to or for the benefit of the Commission.
24 The Commission will make a reimbursement allocation, which is a written allocation by the
25 Issuer that evidences the Commission's use of proceeds of the Water Revenue Bonds or

1 other forms of indebtedness to reimburse an Expenditure, no later than 18 months after the
2 later of the date on which the Expenditure is paid or the component of the Capital
3 Improvement Projects is placed in service or abandoned, but in no event more than three
4 years after the date on which the Expenditure is paid. The Commission recognizes that
5 exceptions are available for certain “preliminary expenditures,” costs of issuance, certain de
6 minimis amounts, expenditures by “small issuers” (based on the year of issuance and not the
7 year of expenditure) and expenditures for construction projects of at least 5 years.

8 Section 57. General Authority. The Controller, Treasurer, the City Attorney and other
9 officers of the City, including the Director of the Office of Public Finance, and their duly
10 authorized deputies and agents are hereby authorized and directed, jointly and severally, to
11 take such actions and to execute and deliver such certificates, agreements, requests or other
12 documents, as they may deem necessary or desirable to facilitate the issuance, sale and
13 delivery of the Water Revenue Bonds or other forms of indebtedness, including Refunding
14 Bonds, and to obtain bond insurance or other credit or liquidity enhancements with respect to
15 any such obligations, and otherwise to carry out the provisions of this Ordinance. The
16 Commission is hereby directed to provide the final form to the Clerk of the Board of any
17 disclosure document prepared in connection with the execution of any Water Revenue Bonds,
18 other forms of indebtedness, or Refunding Bonds, and the final executed Installment Sale
19 Agreement or other document reflecting the incurrence of an SRF Loan, within 30 days of the
20 closing of such transactions provided that the failure to deliver such document shall not affect
21 the validity of the obligations authorized hereunder. The Commission is further directed as a
22 part of the two-year budget review to provide to this Board of Supervisors a written report
23 about Water Revenue Bonds authorized hereunder, detailing the total amount authorized, the
24 total amount sold, the remaining authorized but unissued amount, and the bond authorization
25 no longer necessary due to changes in projects and project financing.

1 Section 68. Ratification of Prior Actions. All actions authorized and directed by this
2 Ordinance in connection with the issuance of the Water Revenue Bonds, other forms of
3 indebtedness (including, without limitation and for illustrative purposes only, SRF Loans,
4 commercial paper, revolving credit notes, or bond anticipation notes) or Refunding Bonds and
5 heretofore taken are hereby ratified, approved and confirmed by this Board.

6 Section 79. File Documents. All documents referred to as on file with the Clerk of the
7 Board are in File Nos. 200838.

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

13
14 APPROVED AS TO FORM:
15 DENNIS J. HERRERA, City Attorney

16
17 By: /s/ Mark D. Blake
18 Mark D. Blake
19 Deputy City Attorney