

1 [San Francisco Public Utilities Commission Wastewater Revenue Bond Issuance and Other
2 Forms of Indebtedness Issuance - Not to Exceed \$1,715,671,086]

3 **Ordinance authorizing the issuance and sale of tax-exempt or taxable Wastewater**
4 **Revenue Bonds and other forms of indebtedness by the San Francisco Public Utilities**
5 **Commission (“Commission”) in an aggregate principal amount not to exceed**
6 **\$1,715,671,086 to finance the costs of various capital wastewater projects benefitting**
7 **the Wastewater Enterprise pursuant to amendments to the Charter of the City and**
8 **County of San Francisco enacted by the voters on November 5, 2002, as Proposition E;**
9 **authorizing the issuance of Wastewater Revenue Refunding Bonds and the retirement**
10 **of outstanding Wastewater Enterprise Commercial Paper; declaring the Official Intent**
11 **of the Commission to reimburse itself with one or more issues of tax-exempt or taxable**
12 **bonds or other forms of indebtedness; and ratifying previous actions taken in**
13 **connection therewith, as defined herein.**

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

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

22 Section 1. Findings. The San Francisco Board of Supervisors (“Board”) hereby finds
23 and declares as follows:

24 a. On November 5, 2002, the voters of the City and County of San Francisco
25 (“City”) approved Proposition E (“Proposition E”, City Charter Section 8B.121(a)), which,
among other things, provides that the Commission shall have exclusive charge of the

1 construction, management, supervision, maintenance, extension, expansion, operation, use
2 and control of all water, clean water and energy supplies and utilities of the City as well as the
3 real, personal, and financial assets that are under the Commission's jurisdiction or assigned to
4 the Commission under Charter Section 4.132.

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

11 c. 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
13 U.S. Bank National Association and in connection with the Indenture has from time to time
14 issued revenue bonds to finance projects benefitting the Wastewater Enterprise; and

15 d. Under San Francisco Administrative Code Chapter 43, Article V, Section 43.5.1,
16 *et seq.*, the Commission may by prescribed procedure issue short-term indebtedness,
17 including the issuance of commercial paper in anticipation of the issuance of revenue bonds;
18 and

19 e. As prescribed by Administrative Code Chapter 43, Article V, the Commission
20 may issue short-term indebtedness for the Wastewater Enterprise under the Wastewater
21 commercial paper program (“Wastewater CP Program”) up to an aggregate principal amount
22 not to exceed \$750,000,000 of commercial paper notes outstanding at any one time (see
23 Commission Resolution No. 17-0086 (April 25, 2017) and Board Resolution No. 193-17
24 (May 23, 2017)), and the Commission has caused Wastewater Enterprise commercial paper
25 to be issued from time to time; and

1 e. On February 13, 2024, by Resolution No. 24-0031 ("Commission Resolution"),
2 the Commission determined to issue Wastewater Revenue Bonds ("Wastewater Revenue
3 Bonds") and other forms of indebtedness (including without limitation State Revolving Fund
4 Loans borrowed from the State Water Resources Control Board ("SRF Loans"), other State
5 and Federal Loans, all as described below), and interim funding vehicles such as commercial
6 paper to be issued, revolving credit agreements, bond anticipation notes or other forms of
7 notes, which interim funding vehicles will be issued in advance of being paid off by either
8 Wastewater Revenue Bonds and other forms of indebtedness (including without limitation
9 SRF Loans, and other State Loans and Federal Loans, all as described below), to finance the
10 costs of various capital projects benefitting the Wastewater Enterprise ("Capital Improvement
11 Projects"), such projects being more fully described in the Commission Resolution), pursuant
12 to Proposition E, and the Commission has formally requested this Board to authorize the
13 issuance and sale of Wastewater Revenue Bonds and other indebtedness for such purposes,
14 such Commission Resolution being on file with the Clerk of the Board of Supervisors in File
15 No. 240453; and

