

[Water Revenue Bonds Issuance for 2010 - Not to Exceed \$600,000,000]

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2 **Resolution approving the issuance of water revenue bonds and water revenue**
3 **refunding bonds in an aggregate principal amount not to exceed \$600,000,000 to be**
4 **issued by the Public Utilities Commission of the City and County of San Francisco;**
5 **affirming covenants contained in the indenture pursuant to which the water revenue**
6 **bonds are issued; authorizing the taking of appropriate actions in connection**
7 **therewith; and related matters.**
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10 WHEREAS, pursuant to Section 9.107 of the Charter (the "Charter") of the City and
11 County of San Francisco (the "City"), the Board of Supervisors of the City (the "Board") is
12 authorized to provide for the issuance of revenue bonds by the Public Utilities Commission of
13 the City (the "Commission") following the approval of the issuance of such revenue bonds by
14 a majority of the voters, such revenue bonds to be issued and sold in accordance with State
15 law or any procedure provided for by ordinance; and,

16 WHEREAS, pursuant to Section 9.109 of the Charter, the Board is authorized to
17 provide for the issuance of bonds of the City for the purpose of refunding any revenue bonds
18 of the City then outstanding without voter approval, provided that such refunding is expected
19 to result in net debt service savings to the City on a present value basis, calculated as
20 provided by ordinance; and,

21 WHEREAS, at a duly called and held revenue bond election on November 5, 2002, a
22 majority of voters voting on the measure approved Proposition E ("Proposition E of 2002") to
23 authorize the Commission to issue its revenue bonds, including notes, commercial paper or
24 other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of
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1 the Board, for the purpose of reconstructing, replacing, expanding, repairing or improving
2 water facilities under the jurisdiction of the Commission (the “Projects”); and,

3 WHEREAS, on August 4, 2009, the Board passed its Ordinance No. 189-09, approving
4 the issuance and sale of water revenue bonds by the Commission pursuant to Proposition E
5 of 2002, in an aggregate principal amount not to exceed \$1,310,307,119, to finance Projects
6 that fall under the Commission’s Water System Improvement Program (“WSIP Projects”),
7 which ordinance became effective on September 12, 2009; and,

8 WHEREAS, on April 20, 2010, the Board passed its Ordinance No. 089-10 (“Ordinance
9 No. 089-10” and together with the aforesaid Ordinance No. 189-09, the “Ordinances”)
10 approving the issuance and sale of additional water revenue bonds by the Commission
11 pursuant to Proposition E of 2002, in one or more series and on one or more dates, in an
12 aggregate principal amount not to exceed \$1,737,724,038, including (i) \$1,647,249,198
13 principal amount to finance WSIP Projects and associated financing costs, (ii) \$62,000,000
14 principal amount to finance Projects relating to the Commission’s Advance Meter
15 Infrastructure System (“AMI Projects”) and associated financing costs, and (iii) \$28,474,840
16 principal amount to finance Projects other than WSIP Projects and AMI Projects (“Other CIP
17 Projects” and together with the AMI Projects, “Non-WSIP Projects”) and associated financing
18 costs, which ordinance became effective on May 30, 2010; and,

19 WHEREAS, pursuant to the Ordinances and Proposition E of 2002, the Board has
20 therefore approved the issuance and sale of additional water revenue bonds by the
21 Commission pursuant to Proposition E of 2002, in one or more series and on one or more
22 dates, in a total aggregate principal amount not to exceed \$3,048,031,157, as described
23 above; and,

24 WHEREAS, pursuant to Proposition E of 2002, the Commission has previously issued
25 \$890,225,000 aggregate principal amount of New Money Bonds (defined below); and,

1 WHEREAS, an aggregate principal amount not to exceed \$2,157,806,157 remains
2 authorized by the Board pursuant to the Ordinances and unissued by the Commission; and,

3 WHEREAS, a condition of approval in each of the aforesaid Ordinances is that the
4 Commission shall return to the Board prior to the issuance of any such water revenue bonds
5 to obtain approval by resolution of the Board of any related financing or disclosure documents
6 prepared in connection with the issuance of such water revenue bonds; and,

7 WHEREAS, the Commission, pursuant to the terms of a resolution adopted by the
8 Commission on November 9, 2010 (the "Resolution"), has authorized the issuance of its San
9 Francisco Water Revenue Bonds in an aggregate principal amount not to exceed
10 \$600,000,000, for the purpose of financing and refinancing Projects, funding reserve funds
11 (including the replacement of existing reserve fund credit instruments) and paying costs of
12 issuance and other incidental costs therefor, with the title and series designations to be
13 determined by the General Manager of the Commission (the "New Money Bonds"); authorized
14 the issuance of its San Francisco Water Revenue Refunding Bonds without limitation as to
15 par amount, for the purpose of refunding outstanding water revenue bonds or commercial
16 paper of the Commission, funding reserve funds and paying costs of issuance and other
17 incidental costs therefor, with the title and series designations to be determined by the
18 General Manager of the Commission, provided that the applicable requirements of the
19 policies, procedures and Charter of the City are satisfied (the "Refunding Bonds" and together
20 with the New Money Bonds, the "Bonds"); approved the form of one or more Supplemental
21 Indentures (the "Supplemental Indentures"), by and between the Commission and U.S. Bank
22 National Association, as trustee (the "Trustee"), which supplements the Amended and
23 Restated Indenture dated as of August 1, 2002, as amended and supplemented (collectively
24 with the Supplemental Indentures, the "Indenture") by and between the Commission and the
25 Trustee; and authorized other related actions and matters; and,

