

1 [Amending Ordinance 112-16---Public Utilities Commission Water Revenue Bond Issuance---
2 Not to Exceed \$274,130,430]

3 **Ordinance amending Ordinance No. 112-16 to authorize an increase of the issuance**
4 **and sale of tax-exempt or taxable Water Revenue Bonds and other forms of**
5 **indebtedness (as described below) by the San Francisco Public Utilities Commission**
6 **(Commission) to an aggregate principal amount not to exceed \$274,130,430 to finance**
7 **the costs of various capital water projects benefitting the Water Enterprise, including**
8 **new funding to finance the cost of the acquisition of the Rollins Road Property (as**
9 **described below) pursuant to amendments to the Charter of the City and County of San**
10 **Francisco enacted by the voters on November 5, 2002 as Proposition E; authorizing the**
11 **issuance of Water Revenue Refunding Bonds; declaring the Official Intent of the**
12 **Commission to Reimburse Itself with one or more issues of tax-exempt or taxable**
13 **bonds or other forms of indebtedness; and ratifying previous actions taken in**
14 **connection therewith.**

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 (the "Board") of the City hereby finds
24 and declares as follows:

25 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

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

7 B. The Commission adopted the Amended and Restated Indenture dated as of
8 January 1, 2002, as further amended and supplemented from time to time (the "Indenture"),
9 between the Commission and U. S. Bank National Association and in connection therewith,
10 has from time to time issued revenue bonds to finance projects benefitting the Water
11 Enterprise; and

12 C. This Board adopted Ordinance No. 112-16 to authorize the issuance of not to
13 exceed \$264,997,468 of the Commission's Water Revenue Bonds and other forms of
14 indebtedness (including SRF Loans, as defined therein) (the "Prior Ordinance") to finance the
15 costs of various capital projects benefitting the Water Enterprise (the "Capital Improvement
16 Projects" such projects being more fully described in the Commission Resolution 16-0035,
17 adopted by the Commission on February 9, 2016); and

18 D. On September 16, 2016, the Commission adopted Resolution No. 16-0197 to
19 authorize the purchase of a one story building and related parking and storage space located
20 at 1657-1663 Rollins Road, Burlingame, California (the "Rollins Road Property") that has been
21 served as the primary work location for staff from Water Quality Division, the Natural
22 Resources & Land Management Division, and the Water Supply & Treatment Division; and

23 D. To finance the costs of the purchase of the Rollins Road Property the Board now
24 desires to amend the Prior Ordinance to increase the bonding authorization by \$9,132,962 for
25 such purposes; and

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

5 F. 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,
9 and

10 Section 2. Authorization to Issue Water Revenue Bonds and other forms of
11 indebtedness. The Board hereby amends Ordinance No. 112-116 to increase the
12 authorization of the issuance and sale of Water Revenue Bonds in one or more series from
13 time to time by the Commission pursuant to Proposition E and in accordance with the
14 Commission Resolution, and the execution and delivery of SRF Loan agreements, in an
15 aggregate principal amount not to exceed \$274,130,430 (inclusive of financing costs), at a
16 maximum rate or rates of interest of not to exceed twelve percent (12%) per annum to finance
17 a portion of the costs of the design, acquisition and construction of the Capital Improvement
18 Projects, including but not limited to the Rollins Road Property. All other terms and
19 conditions of the Prior Ordinance are hereby incorporated by reference as if set forth in full
20 herein.

21 Section 3. Declaration of Official Intent. The Board, on behalf of the Commission,
22 hereby declares the official intent of the Commission to reimburse the Commission with
23 proceeds of the Water Revenue Bonds or other forms of indebtedness (including SRF Loans)
24 for the Expenditures with respect to the Capital Improvement Projects made on and after a
25 date that is no more than 60 days prior to the adoption of this Ordinance. The Commission

1 reasonably expects on the date hereof that it will reimburse the Expenditures with proceeds of
2 the Water Revenue Bonds or other forms of indebtedness (including SRF Loans). Each said
3 Expenditure was and will be either (A) of a type properly chargeable to a capital account
4 under general federal income tax principles (determined in each case as of the date of the
5 Expenditure), (B) a cost of issuance with respect to the Water Revenue Bonds or other forms
6 of indebtedness (including SRF Loans), (C) a nonrecurring item that is not customarily
7 payable from current revenues, or (D) a grant to pay a party that is not related to or an agent
8 of the issuer so long as such grant does not impose any obligation or condition (directly or
9 indirectly) to repay any amount to or for the benefit of the Commission. The maximum
10 principal amount of the Water Revenue Bonds or other forms of indebtedness (including SRF
11 Loans) to be issued for the Capital Improvement Projects is \$274,130,430 (inclusive of
12 financing costs).

13 The Commission will make a reimbursement allocation, which is a written allocation by
14 the Issuer that evidences the Commission's use of proceeds of the Water Revenue Bonds or
15 other forms of indebtedness (including SRF Loans) to reimburse an Expenditure, no later than
16 18 months after the later of the date on which the Expenditure is paid or the component of the
17 Capital Improvement Projects is placed in service or abandoned, but in no event more than
18 three years after the date on which the Expenditure is paid. The Commission recognizes that
19 exceptions are available for certain "preliminary expenditures," costs of issuance, certain de
20 minimis amounts, expenditures by "small issuers" (based on the year of issuance and not the
21 year of expenditure) and expenditures for construction projects of at least 5 years.

22

23 Section 4. General Authority. The Controller, Treasurer, the City Attorney and other
24 officers of the City and their duly authorized deputies and agents are hereby authorized and
25 directed, jointly and severally, to take such actions and to execute and deliver such

1 certificates, agreements, requests or other documents, as they may deem necessary or
2 desirable to facilitate the issuance, sale and delivery of the Water Revenue Bonds, Refunding
3 Bonds, to obtain bond insurance or other credit enhancements with respect to such
4 obligations, to obtain surety, to obtain title and other insurance with respect to the facilities to
5 be financed, and otherwise to carry out the provisions of this Ordinance. The Commission is
6 hereby directed to provide the final form to the Clerk of the Board of any disclosure document
7 prepared in connection with the execution of any Water Revenue Bonds or Refunding Bonds,
8 and the final executed Installment Sale Agreement or other document reflecting the
9 incurrence of an SRF Loan, within 30 days of the closing of such transactions.

10 Section 5. Ratification of Prior Actions. All actions authorized and directed by this
11 Ordinance in connection with the issuance of the Water Revenue Bonds or other forms of
12 indebtedness (including SRF Loans), Refunding Bonds, and heretofore taken are hereby
13 ratified, approved and confirmed by this Board.

14 Section 6. File Documents. All documents referred to as on file with the Clerk of the
15 Board are in File Nos. _____.

16 Section 7. Effective Date. Pursuant to Charter Section 8B.124, this Ordinance shall
17 take effect thirty (30) days after its adoption.

18
19 APPROVED AS TO FORM:
20 DENNIS J. HERRERA, City Attorney

21
22 By: _____
23 Mark D. Blake
24 Deputy City Attorney
25 n:\finan\las2016\1300183\01109132.docx