

\$ _____
**PUBLIC UTILITIES COMMISSION OF THE
CITY AND COUNTY OF SAN FRANCISCO**

\$ _____
**SAN FRANCISCO WATER
REVENUE BONDS
2016 SERIES AB,
2016 SUB-SERIES A
(REFUNDING)**

\$ _____
**SAN FRANCISCO WATER
REVENUE BONDS
2016 SERIES AB,
2016 SUB-SERIES B
(REFUNDING)**

BOND PURCHASE CONTRACT

September __, 2016

Public Utilities Commission of the
City and County of San Francisco
525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102

Ladies and Gentlemen:

J.P. Morgan Securities LLC (the “Representative”) acting on behalf of itself and the additional underwriters listed on Schedule 1 attached hereto (collectively, the “Underwriters”), offers to enter into this Bond Purchase Contract (this “Purchase Contract”) with the Public Utilities Commission of the City and County of San Francisco (the “Commission”), which will be binding upon the Commission and the Underwriters upon acceptance hereof by the Commission. This offer is made subject to the acceptance by the Commission by its execution of this Purchase Contract and its delivery to the Representative on or before 11:59 p.m., California time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered by the Representative to the Commission at any time prior to the acceptance of this Purchase Contract by the Commission. If the Underwriters withdraw this offer, or the Underwriters’ obligation to purchase the Bonds (as hereinafter defined) is otherwise terminated by the Representative pursuant to Section 8(d) hereof, then and in such case, the Commission shall be without any further obligation to the Underwriters, including the payment of any costs set forth under Section 10(a) hereof, and the Commission shall be free to sell the Bonds to any other party.

The Representative represents that it has full authority to take such action as it may deem advisable in respect of all matters pertaining to this Purchase Contract and that the Representative has been duly authorized to execute this Purchase Contract.

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Amended and Restated Indenture dated as of August 1, 2002 (the “Master Indenture”), by and between the Commission and U.S. Bank National Association, as trustee (the “Trustee”), as amended

and supplemented to the date hereof, including by a (i) Twenty-First Supplemental Indenture, dated as of October 1, 2016 (the “Twenty-First Supplemental Indenture”), between the Commission and the Trustee, and (ii) a Twenty-Second Supplemental Indenture, dated as of October 1, 2016 (the “Twenty-Second Supplemental Indenture”), between the Commission and the Trustee (the Master Indenture, as supplemented, being herein referred to as the “Indenture”).

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations set forth herein, the Underwriters agree to purchase from the Commission, and the Commission hereby agrees to sell and deliver to, or for the account of, the Underwriters, all (but not less than all) of the \$_____ aggregate principal amount of Public Utilities Commission of the City and County of San Francisco, San Francisco Water Revenue Bonds, 2016 Series AB, made up of two sub-series: (i) \$_____ “San Francisco Water Revenue Bonds, 2016 Sub-Series A (Refunding)” (“2016 Sub-Series A Bonds”), and (ii) \$_____ “San Francisco Water Revenue Bonds, 2016 Sub-Series B (Refunding)” (“2016 Sub-Series B Bonds,” together with the 2016 Sub-Series A Bonds, the “Bonds”).

The aggregate purchase price for the Bonds shall be \$_____ (comprised of the purchase price of \$_____ for the 2016 Sub-Series A Bonds (i.e. the par amount of the 2016 Sub-Series A Bonds, plus a [net] original issue premium on the 2016 Sub-Series A Bonds of \$_____, less an Underwriters’ discount in the amount of \$_____) and the purchase price of \$_____ for the 2016 Sub-Series B Bonds (i.e. the par amount of the 2016 Sub-Series B Bonds, plus a [net] original issue premium on the 2016 Sub-Series B Bonds of \$_____, less an Underwriters’ discount in the amount of \$_____).

The Bonds shall be dated their date of delivery and shall have the maturities in principal amounts and bear interest at the rates per annum and have the yields all as set forth on Schedule II attached hereto. The Bonds shall be subject to optional redemption prior to maturity as shown on Schedule II. The Bonds shall be substantially in the form described in, and shall be issued and secured under and pursuant to, the Twenty-First Supplemental and the Twenty-Second Supplemental Indenture. The Bonds shall be as otherwise described in the Official Statement (as hereinafter defined).

Section 2. Authorization for the Bonds; Purpose of Issue. The Commission has the authority to issue the Bonds under Section 9.109 of the Charter (the “Charter”) of the City and County of San Francisco (the “City”) and Ordinance No. 112-16, adopted by the Board of Supervisors of the City (the “Board of Supervisors”) on June 14, 2016. The Bonds are being issued pursuant to Resolution No. _____, adopted by the Commission on September 13, 2016 (the “Commission Resolution”).

The Bonds are being issued to (i) to refund and defease certain bonds of the Commission including: (a) [all][a portion] of the outstanding Public Utilities Commission of the City and County of San Francisco, San Francisco Water Revenue Bonds, 2006 Refunding Series B Bonds; (b) [all] [a portion] of the outstanding Public Utilities Commission of the City and County of San Francisco, San Francisco Water Revenue Bonds, 2006 Refunding Series C Bonds; (c) [all][a portion] of the outstanding Public Utilities Commission of the City and County of San Francisco, San Francisco Water Revenue Bonds, 2009 Series A; (d) [all][a portion] of the outstanding Public Utilities Commission of the City and County of San Francisco, San Francisco Water Revenue Bonds, 2009 Series B; (e) [all][a portion] of the outstanding Public Utilities Commission of the City and County of San Francisco, San Francisco Water Revenue Bonds, 2010 Series ABC, Sub-Series A; and (f)

[all][a portion] of the outstanding Public Utilities Commission of the City and County of San Francisco, San Francisco Water Revenue Bonds, 2010 Series FG, Sub-Series F (collectively, the “Refunded Bonds”), and (ii) pay costs of issuance of the Bonds.

Section 3. Public Offering. It shall be a condition to the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds that the entire principal amount of the Bonds be sold and delivered by the Commission to the Underwriters. On or prior to the Closing Date (as hereinafter defined), the Representative will provide the Commission with information regarding the reoffering prices and yields on the Bonds, in substantially the form attached hereto as Appendix B, for purposes of determining the yield on the Bonds under Section 148 of the Internal Revenue Code of 1986, as amended. The Underwriters agree to make a bona fide public offering of all the Bonds, at prices not in excess of the prices or yields as set forth in Schedule II hereto. The Underwriters will provide, consistent with the requirements of the Municipal Securities Rulemaking Board (the “MSRB”) Rule G-32, for the delivery of a copy of the Official Statement to each customer who purchases a Bond during the Underwriting Period (as hereinafter defined). The Underwriters further agree to comply with applicable laws and regulations, including without limitation Rule 15c2-12 and MSRB Rule G-17, in connection with the offering and sale of the Bonds. Subsequent to the initial public offering, the public offering prices of the Bonds may change as determined by the Representative to be necessary in connection with the marketing of the Bonds.