1 WHEREAS, the Resolution, among other things, establishes a maximum rate of
2 interest for the Bonds of twelve percent (12%) per annum; now, therefore, be it

3 RESOLVED by the Board of Supervisors of the City and County of San
4 Francisco, as follows:

5 Section 1. Recitals. All of the recitals herein are true and correct.

6 Section 2. Approval and Authorization of New Money Bonds and Refunding Bonds.

7 The Board hereby authorizes and approves the issuance by the Commission of New Money
8 Bonds in an aggregate principal amount not to exceed \$600,000,000, in one or more series
9 and on one or more dates, at a maximum rate or rates of interest not to exceed twelve percent
10 per annum. The New Money Bonds may be issued as tax-exempt bonds, taxable bonds or
11 Build America Bonds, as authorized by the American Recovery and Reinvestment Act of
12 2009, or any combination thereof.

13 The Board further authorizes and approves the issuance by the Commission of
14 Refunding Bonds, without limitation as to principal amount, in one or more series and on one
15 or more dates, at a maximum rate or rates of interest not to exceed twelve percent per
16 annum, provided that each such Refunding Bond issue is permitted under the applicable
17 policies and procedures of the City and authorized by either (A) Section 9.109 of the Charter
18 or (B) Proposition E of 2002 (including related ordinances and resolutions of the Board). The
19 Refunding Bonds may be issued as tax-exempt bonds or taxable bonds, or any combination
20 thereof.

21 The forms of the Bonds, in substantially the forms presented to the Board, as set forth
22 in the exhibits to the Supplemental Indentures, are hereby approved. The President or the
23 General Manager of the Commission or the designee of either, and the Controller of the City
24 or any deputy thereof, are hereby authorized and directed to approve and to execute the
25 Bonds by manual or facsimile signature, with such changes, additions, amendments or

1 modifications therein which he or she may approve with the advice of the City Attorney, such
2 approval to be conclusively evidenced by the execution and delivery of the Bonds.

3 Section 3. Affirmation of Existing Bond Covenants. The Board hereby confirms
4 Section 5.01(b) of the Indenture which sets forth the disposition of Revenues (as defined in
5 the Indenture) applicable to the Bonds (as defined in the Indenture) and covenants with the
6 holders of the Bonds that the Revenues shall be appropriated and expended as set forth in
7 Section 5.01(b) of the Indenture. The Board also hereby declares that the City will comply
8 with all of the terms, provisions and covenants contained in the Indenture, as the same may
9 be amended from time to time, including the covenants to establish, fix, prescribe and collect
10 rates, fees and charges sufficient to enable the Commission to comply with the terms,
11 conditions and covenants of the Indenture.

12 Section 4. Approval of Financing Documents. In accordance with the grant of authority
13 contained in the Ordinances, the forms of Supplemental Indentures, Official Notices of Sale,
14 Notices of Intention to Sell Bonds, Bond Purchase Agreements, Official Statements, Escrow
15 Agreements and Continuing Disclosure Certificates relating to the Bonds, submitted to this
16 Board and on file with the Clerk of the Board, are hereby approved. The Controller, the
17 Treasurer, the City Attorney and the officers of the Commission authorized by resolution of the
18 Commission, and their designees, are hereby authorized to execute, attest, seal, publish and
19 deliver (as appropriate) each such document, with such changes thereto as the officer
20 executing or publishing the same shall approve with the advice of the City Attorney, such
21 approval to be conclusively evidenced by the execution and delivery, or the publication, as
22 applicable, of such document.

23 Section 5. Proposition P. Pursuant to Proposition P approved by the voters of the City
24 in November 2002, this resolution and the Bonds are subject to, and incorporate by reference,
25 the provisions of Section 5A.30 et seq. ("Public Utilities Revenue Bond Oversight Committee")

1 of Chapter V of the San Francisco Administrative Code (the "Proposition P Requirements").
2 Pursuant to the Proposition P Requirements, to the extent permitted by law, one-twentieth of
3 one percent of the gross proceeds of the Bonds shall be deposited in a fund established by
4 the Controller's Office and appropriated by the Board at the direction of the public utilities
5 revenue bond oversight committee established by Proposition P Requirements to cover the
6 costs of said committee provided however, nothing herein shall preclude the Commission
7 from paying the fee of the Public Utilities Revenue Bond Oversight Committee from any
8 legally available funds of the Commission.

9 Section 6. General Authority. The Controller of the City, the Treasurer of the City, the
10 City Attorney, and all other appropriate officers, employees, representatives and agents of the
11 City are hereby authorized and directed to do everything necessary or desirable to provide for
12 the issuance and security of the Bonds, including, but not limited to, executing and delivering
13 such certificates and other documents as they may deem necessary or advisable, including
14 without limitation any custody agreements or filing agent agreements required by the Trustee.

15 Section 7. Release of Finance Committee Reserve. The Budget and Finance
16 Committee also releases the remaining balance held on reserve pursuant to Ordinance No.
17 311-08 for Project CUW 300 WSIP Financing Cost.

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

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22 By: _____
23 MARK D. BLAKE
24 Deputy City Attorney
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