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 $1,112,601,280 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; 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.

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

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

Section 1. Findings. The Board of Supervisors (the “Board”) of the City hereby finds and declares as follows:

A. On November 5, 2002, the voters of the City and County of San Francisco (the “City”) approved Proposition E (“Proposition E”), which among other things, authorized the San Francisco Public Utilities Commission (the “Commission”) to issue revenue bonds, including notes, commercial paper or other forms of indebtedness, when authorized by
ordinance approved by a two-thirds vote of the Board of Supervisors, for the purpose of
reconstructing, replacing, expanding, repairing or improving water facilities or clean water
facilities or combinations of water and clean water facilities under the jurisdiction of the
Commission; and

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

C. By Resolution 16-0035 adopted by the Commission on February 9, 2016 (the
“Commission Resolution”) the Commission has determined to issue Wastewater Revenue
Bonds (the “Wastewater Revenue Bonds”) and other forms of indebtedness (including SRF
Loans, as described below) to finance the costs of various capital wastewater projects
benefitting the Wastewater Enterprise (the "Capital Improvement Projects" such projects
being more fully described in the Commission Resolution), pursuant to Proposition E, and has
formally requested this Board to authorize the issuance and sale of Wastewater Revenue
Bonds for such purposes, such Commission Resolution being on file with the Clerk of the
Board of Supervisors in File No. 160471, which is hereby declared to be a part of this
Ordinance as if set forth fully herein; and

D. In order to finance the costs of the Capital Improvement Projects, the Board now
desires to authorize the issuance and sale of Wastewater Revenue Bonds and other forms of
indebtedness for such purposes, including obtaining State Revolving Fund Loans and/or
grants from the State Water Resources Control Board (collectively “SRF Loans”); and

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

F. This Board is concurrently considering with this Ordinance a Capital Improvement Program related supplemental appropriations Ordinance totaling $1,215,201,280 for fiscal years ending 2017 and 2018, such amount being inclusive of the Wastewater Revenue Bonds and other forms of indebtedness (including SRF Loans).

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

Section 2. Authorization to Issue Wastewater Revenue Bonds and other forms of indebtedness. The Board hereby authorizes the issuance and sale of Wastewater Revenue Bonds in one or more series from time to time by the Commission pursuant to Proposition E and in accordance with the Commission Resolution, and the execution and delivery of SRF Loan agreements, in an aggregate principal amount not to exceed $1,112,601,280 (inclusive of financing costs), at a maximum rate or rates of interest of not to exceed twelve percent (12%) per annum to finance a portion of the costs of the design, acquisition and construction of the Capital Improvement Projects. Without limiting the foregoing, the Commission shall also be authorized to enter into agreements to obtain State Revolving Fund Loans and/or grants (collectively “SRF Loans”) from the State Water Resources Control Board on such terms as the Commission may deem advantageous. The Commission is hereby authorized to determine the timing, amount and manner of sale (i.e., competitive or negotiated) of each series of Wastewater Revenue Bonds or the delivery of other forms of indebtedness (including SRF Loans) pursuant to this authorization; provided however, the Commission’s authorization

Mayor Lee
BOARD OF SUPERVISORS
to issue Wastewater Revenue Bonds or incur other forms of indebtedness (including SRF Loans) is subject to approval by the Commission of the form of substantially final offering document related to such Bonds (if any) and the approval of any related agreements, financing documents and the filing with its Board and the Clerk of the Board any certifications required by Proposition E prior to the issuance of any bonds herein authorized. The Commission shall also file, within 30 days of any bond sale authorized hereby, with the Clerk of the Board of Supervisors a report showing the results of the sale of bonds or other form of indebtedness including (i) principal amount sold and method of sale, (ii) true interest cost, (iii) final maturity, (iv) the facilities constructed and/or improved, and (v) a statement about the remaining bonding authorization under this Ordinance (the “Report”).