Section 4. Delivery of Official Statement. Prior to the date hereof, the Commission has provided to the Underwriters for review a form of the preliminary official statement relating to the Bonds dated September __, 2016 (including the cover page and appendices thereto (the “Preliminary Official Statement”), which, as of its date, a representative of the Commission on behalf of the Commission deemed final for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), except for certain information permitted to be omitted therefrom by Rule 15c2-12. By its acceptance of this offer, the Commission hereby ratifies and consents to the use and distribution by the Underwriters of the Preliminary Official Statement in connection with the public offering and sale of the Bonds, and the Commission has authorized the delivery of a final official statement relating to the Bonds dated the date hereof (both in print or electronic form) which will consist of the Preliminary Official Statement and all information previously permitted to have been omitted by Rule 15c2-12.

The Commission hereby acknowledges that the Preliminary Official Statement has been made available to investors on the internet at [www.MuniOS.com]. The Commission hereby agrees to deliver or cause to be delivered to the Underwriters within seven (7) Business Days of the date hereof and in sufficient time to accompany any orders or confirmations from the Underwriters that request payment from any customers, not more than one hundred (100) copies of the final official statement (including all information permitted to be omitted by Rule 15c2-12 and any amendments or supplements to such official statement as have been approved by the Commission and the Representative) (the “Official Statement”) to enable the Underwriters to comply with the rules of the Securities and Exchange Commission (the “SEC”) and the MSRB. The Commission hereby approves of the use and distribution by the Underwriters of the Official Statement in connection with the offer and sale of the Bonds. At the time of or prior to the Closing Date (as hereinafter defined), the Representative shall file a copy of the Official Statement with the MSRB or its designee (including the MSRB’s Electronic Municipal Market Access system (“EMMA”)) or with any other repository approved from time to time by the SEC (either in addition to or in lieu of the filings referred to above).

The Commission will deliver the Continuing Disclosure Certificate substantially in the form set forth in the Preliminary Official Statement (the “Continuing Disclosure Certificate”) on the Closing Date. The form of the Continuing Disclosure Certificate will also be set forth in the Official Statement.

Section 5. The Closing. At 8:00 a.m., California time, on October __, 2016 or at such other time or on such other date as the Commission and the Representative may agree (the “Closing Date”), the Commission shall deliver, or cause to be delivered to the Underwriters, through the Fast Automated Securities Transfer (“FAST”) delivery system of The Depository Trust Company (“DTC”), the Bonds in book entry eligible form, duly executed and authenticated, and registered in the name of Cede & Co., as nominee of DTC. Concurrently with the delivery of the Bonds to the Underwriters, the Commission will deliver the documents hereinafter mentioned at the offices of Norton Rose Fulbright US LLP (together with Curlls Bartling P.C., “Co-Bond Counsel”), in San Francisco, California, or another place to be mutually agreed upon by the Commission and the Representative. The Underwriters shall accept such delivery and pay the purchase price for the Bonds set forth in Section 1 by federal funds wire transfer in immediately available funds to the order of the Trustee for the account of the Commission. This payment for and delivery of the Bonds, together with the delivery of the aforementioned documents, is herein called the “Closing.” The Representative shall order CUSIP identification numbers and the Commission shall cause such CUSIP identification numbers to be printed on the Bonds; provided, that neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriters to accept the Bonds. The Bonds shall be made available to the Trustee at least two (2) business days prior to the Closing.

Section 6. Representations, Warranties, and Agreements of the Commission. The Commission represents, warrants and agrees with the Underwriters as follows:

(a) *Due Organization, Existence and Authority.* The Commission is a duly constituted public commission of the City and County of San Francisco duly organized and validly existing pursuant to its Charter and the Constitution and laws of the State, with full authority to: (i) adopt the Commission Resolution; (ii) execute and deliver the Master Indenture, the Twenty-First Supplemental Indenture, the Twenty-Second Supplemental Indenture, the Continuing Disclosure Certificate, the Escrow Agreement (the “Escrow Agreement”), dated as of October 1, 2016, between the Commission and U.S. Bank National Association, as escrow agent (the “Escrow Agent”) and this Purchase Contract; (iii) approve the Official Statement and authorize its distribution by the Underwriters; and (iv) sell and deliver the Bonds to the Underwriters as provided herein.

(b) *Accuracy and Completeness of the Preliminary Official Statement and Official Statement.* The information with respect to the Commission, its activities and the Water Enterprise as described in the Preliminary Official Statement, as supplemented and amended through the date hereof was, and such information in the Official Statement, as of its date and at all times subsequent thereto up to and including the date of the Closing, will be, true and correct in all material respects, contains and will contain no misstatement of any material fact, and did not and will not omit any statement and information that is necessary to make the statements and information with respect to the Commission, its activities and the Water Enterprise contained therein, in the light of the circumstances under which such statements were made, not misleading in any material respect, excluding in each case any information contained in the Preliminary Official Statement and the Official Statement

relating to (i) the offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, or other terms of the Bonds depending on such matters, (ii) DTC and the book entry only system, and (iii) information provided by the Underwriters for inclusion in the Official Statement, including without limitation information regarding the prices and yields of the Bonds and under the caption “UNDERWRITING.”

(c) *Amendment to Official Statement.* If, at any time prior to the End of the Underwriting Period (as defined below), an event occurs or facts or conditions become known of which the Commission has knowledge, which in the reasonable opinion of Co-Bond Counsel, General Counsel to the Commission or the City Attorney might or would cause the information in the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Commission will notify the Representative, and if in the reasonable opinion of the Representative and the Commission, such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the Commission will amend or supplement the Official Statement in a form and in a manner reasonably approved by the Representative and the Commission, provided all expenses incurred in connection with preparing an amendment or supplement to the Official Statement will be paid by the Commission. As used herein and for the purposes of the foregoing, the term “End of the Underwriting Period” for the Bonds shall refer to the Closing, unless the Commission shall have been notified in writing to the contrary by the Representative on or prior to the Closing, but in any event not later than the date twenty-five (25) days following the Closing. For the purposes of this subsection, the Commission will furnish such information as the Representative may from time to time reasonably request in writing prior to the End of the Underwriting Period.