16
17 g. In order to finance the costs of the Capital Improvement Projects, the Board now
18 desires to authorize the issuance and sale of Wastewater Revenue Bonds and other forms of
19 indebtedness as described above, for such purposes, including obtaining SRF Loans ("State
20 Loans"), grants from the State Water Resources Control Board, loans from the Water
21 Infrastructure Finance and Innovation Act ("WIFIA") program, and/or other Federal loans
22 (WIFIA and other Federal loans being, "Federal Loans"); and

23 h. 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 of this Ordinance, certain
25

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

3 i. This Board is concurrently considering with this Ordinance, related supplemental
4 appropriation ordinances for Fiscal Years (“FY”) 2024-25 and 2025-26, including expenditures
5 of the proceeds of the Wastewater Revenue Bonds and other forms of indebtedness
6 (including, without limitation and for illustrative purposes only, State Loans, Federal Loans
7 (including WIFIA Loans), commercial paper, revolving credit agreements, and bond
8 anticipation notes); and

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

16 Section 2. Authorization to Issue Wastewater Revenue Bonds and other forms of
17 indebtedness. The Board hereby authorizes the issuance and sale of taxable or tax-exempt
18 Wastewater Revenue Bonds (including for illustrative purposes only, commercial paper, bank
19 liquidity or credit agreements, State and Federal Loans, or bond anticipation notes) in one or
20 more series from time to time by the Commission pursuant to Proposition E and in
21 accordance with the Commission Resolution, , in an aggregate principal amount not to exceed
22 \$1,715,671,086 (inclusive of financing costs) bearing a maximum rate or rates of interest of
23 not to exceed twelve percent (12%) per annum to finance a portion of the costs of the design,
24 acquisition and construction of the Capital Improvement Projects. Without limiting the
25 foregoing, the Commission shall also be authorized to incur State and Federal Loans at such

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

21 Section 3. Authorization to Issue Wastewater Revenue Refunding Bonds;
22 Commercial Paper Retirement. Notwithstanding Section 2 immediately above, the Board
23 further authorizes and approves the issuance by the Commission of Wastewater Revenue
24 Refunding Bonds ("Refunding Bonds") without limitation as to principal amount, in one or
25 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 is
2 permitted under the applicable policies and procedures of the City and authorized by Section
3 9.109 of the Charter (including related ordinances and resolutions of the Board). The
4 Refunding Bonds may be issued as taxable or tax-exempt obligations, or any combination of
5 such obligations. Refunding Bonds authorized hereunder shall be subject to the further
6 following conditions, that: (i) three percent (3%) net present value debt service savings or
7 greater is achieved to ensure ratepayer savings (exclusive of any issuance to refund
8 commercial paper, revolving credit notes, or bond anticipation notes); (ii) that the maturity of
9 the refunded bonds is not extended (exclusive of any issuance to refund commercial paper,
10 revolving credit notes, or bond anticipation notes); (iii) this authorization is subject to a 5-year
11 term through June 30, 2029, at which time this Board may consider an extension; (iv) principal
12 payments and term may be adjusted, where permitted under federal and state tax law, only if
13 and when the underlying capital asset funded through said refunded bonds has a useful life
14 not in excess of any limit permitted under federal and state tax law than the refunded term;
15 and (v) the Commission shall within 30 days of any executed refunding transaction provide a
16 refunding savings report ("Bond Refunding Savings Report") prepared by its municipal
17 advisors (that reflects at least a three percent (3%) net present value debt service savings) to
18 the Board, together with a copy of the final Official Statement (if any) with respect to such
19 series of Refunding Bonds, provided that the failure to deliver such Bond Refunding Savings
20 Report shall in no way affect the validity of any Refunding Bonds. Notwithstanding the
21 foregoing, the Commission is authorized to issue Refunding Bonds that do not meet all of the
22 foregoing conditions provided that the Commission makes a finding, by resolution, that
23 significant non-economic factors exist that justify the waiver of the three percent (3%) net
24 present value debt service savings test and other conditions set forth above. Such non-
25 economic factors may include, by way of illustration and not limitation, eliminating onerous

1 covenants and obsolete provisions contained in the Commission's indenture or other security
2 documents, or restructuring a series of bonds in response to then-current market conditions.
3 In furtherance of the purpose of managing the Commission outstanding indebtedness, the
4 General Manager is hereby authorized to use Available Wastewater Enterprise Revenues and
5 other funds as appropriate to retire outstanding Wastewater Enterprise Commercial Paper
6 and other forms of indebtedness at such times and in such amounts advantageous to the
7 Commission.