Section 3. Authorization to Issue Wastewater Revenue Refunding Bonds. The Board further authorizes and approves the issuance by the Commission of Wastewater Revenue Refunding Bonds and other forms of indebtedness (including SRF Loans) (the “Refunding Bonds”) to refund any outstanding obligations of the Wastewater Enterprise, without limitation as to principal amount, in one or more series on one or more dates, at a maximum interest rate or rates of interest not to exceed twelve percent (12%) per annum, provided that each such Refunding Bond issue or obligation is permitted under the applicable policies and procedures of the City and authorized by either Section 9.109 of the Charter or Proposition E of 2002 (including related ordinances and resolutions of the Board). The Refunding Bonds may be issued as tax-exempt or taxable bonds, or any combination thereof. Refunding Bonds authorized hereunder shall be subject to the further following conditions, that: (i) three percent (3%) net present value debt service savings or greater is achieved to ensure ratepayer savings; (ii) this authorization is subject to a 2-year term through June 30, 2018, at which time this Board may consider an extension; principal payments and term may be adjusted, where permitted under federal and state tax law, only if and when the underlying capital asset funded
through said refunded bonds has a useful life not in excess of any limit permitted under
federal and state tax law than the refunded term; and (iii) the Commission shall within 30 days
of any executed refunding transaction provide a savings report prepared by its financial
advisors (that reflects at least a three percent (3%) net present value debt service savings) to
the Board, together with a copy of the final Official Statement with respect to such series of
Refunding Bonds.

Section 4. Declaration of Official Intent. The Board, on behalf of the Commission,
hereby declares the official intent of the Commission to reimburse the Commission with
proceeds of the Wastewater Revenue Bonds or other forms of indebtedness (including SRF
Loans) for the Expenditures with respect to the Capital Improvement Projects made on and
after a date that is no more than 60 days prior to the adoption of this Ordinance. The
Commission reasonably expects on the date hereof that it will reimburse the Expenditures
with proceeds of the Wastewater Revenue Bonds or other forms of indebtedness (including
SRF Loans). Each said Expenditure was and will be either (A) of a type properly chargeable
to a capital account under general federal income tax principles (determined in each case as
of the date of the Expenditure), (B) a cost of issuance with respect to the Wastewater
Revenue Bonds or other forms of indebtedness (including SRF Loans), (C) a nonrecurring
item that is not customarily payable from current revenues, or (D) a grant to pay a party that is
not related to or an agent of the issuer so long as such grant does not impose any obligation
or condition (directly or indirectly) to repay any amount to or for the benefit of the Commission.
The maximum principal amount of the Wastewater Revenue Bonds or other forms of
indebtedness (including SRF Loans) to be issued for the Capital Improvement Projects is
$1,112,601,280 (inclusive of financing costs).

The Commission will make a reimbursement allocation, which is a written allocation by
the Issuer that evidences the Commission’s use of proceeds of the Wastewater Revenue
Bonds or other forms of indebtedness (including SRF Loans) to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the component of the Capital Improvement Projects is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The Commission recognizes that exceptions are available for certain “preliminary expenditures,” costs of issuance, certain de minimis amounts, expenditures by “small issuers” (based on the year of issuance and not the year of expenditure) and expenditures for construction projects of at least 5 years.

Section 5. General Authority. The Controller, Treasurer, the City Attorney and other officers of the City and their duly authorized deputies and agents are hereby authorized and directed, jointly and severally, to take such actions and to execute and deliver such certificates, agreements, requests or other documents, as they may deem necessary or desirable to facilitate the issuance, sale and delivery of the Wastewater Revenue Bonds, Refunding Bonds, to obtain bond insurance or other credit enhancements with respect to such obligations, to obtain surety, to obtain title and other insurance with respect to the facilities to be financed, and otherwise to carry out the provisions of this Ordinance. The Commission is hereby directed to provide the final form to the Clerk of the Board of any disclosure document prepared in connection with the execution of any Wastewater Revenue Bonds or Refunding Bonds, and the final executed Installment Sale Agreement or other document reflecting the incurrence of an SRF Loan, within 30 days of the closing of such transactions.

Section 6. Ratification of Prior Actions. All actions authorized and directed by this Ordinance in connection with the issuance of the Wastewater Revenue Bonds or other forms of indebtedness (including SRF Loans), Refunding Bonds, and heretofore taken are hereby ratified, approved and confirmed by this Board.
Section 7. File Documents. All documents referred to as on file with the Clerk of the Board are in File Nos. 160471.

Section 8. Effective Date. Pursuant to Charter Section 8B.124, this Ordinance shall take effect thirty (30) days after its adoption.

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

By: Mark D. Blake
Deputy City Attorney
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 $1,112,601,280 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; 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 25, 2016 Budget and Finance Committee - AMENDED

May 25, 2016 Budget and Finance Committee - RECOMMENDED AS AMENDED

June 07, 2016 Board of Supervisors - PASSED, ON FIRST READING
Ayes: 11 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang, Wiener and Yee

June 14, 2016 Board of Supervisors - FINALLY PASSED
Ayes: 11 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang, Wiener and Yee

File No. 160471

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 6/14/2016 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

Date Approved

6/24/16