(d) *No Breach or Default.* As of the time of acceptance hereof and as of the Closing Date and except as otherwise disclosed in the Official Statement, neither the execution nor the delivery by the Commission of the Indenture, the Continuing Disclosure Certificate or this Purchase Contract, the adoption of the Commission Resolution, or the compliance by the Commission with such documents or authorizations, conflicts with or constitutes a material breach of, or default under, any applicable law or administrative regulation of the State or the United States, or any other statute or administrative rule or regulation, judgment, decree, order, license, permit, agreement or instrument to which the Commission is subject, which breach, default or conflict would have a material adverse effect on the ability of the Commission to pay the Bonds or perform its obligations under the Indenture, the Continuing Disclosure Certificate or this Purchase Contract.

(e) *No Other Bond Issues or Debt.* Between the time of acceptance hereof and the Closing Date, the Commission will not, without prior notice to the Representative, issue any bonds or securities or incur any other indebtedness secured by the Revenues.

(f) *No Litigation.* As of the date hereof and as of the Closing Date, and except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Commission, threatened against the Commission:

(i) affecting the existence of the Commission or the titles of its officers to their respective offices; (ii) seeking to restrain or to enjoin the sale or delivery of the Bonds or the application of the proceeds therefrom in accordance with the Indenture or the Escrow Agreement; (iii) in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, the Continuing Disclosure Certificate or the Escrow Agreement or any action of the Commission authorizing the issuance, execution or delivery thereof; (iv) in any way contesting the completeness or accuracy of the Official Statement or any amendment or supplement thereto; or (v) contesting the powers of the Commission with respect to the Bonds or any action of the Commission authorizing the issuance, execution or delivery thereof, nor to the knowledge of the Commission, as evidenced by the representative of the Commission signing this Purchase Contract, is there any basis therefor. As of the date hereof and as of the Closing Date, and except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Commission, threatened against the Commission in which a final adverse decision would materially and adversely affect the operations of the Water Enterprise, Net Revenues or the consummation of the transactions contemplated by this Purchase Contract or contesting in any way the completeness, accuracy or fairness of the Official Statement.

(g) *Further Cooperation; Blue Sky.* The Commission will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Representative may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate; provided, however, that the Commission will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction.

(h) *Continuing Disclosure.* During the past five years, the Commission has complied in all material respects with its prior continuing disclosure undertakings under Rule 15c2-12.

(i) *Financial Statements.* No consent of KPMG LLP is required for inclusion of the independent auditors report with respect to the financial statements of the Commission for the year ended June 30, 2015 in the Preliminary Official Statement or the Official Statement.

Section 7. Representations, Warranties and Agreements of the Underwriters. The Underwriters represent, warrant and agree with the Commission that:

(a) The Representative has been duly authorized to enter into this Purchase Contract.

(b) The Underwriters shall comply with the San Francisco Business Tax Ordinance and shall, if not otherwise exempt from such ordinance, provide to the Commission a Business Tax Registration Certificate on or prior to the date hereof.

(c) The Underwriters shall comply with all SEC and MSRB rules applicable to the offering, sale and delivery of the Bonds to ultimate purchasers.

(d) The Underwriters shall comply with the Commission's policy and practice that the Commission shall not pay, and the Underwriters shall not pass through to the Commission, any fees that are assessed on the Underwriters as part of the Governmental Accounting Standards Board fee, as well as the MSRB Underwriting and Transaction Assessment, the SIFMA Municipal Assessment or any other industry related fees that are required to be paid solely by the Underwriters.

Section 8. Closing Conditions. The Underwriters have authorized the Representative to enter into this Purchase Contract in reliance upon the representations, warranties and agreements herein and the performance by the Commission of its obligations hereunder, both as of the date hereof and as of the Closing Date. The obligations of the Underwriters under this Purchase Contract are and shall be subject to the following conditions:

(a) *Bring Down Representation.* The representations and warranties of the Commission contained herein shall be true, accurate and correct in all material respects at the date hereof, and on the Closing Date, as if made on the Closing Date.

(b) *Executed Documents and Performance Thereunder.* At the time of the Closing: (i) the Indenture, the Continuing Disclosure Certificate, the Escrow Agreement, this Purchase Contract and the Official Statement shall be in full force and effect, and shall not have been amended, modified or supplemented except with the consent of the Representative (which consent will not be unreasonably withheld); and (ii) the Commission shall perform or have performed all of its obligations required under or specified in this Purchase Contract, the Official Statement, the Indenture, the Continuing Disclosure Certificate and the Escrow Agreement to be performed prior to the Closing.

(c) *No Default.* At the time of the Closing, no default shall have occurred or be existing under the Indenture, the Continuing Disclosure Certificate, the Escrow Agreement or this Purchase Contract.

(d) *Termination Events.* The Representative may terminate this Purchase Contract by notification in writing to the Commission, but only after consultation with the Commission, if, at any time on or prior to the Closing, any of the following occurs and, as a result of the occurrence of such an event, the marketability of the Bonds or the market price thereof, in the reasonable opinion of the Representative, after consultation with the Commission, would be materially adversely affected; provided, however, that, in the event the Commission and the Representative disagree as to the effect of the occurrence of such event on the ability of the Underwriters to market the Bonds, this Purchase Contract may only be terminated by the Representative after the Representative and the Commission shall have negotiated in good faith to determine if there is an alternate time, place and manner which would permit the Underwriters to successfully market the Bonds:

(i) any event shall occur which makes untrue any statement or results in an omission to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading and the Commission fails to amend or supplement the Official Statement pursuant to Section 6(c) hereof; or

(ii) an amendment to the Constitution of the United States or the Constitution of the State or legislation in or by the Congress of the United States or the legislature of the State, or the amendment of legislation pending as of the date of this Purchase Contract in the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority or the occurrence of any other comparable legislative or regulatory event affecting the federal or State tax status of the interest on the Bonds or bonds or obligations of the general character of the Bonds; provided, that the occurrence of any such event shall not constitute a termination event hereunder if the prospect of such constitutional, legislative, regulatory or judicial action or enactment shall have been publicly known on the date hereof; or

(iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State shall be rendered; or

(iv) a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture need be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(v) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, to the effect that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended and as then in effect; or

(vi) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in the United States in securities generally by any governmental authority or by any national securities exchange; or

(vii) a general banking moratorium shall have been declared by federal, State or State of New York authorities or a disruption in securities settlement, payment or clearance services has occurred; or

(viii) the ratings on the Bonds or any other debt obligations secured by Revenues of the Water Enterprise shall have been downgraded or withdrawn subsequent to the date of this Purchase Contract by one of the rating agencies rating the Bonds or such other debt obligations; or

(ix) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national or international emergency or war or other calamity or crisis.