8 Section 4. Declaration of Official Intent. The Board, on behalf of the Commission,
9 hereby declares the official intent of the Commission to reimburse the Commission with
10 proceeds of the Wastewater Revenue Bonds or other forms of indebtedness (including State
11 or Federal Loans, commercial paper, revolving credit notes, or bond anticipation notes) for the
12 Expenditures with respect to the Capital Improvement Projects made on and after a date that
13 is no more than 60 days prior to the adoption of this Ordinance. The Commission reasonably
14 expects that it will reimburse the Expenditures with proceeds of the Wastewater Revenue
15 Bonds or other forms of indebtedness (including, without limitation and for illustrative
16 purposes only, State or Federal Loans, commercial paper, revolving credit notes or bond
17 anticipation notes). Each Expenditure was and will be either (A) of a type properly chargeable
18 to a capital account under general federal income tax principles (determined in each case as
19 of the date of the Expenditure), (B) a cost of issuance with respect to such obligations, (C) a
20 nonrecurring item that is not customarily payable from current revenues, or (D) a grant to pay
21 a party that is not related to or an agent of the issuer so long as such grant does not impose
22 any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of
23 the Commission. The Commission will make a reimbursement allocation, which is a written
24 allocation by the Issuer that evidences the Commission's use of proceeds of the Wastewater
25 Revenue Bonds or other forms of indebtedness to reimburse an Expenditure, no later than 18

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

7 Section 5. General Authority. The Controller of the City ("Controller"), Treasurer of
8 the City ("Treasurer"), the City Attorney and other officers of the City, including the Director of
9 the Office of Public Finance, and their duly authorized deputies and agents are hereby
10 authorized and directed, jointly and severally, to take such actions and to execute and deliver
11 such certificates, agreements, requests or other documents, as they may deem necessary or
12 desirable to facilitate the issuance, sale and delivery of the Wastewater Revenue Bonds,
13 State or Federal Loans, bond anticipation notes, commercial paper or Refunding Bonds, to
14 obtain bond insurance or other credit or liquidity enhancements with respect to any such
15 obligations, and otherwise to carry out the provisions of this Ordinance. The Commission is
16 hereby directed to provide the final form to the Clerk of the Board of any disclosure document
17 (if any) prepared in connection with the execution of any Wastewater Revenue Bonds, State
18 or Federal Loans, bond anticipation notes, commercial paper or Refunding Bonds, and the
19 final executed Installment Sale Agreement or other document reflecting the incurrence of a
20 State or Federal Loans, within 30 days of the closing of such transactions; provided however
21 that failure to provide such document shall not affect the validity of the obligations authorized
22 hereunder. The Commission is further directed as a part of the two-year budget review to
23 provide to this Board of Supervisors a written report about Wastewater Revenue Bonds
24 authorized under this Ordinance, detailing the total amount authorized, the total amount sold,
25

1 the remaining authorized but unissued amount, and the bond authorization no longer
2 necessary due to changes in projects and project financing.

3 Section 6. Ratification of Prior Actions. All actions authorized and directed by this
4 Ordinance in connection with the issuance of the Wastewater Revenue Bonds or other forms
5 of indebtedness (including, without limitation and for illustrative purposes only, State or
6 Federal Loans , bond anticipation notes or commercial paper), Refunding Bonds, and
7 heretofore taken are hereby ratified, approved and confirmed by this Board.

