

1 [SFPUC Power Revenue Bond Issuance - Various Capital Projects Benefitting the Power
2 Enterprise - Not to Exceed \$292,825,860]

3 **Ordinance authorizing the issuance and sale of tax-exempt or taxable Power Revenue**
4 **Bonds and other forms of indebtedness (as described below) by the San Francisco**
5 **Public Utilities Commission (SFPUC) (“Commission”) in an aggregate principal amount**
6 **not to exceed \$292,825,860 to finance the costs of various capital projects benefitting**
7 **the Power Enterprise pursuant to amendments to the Charter enacted by the voters on**
8 **June 5, 2018, as Proposition A; authorizing the issuance of Power Revenue Refunding**
9 **Bonds and the retirement of outstanding Power Enterprise Commercial Paper;**
10 **declaring the Official Intent of the Commission to reimburse itself with one or more**
11 **issues of tax-exempt or taxable bonds or other forms of indebtedness; and ratifying**
12 **previous actions taken in connection therewith, as defined herein.**

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

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

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

23 a. On June 5, 2018, the voters of the City and County of San Francisco (“City”)
24 approved Proposition A (“Proposition A”), which, among other things, amended prior City
25 Charter Article 8B language to provide that the Commission shall have exclusive charge of the
construction, management, supervision, maintenance, extension, expansion, operation, use

1 and control of all water, clean water and energy supplies and utilities of the City as well as the
2 real, personal, and financial assets that are under the Commission's jurisdiction or assigned to
3 the Commission under Charter Section 4.132.

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

11 c. The Commission adopted the Indenture dated as of May 1, 2015, 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 Power 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 Power Enterprise under the Power Enterprise
21 commercial paper program ("Power CP Program") up to an aggregate principal amount not to
22 exceed \$250,000,000 of commercial paper notes outstanding at any one time (see Ordinance
23 No. 002-19 (January 15, 2019) and Commission Resolution No. 18-0188 (November 13,
24
25

1 2018), and the Commission has caused Power Enterprise commercial paper to be issued
2 from time to time; and

3 f. On February 13, 2024, by Resolution No. 24-0031 ("Commission Resolution"),
4 the Commission determined to issue Power Revenue Bonds ("Power Revenue Bonds") and
5 other forms of indebtedness (including without limitation State and Federal Loans, all as
6 described below), as well as interim funding vehicles such as commercial paper, revolving
7 credit agreements, bond anticipation notes or other forms of notes, which interim funding
8 vehicles will be issued in advance of being paid off by either Power Revenue Bonds and other
9 forms of indebtedness (including without limitation State and Federal Loans) to finance the
10 costs of various capital projects benefitting the Power Enterprise (the "Capital Improvement
11 Projects" such projects being more fully described in the Commission Resolution), pursuant to
12 Proposition A, and the Commission has formally requested this Board to authorize the
13 issuance and sale of Power Revenue Bonds and other forms of indebtedness for such
14 purposes, such Commission Resolution being on file with the Clerk of the Board of
15 Supervisors in File No. 240454; and

16 g. In order to finance the costs of the Capital Improvement Projects, the Board now
17 desires to authorize the issuance and sale of Power Revenue Bonds and other forms of
18 indebtedness, as described above, for such purposes, including obtaining loans issued by the
19 State of California or a department thereof ("State Loans"), and/or grants issued by the State
20 of California or a department thereof, or other loans from the Water Infrastructure Finance and
21 Innovation Act ("WIFIA") program and/or other Federal loans (WIFIA and other Federal loans
22 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 hereof, certain expenditures
25

1 (“Expenditures”) in connection with the acquisition, construction and/or equipping of the
2 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 Power Revenue Bonds and other forms of indebtedness (including,
6 without limitation and for illustrative purposes only, State Loans ~~SRF 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 Power Revenue Bonds and
13 other forms of indebtedness (including, without limitation and for illustrative purposes only,
14 State and Federal Loans, commercial paper, revolving credit agreements, and bond
15 anticipation notes).

16 Section 2. Authorization to Issue Power Revenue Bonds and other forms of
17 indebtedness. The Board hereby authorizes the issuance and sale of taxable or tax-exempt
18 Power Revenue Bonds and other forms of indebtedness (including for illustrative purposes
19 only, commercial paper, bank liquidity or credit agreements, State and Federal Loans, or bond
20 anticipation notes) in one or more series from time to time by the Commission pursuant to
21 Proposition A and in accordance with the Commission Resolution, in an aggregate principal
22 amount not to exceed \$292,825,860 (inclusive of financing costs), bearing a maximum rate or
23 rates of interest of not to exceed twelve percent (12%) per annum, to finance a portion of the
24 costs of the design, acquisition and construction of the Capital Improvement Projects .