The termination of this Purchase Contract pursuant to this Section 8(d) by the Representative with respect to the Bonds shall not prohibit the Commission from selling such Bonds to any other underwriters.

(e) *Closing Documents.* At or prior to the Closing, the Representative shall receive with respect to the Bonds (unless the context otherwise indicates) the following documents, in each case satisfactory in form and substance to the Representative:

(1) *Approving Authorizations.* Certified copies of the Commission Resolution and the City Resolution.

(2) *Bond Documents.* Executed originals of the Master Indenture, the Twenty-First Supplemental Indenture, the Twenty-Second Supplemental Indenture, the Continuing Disclosure Certificate, the Escrow Agreement and this Purchase Contract.

(3) *Final Opinion.* An approving opinion or opinions of Co-Bond Counsel, dated the Closing Date, and substantially in the form attached to the Official Statement, and a letter of such counsel addressed to the Representative to the effect that such opinion may be relied upon by the Underwriters to the same extent as if it had been addressed to them.

(4) *Supplemental Opinion.* A supplemental opinion or opinions of Co-Bond Counsel addressed to the Commission and the Representative, dated the Closing Date, to the following effect:

(i) The statements contained in the Official Statement under the captions “THE 2016 [SUB-SERIES] A BONDS,” “[THE 2016 SUB-SERIES B BONDS,]” “SECURITY FOR THE BONDS,” “TAX MATTERS,” Appendix A—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” and Appendix E—“PROPOSED FORM OF OPINION OF CO-BOND COUNSEL,” insofar as such statements purport to summarize certain provisions of the Bonds, the Indenture, and the opinion of Co-Bond Counsel with respect to the exclusion from gross income of interest on the Bonds for federal income tax purposes are accurate in all material respects.

(ii) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

(iii) This Purchase Contract, the Master Indenture, the Twenty-First Supplemental Indenture, the Twenty-Second Supplemental Indenture, the Continuing Disclosure Certificate and the Escrow Agreement have each been duly authorized, executed and delivered by the Commission and constitute the valid, legal and binding agreements of the Commission, each enforceable in accordance with its respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar laws affecting enforcement of creditors' rights, by the application of equitable principles if equitable remedies are sought and limitations on the enforcement of legal remedies against public agencies in the State.

(5) *Disclosure Counsel Opinion as to Official Statement.* An opinion of Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the Commission, addressed to the Commission and the Representative, dated the Closing Date, to the effect that, on the date of the Official Statement and as of the Closing Date, while such counsel is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement, based upon such counsel's participation in conferences during which the contents of the Official Statement were discussed, and in reliance thereon, on oral and written statements and representations of the Commission and others and on the records documents, certificates, opinions and matters therein mentioned, during the course of such counsel's role as Disclosure Counsel, no facts came to the attention of the attorneys at such counsel's firm rendering legal services in connection with such role which caused such counsel to believe that the Official Statement (except for any CUSIP numbers, the financial, accounting, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about feasibility, valuation, appraisals, absorption, real estate or environmental matters, any management discussions and analysis, information under the captions "TAX MATTERS", "LITIGATION", "RATINGS" and "UNDERWRITING", Appendices A, D, E, F & G thereto, or any information about book-entry, tax-exemption or other matters, The Depository Trust Company included or referred to therein or omitted therefrom, as to which no opinion or view need be expressed) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(6) *Certificate of the Commission.* A certificate of the Commission dated the Closing Date, signed on behalf of the Commission by an authorized officer of the Commission, to the effect that:

(i) The representations and warranties of the Commission contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date.

(ii) No event affecting the Commission has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the

Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(7) *Certificate of the Trustee and Escrow Agent.* A certificate of the Trustee and Escrow Agent, dated the Closing Date, to the effect that:

(i) The Trustee is a national banking association organized and existing under the laws of the United States of America and has full power and is qualified to accept and comply with the terms of the Indenture and the Escrow Agreement and to perform its obligations thereunder.

(ii) The Trustee has accepted the duties and obligations imposed on it by the Indenture and the Escrow Agreement.

(iii) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the consummation by the Trustee of the transactions contemplated by the Indenture or the Escrow Agreement to be undertaken by the Trustee.

(iv) Compliance with the terms of the Indenture and the Escrow Agreement will not conflict with, result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or, to the best knowledge of the Trustee, after reasonable investigation, any law, rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any federal or state securities or Blue Sky laws or regulations).

(v) To the knowledge of the Trustee after due inquiry, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body served on or threatened against or affecting the existence of the Trustee, or in any way contesting or affecting the validity or enforceability of the Indenture, the Escrow Agreement or the Bonds, or contesting the powers of the Trustee or its authority to enter into and perform its obligations under the Indenture, the Escrow Agreement or the Bonds, wherein an unfavorable decision, ruling or finding would adversely affect the validity of the Bonds or the Indenture.

(8) *Trustee and Escrow Agent's Counsel Opinion.* An opinion of counsel to the Trustee and Escrow Agent addressed to the Commission and the Representative, dated the Closing Date, to the effect that:

(i) The Trustee is a national banking association with trust powers, duly organized and validly existing and in good standing under the laws of the United States of America, having the legal authority to exercise trust powers in the State.

(ii) The Trustee has full legal power and adequate corporate authority to accept the duties and obligations imposed on it by the Indenture and the Escrow Agreement and to authenticate the Bonds and the full legal power and authority to own its properties and to carry on its business.

(iii) The Bonds have been duly authenticated by the Trustee.

(iv) No consent, approval, authorization or order of any court, regulatory authority or governmental body is required for the valid authorization, execution and delivery of the Indenture or the Escrow Agreement and the authentication of the Bonds or the consummation by the Trustee of the transactions contemplated in the Indenture or the Escrow Agreement except such as have been obtained and except such as may be required under the state securities or Blue Sky laws in connection with the purchase and distribution of the Bonds by the Underwriters.

