

1 [2010 Water Revenue Bonds Issuance]

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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 a principal amount not to exceed \$1,310,307,119, to finance Projects that fall  
4 under the Commission’s Water System Improvement Program (“WSIP Projects”), which  
5 ordinance became effective on September 12, 2009; and

6           WHEREAS, on April 20, 2010, the Board passed Ordinance No. 89-10 (the “April 2010  
7 Ordinance” and together with the aforesaid Ordinance No. 189-09, the “Ordinances”)  
8 approving the issuance and sale of additional water revenue bonds by the Commission  
9 pursuant to Proposition E of 2002, in one or more series and on one or more dates, in an  
10 aggregate principal amount not to exceed \$1,737,724,022, including (i) \$1,647,249,182  
11 principal amount to finance WSIP Projects and associated financing costs, (ii) \$62,000,000  
12 principal amount to finance Projects relating to the Commission’s Advance Meter  
13 Infrastructure System (“AMI Projects”) and associated financing costs, and (iii) \$28,474,840  
14 principal amount to finance Projects other than WSIP Projects and AMI Projects (“Other CIP  
15 Projects” and together with the AMI Projects, “Non-WSIP Projects”) and associated financing  
16 costs, which ordinance becomes effective thirty (30) days following the execution thereof by  
17 the Mayor; and

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

22           WHEREAS, the Commission, pursuant to the terms of a resolution adopted by the  
23 Commission on April 27, 2010 (the “Resolution”), has authorized the issuance of its San  
24 Francisco Water Revenue Bonds in an aggregate principal amount not to exceed  
25 \$950,000,000, for the purpose of financing Projects, funding reserve funds (including the

1 replacement of existing reserve fund credit instruments) and paying costs of issuance and  
2 other incidental costs therefor, with the title and series designations to be determined by the  
3 General Manager of the Commission (the "New Money Bonds"); authorized the issuance of its  
4 San Francisco Water Revenue Refunding Bonds without limitation as to par amount, for the  
5 purpose of refunding outstanding water revenue bonds of the Commission, funding reserve  
6 funds and paying costs of issuance and other incidental costs therefor, with the title and series  
7 designations to be determined by the General Manager of the Commission, provided that the  
8 applicable requirements of the policies, procedures and Charter of the City are satisfied (the  
9 "Refunding Bonds" and together with the New Money Bonds, the "Bonds"); approved the form  
10 of one or more Supplemental Indentures (the "Supplemental Indentures"), by and between the  
11 Commission and U.S. Bank National Association, as trustee (the "Trustee"), which  
12 supplements the Amended and Restated Indenture dated as of August 1, 2002, as amended  
13 and supplemented (collectively with the Supplemental Indentures, the "Indenture") by and  
14 between the Commission and the Trustee; and authorized other related actions and matters;  
15 and,

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

18 RESOLVED by the Board of Supervisors of the City and County of San Francisco, as  
19 follows:

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

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

22 The Board hereby authorizes and approves the issuance by the Commission of New Money  
23 Bonds in an aggregate principal amount not to exceed \$950,000,000, in one or more series  
24 and on one or more dates, at a maximum rate or rates of interest not to exceed twelve percent  
25 per annum, provided that the authorization to issue New Money Bonds to finance Non-WSIP

1 Projects is subject to the effectiveness of the April 2010 Ordinance. The New Money Bonds  
2 may be issued as tax-exempt bonds, taxable bonds or Build America Bonds (as authorized by  
3 the American Recovery and Reinvestment Act of 2009), or any combination thereof, as the  
4 General Manager shall determine is in the best interest of the Commission.

5 The Board further authorizes and approves the issuance by the Commission of  
6 Refunding Bonds, without limitation as to principal amount, in one or more series and on one  
7 or more dates, at a maximum rate or rates of interest not to exceed twelve percent per  
8 annum, provided that each such Refunding Bond issue is permitted under the applicable  
9 policies and procedures of the City and authorized by either (A) Section 9.109 of the Charter  
10 or (B) Proposition E of 2002 (including related ordinances and resolutions of the Board), and  
11 provided further that the authorization to issue Refunding Bonds to refinance Non-WSIP  
12 Projects under the authority granted by Proposition E of 2002 is subject to the effectiveness of  
13 the April 2010 Ordinance. The Refunding Bonds shall be issued as tax-exempt bonds.

14 The forms of the Bonds, in substantially the forms presented to the Board, as set forth  
15 in the exhibits to the Supplemental Indentures, are hereby approved. The President or the  
16 General Manager of the Commission or the designee of either, and the Controller of the City  
17 or any deputy thereof, are hereby authorized and directed to approve and to execute the  
18 Bonds by manual or facsimile signature, with such changes, additions, amendments or  
19 modifications therein which he or she may approve with the advice of the City Attorney, such  
20 approval to be conclusively evidenced by the execution and delivery of the Bonds.

21 Section 3. Affirmation of Existing Bond Covenants. The Board hereby confirms  
22 Section 5.01(b) of the Indenture which sets forth the disposition of Revenues (as defined in  
23 the Indenture) applicable to the Bonds (as defined in the Indenture) and covenants with the  
24 holders of the Bonds that the Revenues shall be appropriated and expended as set forth in  
25 Section 5.01(b) of the Indenture. The Board also hereby declares that the City will comply

1 with all of the terms, provisions and covenants contained in the Indenture, as the same may  
2 be amended from time to time, including the covenants to establish, fix, prescribe and collect  
3 rates, fees and charges sufficient to enable the Commission to comply with the terms,  
4 conditions and covenants of the Indenture.

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

16 Section 5. Proposition P. Pursuant to Proposition P approved by the voters of the City  
17 in November 2002, this resolution and the Bonds are subject to, and incorporate by reference,  
18 the provisions of Section 5A.30 et seq. ("Revenue Bond Oversight Committee") of Chapter V  
19 of the San Francisco Administrative Code (the "Proposition P Requirements"). Pursuant to  
20 the Proposition P Requirements, to the extent permitted by law, one-twentieth of one percent  
21 of the gross proceeds of the Bonds shall be deposited in a fund established by the Controller's  
22 Office and appropriated at the direction of the Revenue Bond Oversight Committee for the  
23 purposes permitted by Proposition P; provided however that amounts deposited to the benefit  
24 of the Revenue Bond Oversight Committee shall expended within three years of the date of  
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1 deposit with the Controller and thereafter transferred to the Commission for deposit to the  
2 Improvement Fund or such other account under the Indenture, as permitted by applicable law.

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4 Section 6. Release of Project CUW 300 WSIP Reserve. In furtherance of the funding  
5 of the WSIP, the Board hereby releases the remaining balance held on reserve pursuant to  
6 Ordinance No. 311-08 for Project CUW 300 WSIP Financing Cost.

7 Section 7. General Authority. The Controller of the City, the Treasurer of the City, the  
8 City Attorney, and all other appropriate officers, employees, representatives and agents of the  
9 City are hereby authorized and directed to do everything necessary or desirable to provide for  
10 the issuance and security of the Bonds, including, but not limited to, executing and delivering  
11 such certificates and other documents as they may deem necessary or advisable, including  
12 without limitation any custody agreements required by the Trustee.

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14 APPROVED AS TO FORM:  
15 DENNIS J.HERRERA, City Attorney

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18 By: \_\_\_\_\_  
19 MARK D. BLAKE  
20 Deputy City Attorney