25 Without limiting the foregoing, the Commission shall also be authorized to incur State and

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

21 Section 3. Authorization to Issue Power Revenue Refunding Bonds; Commercial
22 Paper Retirement. Notwithstanding Section 2 immediately above, the Board further
23 authorizes and approves the issuance by the Commission of Power Revenue Refunding
24 Bonds ("Refunding Bonds") without limitation as to principal amount, in one or more series on
25 one or more dates, at a maximum interest rate or rates of interest not to exceed twelve

1 percent (12%) per annum, provided that each such Refunding Bond issue is permitted under
2 the applicable policies and procedures of the City and authorized by Section 9.109 of the
3 Charter (including related ordinances and resolutions of the Board). The Refunding Bonds
4 may be issued as taxable or tax-exempt obligations, or any combination of such obligations.
5 Refunding Bonds authorized hereunder shall be subject to the further following conditions,
6 that: (i) three percent (3%) net present value debt service savings or greater is achieved to
7 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 (exclusive of any issuance to refund commercial paper, revolving credit notes, or
10 bond anticipation notes); (iii) this authorization is subject to a 5-year term through June 30,
11 2029, at which time this Board may consider an extension; (iv) principal payments and term
12 may be adjusted, where permitted under federal and state tax law, only if and when the
13 underlying capital asset funded through said refunded bonds has a useful life not in excess of
14 any limit permitted under federal and state tax law than the refunded term; and (v) the
15 Commission shall within 30 days of any executed refunding transaction provide a refunding
16 savings report ("Bond Refunding Savings Report") prepared by its municipal advisors (that
17 reflects at least a three percent (3%) net present value debt service savings) to the Board,
18 together with a copy of the final Official Statement (if any) with respect to such series of
19 Refunding Bonds, provided that the failure to deliver such Bond Refunding Savings Report
20 shall in no way affect the validity of any Refunding Bonds. Notwithstanding the foregoing, the
21 Commission is authorized to issue Refunding Bonds that do not meet all of the foregoing
22 conditions provided that the Commission makes a finding, by resolution, that significant non-
23 economic factors exist that justify the waiver of the three percent (3%) net present value debt
24 service savings test and other conditions set forth above. Such non-economic factors may
25 include, by way of illustration and not limitation, eliminating onerous covenants and obsolete

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

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

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

6 Section 5. General Authority. The Controller, Treasurer, the City Attorney and other
7 officers of the City, including the Director of the Office of Public Finance, and their duly
8 authorized deputies and agents are hereby authorized and directed, jointly and severally, to
9 take such actions and to execute and deliver such certificates, agreements, requests or other
10 documents, as they may deem necessary or desirable to facilitate the issuance, sale and
11 delivery of the Power Revenue Bonds or other forms of indebtedness, including Refunding
12 Bonds or State or Federal Loans, and to obtain bond insurance or other credit or liquidity
13 enhancements with respect to any such obligations, and otherwise to carry out the provisions
14 of this Ordinance. The Commission is hereby directed to provide the final form to the Clerk of
15 the Board of any disclosure document prepared in connection with the execution of any Power
16 Revenue Bonds, other forms of indebtedness, or Refunding Bonds, and the final executed
17 Installment Sale Agreement or other document reflecting the incurrence of a State or Federal
18 Loan within 30 days of the closing of such transactions provided that the failure to deliver such
19 document shall not affect the validity of the obligations authorized under this Ordinance. The
20 Commission is further directed as a part of the two-year budget review to provide to this Board
21 of Supervisors a written report about Power Revenue Bonds authorized hereunder, detailing
22 the total amount authorized, the total amount sold, the remaining authorized but unissued
23 amount, and the bond authorization no longer necessary due to changes in projects and
24 project financing, within 30 days of the closing of such transactions.

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

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

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

23 b. For all purposes of this Ordinance and any related Commission Resolution, a
24 Financing Agreement (“Financing Agreement”) is: any contract, agreement, financing lease,
25 installment purchase or sale agreement, application, draw notice, joint powers agreement,

1 securitization agreement, or other similar financing agreements or arrangement, or
2 amendment to any of these, entered into by the Commission in connection with any
3 Financing.

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

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

18 Section 8. File Documents. All documents referred to as on file with the Clerk of the
19 Board of Supervisors are located in File No. 240454.

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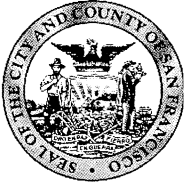
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City and County of San Francisco
Tails
Ordinance

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

File Number: 240454

Date Passed: June 11, 2024

Ordinance authorizing the issuance and sale of tax-exempt or taxable Power Revenue Bonds and other forms of indebtedness (as described below) by the San Francisco Public Utilities Commission (SFPUC) ("Commission") in an aggregate principal amount not to exceed \$292,825,860 to finance the costs of various capital projects benefitting the Power Enterprise pursuant to amendments to the Charter enacted by the voters on June 5, 2018, as Proposition A; authorizing the issuance of Power Revenue Refunding 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 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

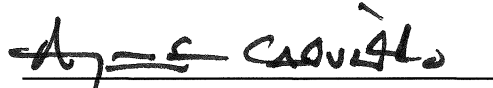
Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

June 11, 2024 Board of Supervisors - FINALLY PASSED

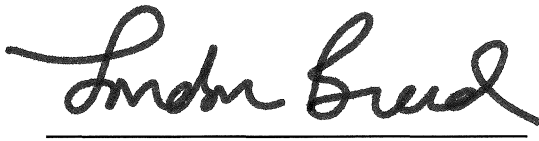
Ayes: 10 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Stefani and Walton
Excused: 1 - Safai

File No. 240454

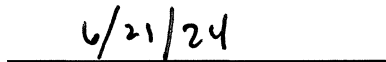
I hereby certify that the foregoing Ordinance was FINALLY PASSED on 6/11/2024 by the Board of Supervisors of the City and County of San Francisco.



Angela Calvillo
Clerk of the Board



London N. Breed
Mayor



Date Approved