(v) Trustee's acceptance of its duties under the Indenture and the Escrow Agreement and the authentication of the Bonds by the Trustee and performance by the Trustee of its obligations thereunder will not conflict with or result in a breach of any of the terms, conditions or provisions of its Articles of Association or Bylaws or any other agreement or instrument to which the Trustee is a party or by which it is bound or any other existing law, regulation, court order or consent decree to which the Trustee is subject or constitute a default thereunder.

(vi) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the Trustee affecting the existence of the Trustee or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the authentication of the Bonds by the Trustee, or contesting the powers of the Trustee or its authority to perform its obligations under the Indenture, the Escrow Agreement or the Bonds.

(9) *Tax Certificate.* Tax Certificate of the Commission, dated the Closing Date, in form satisfactory to Co-Bond Counsel.

(10) *California Debt and Investment Advisory Commission Filings.* Copies of the Report of Proposed Debt Issuance and Report of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the Government Code and Section 8855(g) of the Government Code.

(11) *Continuing Disclosure Certificate.* An executed copy of the Continuing Disclosure Certificate in substantially the form attached to the Official Statement as Appendix F.

(12) *Rating Letters for the Bonds.* Rating letters of Moody's Investors Service and Standard & Poor's Ratings Services, a Standard & Poor's Financial

Services LLC business, evidencing that such rating agencies have assigned their municipal bond ratings of “___” and “___,” respectively.

(13) *Opinion of the City Attorney.* An opinion of the City Attorney addressed to the Representative, dated the Closing Date, in form satisfactory to the Representative.

(14) *Blue Sky Memorandum.* A copy of the Blue Sky Memorandum with respect to the Bonds, prepared by Stradling Yocca Carlson & Rauth, a Professional Corporation, counsel to the Underwriters (“Underwriters’ Counsel”).

(15) *Negative Assurances Letter of the Underwriters’ Counsel.* The negative assurances letter of Underwriters’ Counsel, dated the Closing Date and addressed to the Representative, to the effect that: (a) the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended, and the Continuing Disclosure Certificate satisfies paragraph (b)(5) of Rule 15c2-12; and (b) without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement and based upon the information made available to them in the course of their participation in the preparation of the Official Statement as counsel for the Underwriters, nothing has come to their attention which would cause them to believe that the Preliminary Official Statement, as of the date of this Purchase Contract, or the Official Statement, as of the date thereof and as of the Closing Date, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that no opinion need be expressed with respect to the financial statements and the statistical data included in the Official Statement, and the Appendices thereto, and information regarding DTC and its book-entry only system.

(16) *Defeasance Opinion.* An opinion or opinions of Co-Bond Counsel addressed to the Commission and the Representative, dated the Closing Date, with respect to the defeasance of the Refunded Bonds in form satisfactory to the Representative.

(17) *Verification Report.* An executed copy of the verification report of Causey Demgen & Moore, P.C., Denver, Colorado, in form and substance satisfactory to the Representative.

(18) *Additional Documents.* Such legal opinions, additional certificates, instruments and other documents as the Representative, Co-Bond Counsel or the City Attorney may reasonably deem necessary to evidence the truth and accuracy as of the time of the Closing of the representations of the Commission and the due performance or satisfaction by the Commission at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Commission.

If the Commission shall be unable to satisfy the conditions contained in this Purchase Contract, or if the obligations of the Underwriters shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and the Underwriters and the Commission shall not be under further obligation hereunder, except as further set forth in Section 10 hereof.

Section 9. Good Faith Deposit. To secure the Commission from any loss resulting from the failure of the Underwriters to accept delivery of and pay the purchase price for the Bonds pursuant to the terms of this Purchase Contract, the Underwriters agree to deliver to or to the order of the Commission, concurrently with the execution and delivery of this Purchase Contract, either an official bank check (which may be deposited by the Commission upon receipt) or a federal funds wire transfer in the amount of \$_____ (the "Good Faith Deposit"). At the Closing, the Good Faith Deposit will be applied towards and deducted from the aggregate net purchase price for the Bonds as provided in Section 1 of this Purchase Contract. If the Underwriters fail to pay the purchase price in full upon tender of the Bonds (other than for a reason permitted under Section 8 hereof), the Commission may retain such Good Faith Deposit as and for liquidated damages for such failure by the Underwriters. In such circumstance, the Underwriters will have no right to recover the Good Faith Deposit or to any allowance or credit therefor. Retaining the Good Faith Deposit shall constitute the Commission's sole and exclusive remedy and full liquidated damages for the Underwriters' failure (other than for a reason expressly set forth herein) to purchase and accept delivery of the Bonds pursuant to the terms of this Purchase Contract and the Underwriters shall be released and discharged from any and all claims for damages by the Commission against the Underwriters related to such failure and any other defaults by Underwriters hereunder. The Underwriters and the Commission hereby acknowledge and agree that the amount fixed pursuant to this Section for liquidated damages does not constitute a penalty and is a reasonable estimate of the damages that the Commission would sustain in the event of the Underwriters' failure to purchase and to accept delivery of the Bonds on the Closing Date pursuant to the terms of this Purchase Contract. Said amount is agreed upon and fixed as liquidated damages because of the difficulty of ascertaining as of the date hereof the actual amount of damages that would be sustained in such event. If the Commission fails to deliver the Bonds on the Closing Date pursuant to this Purchase Contract, or if the conditions to the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds as set forth in this Purchase Contract shall not be satisfied (unless waived in writing by the Representative pursuant to this Purchase Contract), or if this Purchase Contract is terminated for a reason set forth in Section 8 hereof, the Commission shall promptly return or cause the return of the Good Faith Deposit to the Representative. Upon such return of the Good Faith Deposit to the Representative, this Purchase Contract shall terminate, and neither party shall have any further obligations hereunder.

Section 10. Expenses.

(a) *Commission.* The Commission shall pay or cause to be paid (but solely from the proceeds of the Bonds and not otherwise) the expenses incident to the performance of the obligations of the Commission hereunder, including but not limited to: (1) the cost of printing of the Preliminary Official Statement and the final Official Statement in reasonable quantities and all other documents prepared in connection with the transactions contemplated hereby; (2) the fees and disbursements of the Trustee and counsel to the Trustee in connection with the issuance of the Bonds; (3) the fees and disbursements of Co-Bond Counsel, Disclosure Counsel and Montague DeRose and Associates, LLC and Backstrom McCarley Berry & Co., LLC, as Co-Municipal Advisors to the Commission, and

any other experts or consultants retained by the Commission in connection with the transactions contemplated hereby; and (4) the costs related to obtaining ratings.