8 Section 7. Additional Definitions and Terms Pertaining to Proceeds. The following
9 additional definitions and declarations of the Board shall be as follows:

10 a. Financings. For all purposes of this Ordinance and any related Commission
11 Resolution, a Financing ("Financing") is: (i) any issuance of tax-exempt or taxable revenue
12 bonds, notes, bond anticipation notes, commercial paper, bank liquidity or credit agreements,
13 certificates of participation or other obligations for borrowed money, including, without limitation,
14 any financing lease, installment purchase or sale agreement, or other similar financing
15 agreements or arrangement; and (ii) any indebtedness to a State or Federal lender, program, or
16 funding source, including, without limitation, any State or Federal Loan, and any borrowing from
17 a similar programs or replacement programs that may come into existence after the adoption
18 date of this Ordinance; and (iii) any funding to the Commission arising from a joint powers
19 agreement between the Commission and one or more other public agencies for the joint
20 acquisition, construction, operation and/or management of infrastructure or facilities; and (iv)
21 any financial award from a Federal, State, or local government authority or a private grant-
22 making foundation or a private nonoperating foundation or a Section 501(c)3 charitable
23 organization; and (v) any funding from a securitization that involves the issuance of debt
24 instruments.

1 b. For all purposes of this Ordinance and any related Commission Resolution, a
2 Financing Agreement (“Financing Agreement”) is: any contract, agreement, financing lease,
3 installment purchase or sale agreement, application, draw notice, joint powers agreement,
4 securitization agreement, or other similar financing agreements or arrangement, or
5 amendment to any of these, entered into by the Commission in connection with any
6 Financing.

7 c. The Chief Financial Officer or the Deputy Chief Financial Officer of the
8 Commission, or their designee(s), is authorized to ask the Controller to record the substitution
9 of funds arising from any Financing Agreement (whether already in existence as of the date of
10 this Ordinance or entered into in connection with a Financing that is approved hereunder) with
11 separate and other Financing Agreement transactional funds, all as necessary to conform to
12 (i) Generally Accepted Accounting Principles and other laws and (ii) the terms of any
13 Financing Agreement. Commission funds held by the Controller generally remain subject to
14 Article VIII B of the Charter and Article XIII C and Article XIII D of the California Constitution.

15 d. In accordance with Section 3.105 and Section 9.113 of the Charter, at the
16 closing of each Commission transaction involving a Financing Agreement, the Chief Financial
17 Officer or the Deputy Chief Financial Officer of the Commission, or their designee(s), shall ask
18 the Controller to independently confirm whether sufficient unencumbered balances are
19 expected to be available in the proper fund(s) to meet all payments under such obligations as
20 they become due, if any, and the Controller shall issue related certifications.

21 Section 8. File Documents. All documents referred to as on file with the Clerk of the
22 Board of Supervisors are located in File No. 240453.

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City and County of San Francisco
Tails
Ordinance

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 240453

Date Passed: June 11, 2024

Ordinance authorizing the issuance and sale of tax-exempt or taxable Wastewater Revenue Bonds and other forms of indebtedness by the San Francisco Public Utilities Commission ("Commission") in an aggregate principal amount not to exceed \$1,715,671,086 to finance the costs of various capital wastewater projects benefitting the Wastewater Enterprise pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002, as Proposition E; authorizing the issuance of Wastewater Revenue Refunding Bonds and the retirement of outstanding Wastewater Enterprise Commercial Paper; declaring the Official Intent of the Commission to reimburse itself with one or more issues of tax-exempt or taxable bonds or other forms of indebtedness; and ratifying previous actions taken in connection therewith, as defined herein.

May 22, 2024 Budget and Appropriations Committee - RECOMMENDED

June 04, 2024 Board of Supervisors - PASSED ON FIRST READING

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

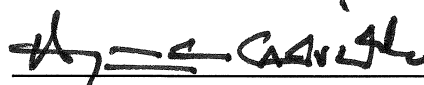
June 11, 2024 Board of Supervisors - FINALLY PASSED

Ayes: 10 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Stefani and Walton

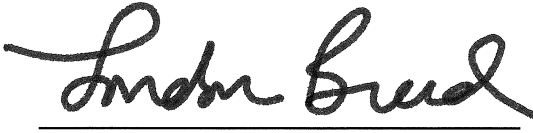
Excused: 1 - Safai

File No. 240453

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 6/11/2024 by the Board of Supervisors of the City and County of San Francisco.



Angela Calvillo
Clerk of the Board



London N. Breed
Mayor

6/21/24

Date Approved