

1 [Water Revenue Bonds and Water Revenue Refunding Bonds Issuance]

2

3 **Resolution approving the issuance of water revenue bonds and water revenue refunding**
4 **bonds to be issued by the Public Utilities Commission of the City and County of San**
5 **Francisco; affirming covenants contained in the indenture pursuant to which the water**
6 **revenue bonds are issued; authorizing the taking of appropriate actions in connection**
7 **therewith; and related matters.**

8

9 WHEREAS, pursuant to Section 9.107 of the Charter (the “Charter”) of the City and
10 County of San Francisco (the “City”), the Board of Supervisors of the City (the “Board”) is
11 authorized to provide for the issuance of revenue bonds by the Public Utilities Commission of
12 the City (the “Commission”) following the approval of the issuance of such revenue bonds by
13 a majority of the voters, such revenue bonds to be issued and sold in accordance with State
14 law or any procedure provided for by ordinance; and,

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

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

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

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

16 WHEREAS, on or about June 7, 2011, the Board is expected to pass an ordinance (the
17 “June Proposition E Ordinance,” and together with the aforesaid Ordinance No. 189-09 and
18 Ordinance No. 089-10, the “Ordinances”) approving the issuance and sale of additional water
19 revenue bonds by the Commission pursuant to Proposition E of 2002, in one or more series
20 and on one or more dates, in an aggregate principal amount not to exceed \$49,100,000, to
21 finance additional Non-WSIP Projects and associated financing costs, which ordinance will
22 become effective thirty days after its signing by the Mayor of the City; and,

23 WHEREAS, pursuant to the Ordinances and Proposition E of 2002, the Board has
24 therefore approved the issuance and sale of additional water revenue bonds by the
25 Commission pursuant to Proposition E of 2002, in one or more series and on one or more

1 dates, in a total aggregate principal amount not to exceed \$2,957,556,317, as described
2 above; and,

3 WHEREAS, pursuant to Proposition E of 2002, the Commission has previously issued
4 \$1,365,710,000 aggregate principal amount of New Money Bonds (defined below); and,

5 WHEREAS, an aggregate principal amount not to exceed \$1,888,031,317 remains
6 authorized pursuant to the Ordinances and unissued by the Commission; and,

7 WHEREAS, a condition of approval of the Ordinances is that the Commission shall
8 return to the Board prior to the issuance of any such water revenue bonds to obtain approval
9 by resolution of the Board of any related financing or disclosure documents prepared in
10 connection with the issuance of such water revenue bonds; and,

11 WHEREAS, the Commission, pursuant to the terms of a resolution adopted by the
12 Commission on May 10, 2011 (the "Resolution"), has authorized the issuance of its San
13 Francisco Water Revenue Bonds in an aggregate principal amount not to exceed
14 \$700,000,000, for the purpose of financing and refinancing WSIP Projects and Non-WSIP
15 Projects, funding debt service reserve and paying costs of issuance and other incidental costs
16 therefor, with the title and series designations to be determined by the General Manager of
17 the Commission (the "New Money Bonds"); authorized the issuance of its San Francisco
18 Water Revenue Refunding Bonds without limitation as to par amount, for the purpose of
19 refunding outstanding water revenue bonds or commercial paper of the Commission, funding
20 reserve funds and paying costs of issuance and other incidental costs therefor, with the title
21 and series designations to be determined by the General Manager of the Commission,
22 provided that the applicable requirements of the policies, procedures and Charter of the City
23 are satisfied (the "Refunding Bonds" and together with the New Money Bonds, the "Bonds");
24 approved the form of one or more Supplemental Indentures (the "Supplemental Indentures"),
25 by and between the Commission and U.S. Bank National Association, as trustee (the

1 “Trustee”), which supplements the Amended and Restated Indenture, dated as of August 1,
2 2002, as amended and supplemented (collectively with the Supplemental Indentures, the
3 “Indenture”), by and between the Commission and the Trustee; and authorized other related
4 actions and matters; and,

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

7 RESOLVED by the Board of Supervisors of the City and County of San Francisco, as
8 follows:

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

10 Section 2. Approval and Authorization of Bonds. Subject to the approval and
11 effectiveness of the June Proposition E Ordinance, the Board hereby authorizes and approves
12 the issuance by the Commission of New Money Bonds in an aggregate principal amount not
13 to exceed \$700,000,000, in one or more series and on one or more dates, at a maximum rate
14 or rates of interest not to exceed twelve percent (12%) per annum. The New Bonds may be
15 issued as tax-exempt bonds or taxable bonds, or any combination thereof.

16 The Board further authorizes and approves the issuance by the Commission of
17 Refunding Bonds, without limitation as to principal amount, in one or more series and on one
18 or more dates, at a maximum rate or rates of interest not to exceed twelve (12%) percent per
19 annum, provided that each such Refunding Bond issue is permitted under the applicable
20 policies and procedures of the City and authorized by either (A) Section 9.109 of the Charter
21 or (B) Proposition E of 2002 (including related ordinances and resolutions of the Board). The
22 Refunding Bonds may be issued as tax-exempt bonds or taxable bonds, or any combination
23 thereof.

24 The forms of the Bonds, in substantially the forms presented to the Board, as set forth
25 in the exhibits to the Supplemental Indentures, are hereby approved. The President or the

1 General Manager of the Commission or the designee of either, and the Controller of the City
2 or any deputy thereof, are hereby authorized and directed to approve and to execute the
3 Bonds by manual or facsimile signature, with such changes, additions, amendments or
4 modifications therein which he or she may approve with the advice of the City Attorney, such
5 approval to be conclusively evidenced by the execution and delivery of the Bonds.

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

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

1 Section 5. Proposition P. Pursuant to Proposition P approved by the voters of the City
2 in November 2002, this resolution and the Bonds are subject to, and incorporate by reference,
3 the provisions of Section 5A.30 et seq. (“Public Utilities Revenue Bond Oversight Committee”)
4 of Chapter V of the San Francisco Administrative Code (the “Proposition P Requirements”).
5 Pursuant to the Proposition P Requirements, to the extent permitted by law, one-twentieth of
6 one percent (0.05%) of the gross proceeds of the Bonds shall be deposited in a fund
7 established by the Controller's Office and appropriated by the Board at the direction of the
8 Public Utilities Revenue Bond Oversight Committee established by Proposition P
9 Requirements to cover the costs of said committee.

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

16
17 APPROVED AS TO FORM:
18 DENNIS J.HERRERA, City Attorney

19 By: _____
20 MARK D. BLAKE
21 Deputy City Attorney