(b) *Underwriters.* The Underwriters shall pay: (1) the cost of preparation and printing of Blue Sky and Legal Investment Memoranda, if any, to be used by it; (2) all advertising expenses in connection with the public offering of the Bonds; (3) California Debt and Investment Advisory Commission fees; and (4) all other expenses incurred by the Underwriters in connection with its public offering and distribution of the Bonds, including, without limitation, any experts or other consultants hired or retained by the Underwriters, including Underwriters' Counsel, the fees and charges of the CUSIP Bureau, and the MSRB and the California Debt and Investment Advisory Commission. Certain expenses of the Underwriters may be included in the expense component of the Underwriters' discount.

Section 11. City Contracting Requirements. The provisions set forth in Appendix A, attached hereto, are incorporated herein by this reference.

Section 12. Notices. Any notice or other communication to be given under this Purchase Contract to the Commission, to the Representative or to the Underwriters may be given by delivering the same in writing at the addresses set forth below:

If to the Commission:

Public Utilities Commission of the
City and County of San Francisco
525 Golden Gate Avenue, 13th Floor
San Francisco, California 94102
Attention: Chief Financial Officer
Telephone: (415) 554-3155
Fax: (415) 554-3161

With a copy to:

City and County of San Francisco
Office of Public Finance
City Hall, Room 336
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Telephone: (415) 554 5956
Fax: (415) 554 4864

If to the Representative or the Underwriters:

J.P. Morgan Securities LLC
560 Mission Street, Floor 03
San Francisco, CA 94105
Telephone: (415) 315-7785
Attention: Alex Burnett

Section 13. Entire Agreement. This Purchase Contract, when accepted by the Commission, shall constitute the entire agreement between the Commission and the Underwriters and is made solely for the benefit of the Commission and the Underwriters (including the successors or assigns of any Underwriters with the consent of the Commission) and no other person shall acquire or have any right hereunder by virtue hereof. All of the Commission's representations, covenants and agreements in this Purchase Contract shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the Underwriters, (b) delivery of and payment for the Bonds hereunder, and (c) any termination of this Purchase Contract.

Section 14. Counterparts. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. This Purchase Contract may be signed in counterparts, and upon delivery to the other party of such signed Purchase Contract, which delivery may be by facsimile transmission, shall constitute the binding agreement of each party to this Purchase Contract.

Section 15. Mutual Reliance on Representations and Warranties. The Commission hereby acknowledges that the Underwriters, in causing this Purchase Contract to be executed by the Representative and in paying for the Bonds as provided herein, is relying upon the representations of the Commission set forth herein. The Underwriters hereby acknowledge that the Commission, in executing this Purchase Contract and issuing the Bonds described herein, is relying upon the representations and warranties of the Underwriters set forth herein.

Section 16. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, but this Purchase Contract shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 17. State of California Law Governs. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State of California. This Purchase Contract shall be enforceable in the State of California, and any action arising out of this Purchase Contract shall be filed with and maintained in City and County of San Francisco Superior Court, San Francisco, California; provided, that the Commission may waive the requirement of venue.

Section 18. Limited Liability. The obligations and liabilities of the Commission hereunder are limited obligations of the Commission payable solely from Revenues as defined and set forth in the Indenture. None of the Commissioners, the officers or employees of the Commission, or any person executing this Purchase Contract shall be liable personally for the obligations of the Commission hereunder or be subject to any personal liability or accountability by reason of the execution hereof. Neither of the faith and credit nor the taxing power of the State or any political subdivision thereof, including the City, is pledged to the obligations of the Commission hereunder.

Section 19. No Fiduciary or Advisory Role; Arm's Length Transaction. The Underwriters and the Commission acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between Commission, on the one hand, and the Underwriters, on the other hand, (ii) in connection with such transaction, each Underwriter is acting solely as a principal and not as a municipal advisor, a financial advisor, or a fiduciary of the Commission, and may have financial and other interests that differ from those of the Commission, (iii) the Underwriters have not assumed a fiduciary responsibility in favor of the Commission with respect to the offering of the Bonds or the discussions, undertakings and procedures leading thereto (whether or not any Underwriter, or any affiliate of an Underwriter, has provided or is currently providing services or advice to Commission on other matters), and (iv) the Commission and the Underwriters have consulted with their respective legal, financial and other advisors to the extent they deemed appropriate in connection with the offering of the Bonds. The Underwriters are not acting as Municipal Advisors to the Commission (as defined in Section 15B of the Exchange Act of 1934, as amended) in connection with the matters contemplated by this Purchase Contract.

Very truly yours,

J.P. MORGAN SECURITIES LLC,
as Representative

By: _____
Authorized Officer

Accepted as of the date first stated above:

PUBLIC UTILITIES COMMISSION OF THE
CITY AND COUNTY OF SAN FRANCISCO

By: _____
General Manager

Approved as to Form:

DENNIS J. HERRERA
City Attorney

By: _____
Mark D. Blake, Deputy City Attorney

SCHEDULE I

ADDITIONAL UNDERWRITERS

1. Wells Fargo Bank, National Association
2. Citigroup Global Markets Inc.
3. Siebert Brandford Shank & Co., LLC
4. US Bancorp

SCHEDULE II
TO THE PURCHASE CONTRACT
MATURITY SCHEDULE

\$ _____

2016 Sub-Series A Bonds

<u>Maturity Date</u> <u>(____ 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>
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2016 Sub-Series B Bonds

<u>Maturity Date</u> <u>(____ 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>
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APPENDIX A

CITY CONTRACTING PROVISIONS

The following provisions shall apply to this Purchase Contract as if set forth in the text thereof. The Representative and each underwriter listed in Schedule 1 to this Purchase Contract shall each execute a substantially similar version of this Appendix A. The term “Underwriter” as used in this Appendix shall refer to the Representative or the underwriter executing an Appendix A to this Purchase Contract, individually and not severally.

Capitalized terms used but not defined in this Appendix shall have the meanings given in this Purchase Contract.

1. Conflict of Interest. Through its execution of this Purchase Contract, Underwriter acknowledges that it is familiar with the provision of Section 15.103 of the City’s Charter, Article III, Chapter 2 of City’s Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Purchase Contract.

