

1 [2006 Water Revenue Refunding Bonds Issuance]

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3 **Resolution approving the issuance of not to exceed \$50,000,000 aggregate principal**
4 **amount of San Francisco water revenue refunding bonds to be issued by the Public**
5 **Utilities Commission of the City and County of San Francisco; affirming covenants**
6 **contained in the indenture pursuant to which the water revenue refunding bonds are**
7 **issued; and authorizing the taking of appropriate actions in connection therewith; and**
8 **related matters.**

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10 WHEREAS, Pursuant to Section 9.109 of the Charter (the "Charter") of the City and
11 County of San Francisco (the "City"), the Board of Supervisors of the City (the "Board") is
12 authorized to provide for the issuance of revenue refunding bonds which are expected to
13 result in net debt service savings to the City on a present value basis, calculated as provided
14 by ordinance; and,

15 WHEREAS, In 1996, the Public Utilities Commission of the City and County of
16 San Francisco (the "Commission") issued \$131,470,000 of its San Francisco Water Revenue
17 Bonds, 1996 Series A (the "1996 Bonds"); and,

18 WHEREAS, In 2006, the Commission issued \$110,065,000 of its San Francisco Water
19 Revenue Bonds, 2006 Refunding Series B to refund certain of its outstanding water revenue
20 bonds, including a portion of the 1996 Bonds; and,

21 WHEREAS, The Commission, pursuant to the terms of Resolution No. 06-0074,
22 adopted by the Commission on May 9, 2006 (the "Resolution"), has authorized the issuance
23 of not to exceed \$50,000,000 aggregate principal amount of its San Francisco Water Revenue
24 Bonds, 2006 Refunding Series C (the "Refunding Bonds") for the purpose of refunding all or a
25 portion of the outstanding 1996 Bonds (the "Prior Bonds") as well as for the payment of costs

1 of issuance and other incidental costs therefor; and approved the form of a Second
2 Supplemental Indenture expected to be dated as of August 1, 2006 (the "Second
3 Supplemental Indenture"), by and between the Commission and U.S. Bank National
4 Association, as trustee (the "Trustee"), which supplements the Amended and Restated
5 Indenture dated as of August 1, 2002 by and between the Commission and the Trustee, as
6 amended and supplemented by the First Supplemental Indenture dated as of March 1, 2006
7 by and between the Commission and the Trustee (collectively with the Second Supplemental
8 Indenture, the "Indenture"); and other matters; and,

9 WHEREAS, The Resolution, among other things, provides that the issuance of the
10 Refunding Bonds must result in net debt service savings to the City on a present value basis,
11 and establishes a maximum rate of interest for the Refunding Bonds of twelve percent (12%)
12 per annum; now, therefore, be it

13 RESOLVED By the Board of Supervisors of the City and County of San Francisco, as
14 follows:

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

16 Section 2. Approval and Authorization of Water Revenue Refunding Bonds. The
17 Board hereby authorizes and approves the issuance by the Commission of the Refunding
18 Bonds in an aggregate principal amount not to exceed \$50,000,000 at a maximum rate or
19 rates of interest of not to exceed twelve percent per annum to provide funds to refund all or a
20 portion of the Prior Bonds. The form of the Refunding Bonds, in substantially the form
21 presented to the Board, as set forth in Exhibit K to the Second Supplemental Indenture, is
22 hereby approved. The Controller of the City or any deputy thereof is hereby authorized and
23 directed to approve and to execute the Refunding Bonds by manual or facsimile signature;
24 with such changes, additions, amendments or modifications therein which he or she may
25 deem necessary or desirable and as the City Attorney may require or approve, the approval of

1 such additions or changes to be conclusively evidenced by the execution and delivery of the
2 Refunding Bonds.

3 Section 3. Savings. Pursuant to Section 9.109 of the Charter, the Board hereby finds
4 that the Refunding Bonds are expected to result in net debt service savings to the City on a
5 present value basis.

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

14 Section 5. Proposition P. Pursuant to Proposition P approved by the voters of the City
15 in November 2002 and to the extent applicable for refunding bonds, this resolution and the
16 Refunding Bonds are subject to, and incorporate by reference, the provisions of Section 5A.30
17 et. seq. ("Public Utilities Revenue Bond Oversight Committee") of Chapter V of the San
18 Francisco Administrative Code

19 Section 6. General Authority. The Controller of the City, the Treasurer of the City, the
20 City Attorney, and all other appropriate officers, employees, representatives and agents of the
21 City are hereby authorized and directed to do everything necessary or desirable to provide for
22 the issuance and security of the Refunding Bonds, including, but not limited, executing and
23 delivering such certificates as they may deem necessary or advisable.

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1 APPROVED AS TO FORM:
2 DENNIS J. HERRERA, City Attorney

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5 By: KENNETH DAVID ROUX
6 Deputy City Attorney

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