

[Prepayment and Collection Agreement - Bay Area Water Supply and Conservation Agency]

Resolution approving the Prepayment and Collection Agreement between the Bay Area Water Supply and Conservation Agency and the Public Utilities Commission and authorizing the taking of appropriate actions in connection therewith, and related matters, for a term ending July 1, 2036.

WHEREAS, The San Francisco Public Utilities Commission (the "Commission") is a department of the City and County of San Francisco responsible for the construction, management, supervision, maintenance, extension, operation, use and control of all water and energy supplies and utilities of the City; and

WHEREAS, The Commission and its suburban wholesale water customers in Alameda, Santa Clara and San Mateo counties (the "Wholesale Customers") have entered into a 25-year Water Supply Agreement (the "Water Supply Agreement"), dated July 1, 2009, under which the Wholesale Customers agreed to make periodic payments to the Commission over the term of the Water Supply Agreement at an interest rate of 5.13% for the Wholesale Customers' share of Existing Regional Asset costs (as defined under the Water Supply Agreement); and

WHEREAS, Section 5.03.F of the Water Supply Agreement allows the Wholesale Customers to prepay all or a portion of Existing Regional Asset costs; and

WHEREAS, the Wholesale Customers are members of the Bay Area Water Supply and Conservation Agency ("BAWSCA"), a special purpose district under California law; and

WHEREAS, Under Assembly Bill 2167 (which becomes effective January 1, 2013, "AB 2167") BAWSCA may issue tax-exempt and taxable revenue bonds (the "Bonds"), the proceeds of which would be used by the Wholesale Customers to prepay all or a portion of

1 their Existing Regional Asset costs as an authorized prepayment under the Water Supply
2 Agreement; and

3 WHEREAS, AB 2167 authorizes the Commission to act as a collection agent on
4 BAWSCA's behalf to recover payments on the Bonds through the imposition of surcharges on
5 Wholesale Customer water bills, and the parties have determined to implement this provision
6 of AB 2167 through a form of Prepayment and Collection Agreement; and

7 WHEREAS, BAWSCA desires to cause the issuance of its Bonds to prepay all or a
8 portion of its Existing Regional Asset costs and the Commission desires to cooperate with
9 BAWSCA to ensure that a portion of such obligations can be issued on a tax-exempt basis;
10 and

11 WHEREAS, Resolution 12-0153, passed by the Commission on August 28, 2012,
12 authorized reimbursement of certain expenditures for capital costs from proceeds of future
13 bonded indebtedness related to Wholesale Customer Prepayment, for purposes of complying
14 with certain provisions of the Internal Revenue Code of 1986, as amended; and

15 WHEREAS, the Commission has reviewed and approved by resolution on December
16 11, 2012 a form of Prepayment and Collection Agreement (the "Prepayment Agreement")
17 pursuant to which the Commission will act as collection agent to BAWSCA for surcharges
18 which will be pledged to the repayment of the BAWSCA Bonds; and

19 WHEREAS, In order to comply with federal tax law, the Prepayment Agreement
20 requires that the Commission use the tax-exempt proceeds of the Prepayment to pay for
21 Water Enterprise capital-related expenditures and for the refunding/defeasing of certain
22 outstanding bonds of the Water Enterprise, as memorialized in a tax certificate and
23 spending plan, each of which were presented to the Commission and to this Board of
24 Supervisors; and
25

1 WHEREAS, Pursuant to Section 9.118 of the Charter, the Board is required to approve
2 all contracts or agreements contracts entered into by a department, board or commission
3 having anticipated revenue to the City of one million dollars or more, or otherwise having a
4 term in excess of ten years; now, therefore be it

5 RESOLVED, By the Board of Supervisors of the City and County of San Francisco as
6 follows:

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

8 Section 2. Approval of the Prepayment and Collection Agreement. The form of
9 Prepayment and Collection Agreement submitted to this Board and on file with the Clerk of
10 the Board of Supervisors in File No. 121203, is hereby approved. The General Manager of
11 the Commission or his designee is hereby authorized to enter into the form of Prepayment
12 and Collection Agreement with BAWSCA, substantially in the form presented, with such
13 changes and additions as the General Manager may approve upon consultation with the City
14 Attorney, such approval to be evidenced conclusively by the delivery to the trustee (to be
15 designated by BAWSCA) of such Prepayment Agreement. The General Manager shall
16 submit a copy of the signed form of Prepayment Agreement to the Clerk of the Board for
17 inclusion in File No. 121203.

18 Section 3. General Authority. Any of the Controller, Treasurer, General Manager of
19 the Commission or his designee, the City Attorney, and all other appropriate officers,
20 employees, representatives and agents of the City and the Commission, including all other
21 appropriate officers, employees, representatives and agents thereof are hereby authorized
22 and directed to do everything necessary or desirable to cause the execution and delivery of
23 the Prepayment and Collection Agreement and to execute such certificates and other
24 documents as necessary or desirable in connection with the issuance and sale of the
25 BAWSCA Bonds, including but not limited to, the establishment and creation of a special

1 category 8 fund under Chapter 10 of the Administrative Code for the deposit of surcharge
2 proceeds in accordance with terms of the Prepayment and Collection Agreement; provided
3 however the General Manager shall not be authorized to take such actions inconsistent with
4 the terms of this Resolution, including any actions that would cause the City or the
5 Commission to assume additional risks not contemplated herein.

6 Section 5. Ratification. All actions heretofore taken by the officials, employees and
7 agents of the Commission with respect to the execution and delivery of the Prepayment and
8 Collection Agreement are hereby approved, confirmed and ratified.

9 Section 6. Effective Date. This Resolution shall take effect from and after its adoption
10 by the Board.

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