2. Proprietary or Confidential Information of City. Underwriter understands and agrees that, in the performance of the work or services under this Purchase Contract or in contemplation thereof, Underwriter may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. Underwriter agrees that all information disclosed by City to Underwriter shall be held in confidence and used only in performance of the Purchase Contract. Underwriter shall exercise the same standard of care to protect such information as a reasonably prudent Underwriter would use to protect its own proprietary data.

3. Local Business Enterprise Utilization; Liquidated Damages.

a. **The LBE Ordinance.** Underwriter shall comply with all the requirements of the Local Business Enterprise and Non-Discrimination in Contracting Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the “LBE Ordinance”), provided such amendments do not materially increase Underwriter’s obligations or liabilities, or materially diminish Underwriter’s rights, under this Purchase Contract. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Purchase Contract as though fully set forth in this section. Underwriter’s willful failure to comply with any applicable provisions of the LBE Ordinance is a material breach of Underwriter’s obligations under this Purchase Contract and shall entitle City, subject to any applicable notice and cure provisions set forth in this Purchase Contract, to exercise any of the remedies provided for under this Purchase Contract, under the LBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Purchase Contract expressly provides that any remedy is exclusive. In addition, Underwriter shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

b. **Enforcement.** If Underwriter willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Purchase Contract pertaining to LBE participation, Underwriter shall be liable for liquidated damages in an amount equal to Underwriter’s net profit on this Purchase Contract, or 10% of the

total amount of this Purchase Contract, or \$1,000, whichever is greatest. The Director of the City's Contracts Monitoring Division or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the "Director of CMD") may also impose other sanctions against Underwriter authorized in the LBE Ordinance, including declaring the Underwriter to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Underwriter's LBE certification. The Director of CMD will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code §14B.17. By entering into this Purchase Contract, Underwriter acknowledges and agrees that any liquidated damages assessed by the Director of the CMD shall be payable to City upon demand. Underwriter further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Underwriter on any contract with City. Underwriter agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Purchase Contract, and shall make such records available for audit and inspection by the Director of CMD or the Controller upon request.

4. Nondiscrimination; Penalties.

a. **Underwriter Shall Not Discriminate.** In the performance of this Purchase Contract, Underwriter agrees not to discriminate against any employee, City and County employee working with such Underwriter or Subcontractor, applicant for employment with such Underwriter or Subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

b. **Subcontracts.** Underwriter shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and shall require all Subcontractors to comply with such provisions. Underwriter's failure to comply with the obligations in this subsection shall constitute a material breach of this Purchase Contract.

c. **Nondiscrimination in Benefits.** Underwriter does not as of the date of this Purchase Contract and will not during the term of this Purchase Contract, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

d. **Condition to Contract.** As a condition to this Purchase Contract, Underwriter shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contracts Monitoring Division (formerly 'Human Rights Commission').

e. **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section

by reference and made a part of this Purchase Contract as though fully set forth herein. Underwriter shall comply fully with and be bound by all of the provisions that apply to this Purchase Contract under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Underwriter understands that pursuant to §§12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Purchase Contract may be assessed against Underwriter and/or deducted from any payments due Underwriter.

5. MacBride Principles—Northern Ireland. Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this Purchase Contract on behalf of Underwriter acknowledges and agrees that he or she has read and understood this section.

6. Tropical Hardwood and Virgin Redwood Ban. Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco urges Underwriters not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

7. Drug-Free Workplace Policy. Underwriter acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Underwriter agrees that any violation of this prohibition by Underwriter, its employees, agents or assigns will be deemed a material breach of this Purchase Contract.

8. Resource Conservation. Chapter 5 of the San Francisco Environment Code (“Resource Conservation”) is incorporated herein by reference. Failure by Underwriter to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

9. Compliance with Americans with Disabilities Act. Underwriter acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a Underwriter, must be accessible to the disabled public. Underwriter shall provide the services specified in this Purchase Contract in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Underwriter agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Purchase Contract and further agrees that any violation of this prohibition on the part of Underwriter, its employees, agents or assigns will constitute a material breach of this Purchase Contract.

10. Sunshine Ordinance. In accordance with San Francisco Administrative Code §67.24(e), contracts, Underwriters’ bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization’s net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

11. Limitations on Contributions. Through execution of this Purchase Contract, Underwriter acknowledges that it is familiar with section 1.126 of the City’s Campaign and Governmental

Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Underwriter acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Underwriter further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Underwriter's board of directors; Underwriter's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Underwriter; any Subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Underwriter. Additionally, Underwriter acknowledges that Underwriter must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Underwriter further agrees to provide to City the names of each person, entity or committee described above.

12. Requiring Minimum Compensation for Covered Employees.

a. Underwriter agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Sections 12P.5 and 12P.5.1 of Chapter 12P are incorporated herein by reference and made a part of this Purchase Contract as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco. A partial listing of some of Underwriter's obligations under the MCO is set forth in this Section. Underwriter is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

b. The MCO requires Underwriter to pay Underwriter's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and Underwriter is obligated to keep informed of the then-current requirements. Any subcontract entered into by Underwriter shall require the Subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is Underwriter's obligation to ensure that any Subcontractors of any tier under this Purchase Contract comply with the requirements of the MCO. If any Subcontractor under this Purchase Contract fails to comply, City may pursue any of the remedies set forth in this Section against Underwriter.

c. Underwriter shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

d. Underwriter shall maintain employee and payroll records as required by the MCO. If Underwriter fails to do so, it shall be presumed that the Underwriter paid no more than the minimum wage required under State law.

e. The City is authorized to inspect Underwriter's job sites and conduct interviews with employees and conduct audits of Underwriter.

f. Underwriter's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Purchase Contract. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Underwriter fails to comply with these requirements. Underwriter agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for Underwriter's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

g. Underwriter understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Purchase Contract for violating the MCO, Underwriter fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Underwriter fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

h. Underwriter represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

i. If Underwriter is exempt from the MCO when this Purchase Contract is executed because the cumulative amount of Purchase Contracts with this department for the fiscal year is less than \$25,000, but Underwriter later enters into a Purchase Contract or Purchase Contracts that cause Underwriter to exceed that amount in a fiscal year, Underwriter shall thereafter be required to comply with the MCO under this Purchase Contract. This obligation arises on the effective date of the Purchase Contract that causes the cumulative amount of Purchase Contracts between the Underwriter and this department to exceed \$25,000 in the fiscal year.

13. Requiring Health Benefits for Covered Employees.

Underwriter agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of section 12Q.5.1 of Chapter 12Q are incorporated by reference and made a part of this Purchase Contract as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. Capitalized terms used in this Section and not defined in this Purchase Contract shall have the meanings assigned to such terms in Chapter 12Q.

a. For each Covered Employee, Underwriter shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Underwriter chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

b. Notwithstanding the above, if the Underwriter is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with part (a) above.

c. Underwriter's failure to comply with the HCAO shall constitute a material breach of this Purchase Contract. City shall notify Underwriter if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Purchase Contract for violating the HCAO, Underwriter fails to cure such breach or, if such breach cannot reasonably be cured within

such period of 30 days, Underwriter fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

d. Any Subcontract entered into by Underwriter shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Underwriter shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Underwriter shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Underwriter based on the Subcontractor's failure to comply, provided that City has first provided Underwriter with notice and an opportunity to obtain a cure of the violation.

e. Underwriter shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Underwriter's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

f. Underwriter represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

g. Underwriter shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.

h. Underwriter shall keep itself informed of the current requirements of the HCAO.

i. Underwriter shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

j. Underwriter shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten business days to respond.

k. Underwriter shall allow City to inspect Underwriter's job sites and have access to Underwriter's employees in order to monitor and determine compliance with HCAO.

l. City may conduct random audits of Underwriter to ascertain its compliance with HCAO. Underwriter agrees to cooperate with City when it conducts such audits.

m. If Underwriter is exempt from the HCAO when this Purchase Contract is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Underwriter later enters into a Purchase Contract or Purchase Contracts that cause Underwriter's aggregate amount of all Purchase Contracts with City to reach \$75,000, all the Purchase Contracts shall be thereafter subject to the HCAO. This obligation arises on the effective date of the Purchase Contract that causes the cumulative amount of Purchase Contracts between Underwriter and the City to be equal to or greater than \$75,000 in the fiscal year.

14. Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, Underwriter may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, “Political Activity”) in the performance of the services provided under this Purchase Contract. Underwriter agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City’s Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event Underwriter violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Purchase Contract, and (ii) prohibit Underwriter from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider Underwriter’s use of profit as a violation of this section.

15. Preservative-treated Wood Containing Arsenic. Underwriter may not purchase preservative-treated wood products containing arsenic in the performance of this Purchase Contract unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term “preservative-treated wood containing arsenic” shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Underwriter may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Underwriter from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term “saltwater immersion” shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

16. Compliance with Laws. Underwriter shall keep itself fully informed of the City’s Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Purchase Contract, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

17. Protection of Private Information. Underwriter has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, “Nondisclosure of Private Information,” and 12M.3, “Enforcement” of Administrative Code Chapter 12M, “Protection of Private Information,” which are incorporated herein as if fully set forth. Underwriter agrees that any failure of Underwriter to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of the Contract. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Contract, bring a false claim action against the Underwriter pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Underwriter.

18. Food Service Waste Reduction Requirements. Underwriter agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Purchase Contract as though fully set forth. This provision is a material term of this Purchase Contract. By entering into this Purchase Contract, Underwriter agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Underwriter agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the

same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Purchase Contract was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Underwriter's failure to comply with this provision

19. Submitting False Claims; Monetary Penalties. Pursuant to San Francisco Administrative Code §21.35, any Underwriter, Subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A Underwriter, Subcontractor or consultant will be deemed to have submitted a false claim to the City if the Underwriter, Subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

APPENDIX B

**CERTIFICATE OF THE UNDERWRITERS
REGARDING INITIAL REOFFERING PRICES**

**SAN FRANCISCO WATER
REVENUE BONDS
2016 SERIES AB
2016 SUB-SERIES A
(REFUNDING)**

**SAN FRANCISCO WATER
REVENUE BONDS
2016 SERIES AB
2016 SUB-SERIES B
(REFUNDING)**

This certificate is being delivered by J.P. Morgan Securities LLC, as representative (the “Representative”) of itself and certain additional underwriters (collectively, the “Underwriters”) listed in Schedule I to the Bond Purchase Contract, dated September __, 2016 between the Underwriters and Public Utilities Commission of the City and County of San Francisco (the “Commission”) for the sale of \$_____ aggregate principal amount of (i) \$_____ Public Utilities Commission of the City and County of San Francisco, San Francisco Water Revenue Bonds, 2016 Series AB, made up of two sub-series: (i) \$_____ of “San Francisco Water Revenue Bonds, 2016 Sub-Series A (Refunding)” (“2016 Sub-Series A Bonds”), and (ii) \$_____ “San Francisco Water Revenue Bonds, 2016 Sub-Series B (Refunding)” (“2016 Sub-Series B Bonds,” together with the 2016 Sub-Series A Bonds the “Bonds”).

THE UNDERSIGNED HEREBY CERTIFY AS FOLLOWS:

1. The undersigned is the Representative of the Underwriters who purchased the Bonds. The undersigned is authorized to execute this certificate, which is based on one or more of (i) personal knowledge, (ii) inquiry deemed adequate by the undersigned and (iii) institutional knowledge regarding the matters set forth herein.

2. On September __, 2016 (the “Sale Date”), all of the Bonds have been the subject of a bona fide offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (the “Public”) pursuant to the Bond Purchase Contract, and on the Sale Date we reasonably expected that the first price at which at least 10% of the principal amount of each maturity for each sub-series of the Bonds would be initially sold to the Public would be the respective price for that maturity shown, as set forth in Schedule II hereto. The first price at which at least 10% of the principal amount of each maturity for each sub-series of the Bonds initially was sold to the Public was the respective price for that maturity shown on Schedule II hereto. For purposes of this certificate, we have assumed that the phrase “bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers” refers only to persons who, to our actual knowledge, are acting in such capacity.

3. We have no reason to believe that the prices shown on Schedule II hereto, in the opinion of the Representative, represent prices that are greater than the expected fair market value for all of the Bonds as of the Sale Date.

4. The Commission may rely on the foregoing representations in making its certification as to issue price of the Bonds under the Code, and Norton Rose Fulbright US LLP and Curls Bartling P.C., as co-bond counsel, may rely on the foregoing representations in rendering their opinion that interest on the Bonds is excluded from gross income for federal income tax purposes; provided, however, that nothing herein represents our interpretation of any laws, and in particular, regulations under section 148 of the Code.

September __, 2016

J.P. MORGAN SECURITIES LLC,

By: _____
Authorized Representative