

1 [2012 Water Revenue Bonds Issuance - Not to Exceed \$667,000,000]

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3 **Resolution approving the issuance of water revenue bonds to be issued by the Public**  
4 **Utilities Commission of the City and County of San Francisco not to exceed**  
5 **\$650,000,000 to finance various projects under the Water System Improvement**  
6 **Program pursuant to amendments to the Charter of the City and County of San**  
7 **Francisco enacted by voters on November 5, 2002 as Proposition E; the issuance of**  
8 **water revenue bonds to be issued by the Public Utilities Commission of the City and**  
9 **County of San Francisco not to exceed \$17,000,000 to finance the reimbursement of**  
10 **certain legal settlement costs related to various projects under the Capital**  
11 **Improvement Program pursuant to Proposition A of 2002 enacted by voters on**  
12 **November 5, 2002; the issuance of water revenue refunding bonds to be issued by**  
13 **the Public Utilities Commission of the City and County of San Francisco pursuant to**  
14 **the Charter of the City and County of San Francisco; affirming covenants contained**  
15 **in the indenture pursuant to which the water revenue bonds are issued; authorizing**  
16 **the taking of appropriate actions in connection therewith; and related matters.**

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18 WHEREAS, pursuant to Section 9.107 of the Charter (the "Charter") of the City and  
19 County of San Francisco (the "City"), the Board of Supervisors of the City (the "Board") is  
20 authorized to provide for the issuance of revenue bonds by the Public Utilities Commission  
21 of the City (the "Commission") following the approval of the issuance of such revenue bonds  
22 by a majority of the voters, such revenue bonds to be issued and sold in accordance with  
23 the law of the State of California or any procedure provided for by ordinance; and

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

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

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

18           WHEREAS, on April 20, 2010, the Board passed its Ordinance No. 089-10  
19 (“Ordinance No. 089-10”) approving the issuance and sale of additional water revenue  
20 bonds by the Commission pursuant to Proposition E of 2002, in one or more series and on  
21 one or more dates, in an aggregate principal amount not to exceed \$1,737,724,038, to  
22 finance WSIP Projects and associated financing costs, which ordinance became effective on  
23 May 30, 2010; and

24           WHEREAS, pursuant to Ordinance No. 189-09 and Ordinance No. 089-10, the  
25 Commission has previously issued, pursuant to Proposition E of 2002, \$2,087,940,000

1 aggregate principal amount of water revenue bonds and an aggregate principal amount not  
2 to exceed \$960,091,157 remains authorized by the Board pursuant to Ordinance No. 189-09  
3 and Ordinance No. 089-10 and unissued by the Commission; and

4 WHEREAS, at a duly called and held revenue bond election on November 5, 2002, a  
5 majority of voters voting on the measure approved Proposition A (“Proposition A of 2002”) to  
6 authorize the Commission to issue its revenue bonds, including notes, commercial paper or  
7 other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of  
8 the Board, for the purpose of, among other things, acquiring and constructing improvements  
9 to the City’s water system, including improvements to the Commission’s Capital  
10 Improvement Program and costs and expenses incidental thereto, including but not limited  
11 to legal fees (the “CIP Projects”); and,

12 WHEREAS, on October 4, 2011, the Board passed its Ordinance No. 208-11  
13 (“Ordinance No. 208-11”) approving the issuance and sale of water revenue bonds by the  
14 Commission, in one or more series and on one or more dates, in a total aggregate principal  
15 amount not to exceed \$17,000,000, to finance the reimbursement of certain legal settlement  
16 costs related to various CIP Projects (authorized by Proposition A of 2002) and other  
17 associated financing costs, which ordinance became effective on November 3, 2011; and

18 WHEREAS, the Commission has previously issued, pursuant to Proposition A of  
19 2002, \$1,331,815,000 aggregate principal amount of water revenue bonds and an  
20 aggregate principal amount not to exceed \$296,185,000 remains authorized by the Board  
21 pursuant to Ordinance No. 208-11 and Proposition A of 2002 and unissued by the  
22 Commission; and

23 WHEREAS, the Commission, pursuant to the terms of a resolution (12-0053) adopted  
24 by the Commission on March 27, 2012 (the “Commission Resolution”), has authorized: (A)  
25 the issuance of its (i) Public Utilities Commission of the City and County of San Francisco

1 Water Revenue Bonds in an aggregate principal amount not to exceed \$650,000,000, for  
2 the purpose of financing WSIP Projects, funding debt service reserve and paying costs of  
3 issuance and other incidental costs therefor, with the title and series designations to be  
4 determined by the General Manager of the Commission (the "Proposition E Bonds"); (ii)  
5 Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds  
6 in an aggregate principal amount not to exceed \$17,000,000, for the purpose of reimbursing  
7 the Commission for amounts paid in connection with legal settlement costs related to  
8 various CIP Projects (authorized by Proposition A of 2002), funding debt service reserve  
9 and paying costs of issuance and other incidental costs therefor, with the title and series  
10 designations to be determined by the General Manager of the Commission (the "Proposition  
11 A Bonds"); and (iii) Public Utilities Commission of the City and County of San Francisco  
12 Water Revenue Refunding Bonds without limitation as to par amount, for the purpose of  
13 refunding outstanding water revenue bonds or commercial paper of the Commission,  
14 funding reserve funds and paying costs of issuance and other incidental costs therefor, with  
15 the title and series designations to be determined by the General Manager of the  
16 Commission, provided that the applicable requirements of the policies, procedures and  
17 Charter of the City are satisfied (the "Refunding Bonds" and together with the Proposition A  
18 Bonds and the Proposition E Bonds, the "Bonds"); (B) approved the form of one or more  
19 Supplemental Indentures (the "Supplemental Indentures"), by and between the Commission  
20 and U.S. Bank National Association, as trustee (the "Trustee"), which supplements the  
21 Amended and Restated Indenture dated as of August 1, 2002, as amended and  
22 supplemented (collectively with the Supplemental Indentures, the "Indenture") by and  
23 between the Commission and the Trustee; and (C) authorized other related actions and  
24 matters; and

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

4           RESOLVED by the Board of Supervisors of the City and County of San Francisco, as  
5 follows:

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

7           Section 2. Approval and Authorization of Bonds. The Board hereby authorizes and  
8 approves the issuance by the Commission of Proposition E Bonds in an aggregate principal  
9 amount not to exceed \$650,000,000, in one or more series and on one or more dates, at a  
10 maximum rate or rates of interest not to exceed twelve percent (12%) per annum. The  
11 Proposition E Bonds may be issued as tax-exempt bonds or taxable bonds, or any  
12 combination thereof.

13           The Board hereby authorizes and approves the issuance by the Commission of  
14 Proposition A Bonds in an aggregate principal amount not to exceed \$17,000,000, in one or  
15 more series and on one or more dates, at a maximum rate or rates of interest not to exceed  
16 twelve percent (12%) per annum. The Proposition A Bonds may be issued as tax-exempt  
17 bonds or taxable bonds, or any combination thereof.

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

1 hereunder shall be subject to the further following conditions, that : (i) 3% net present value  
2 savings or greater is achieved to ensure ratepayer savings; (ii) a cumulative limit of \$500  
3 million of refunded principal is not exceeded by the Commission with respect to the Water  
4 Enterprise, beginning with refundings made after July 1, 2012; (iii) this authorization is  
5 subject to a 5-year term through June 30, 2017, at which time this Board may consider an  
6 extension; principal payments and term may be adjusted, where permitted under federal and  
7 state tax law, only if and when the underlying capital asset funded through said refunded  
8 bonds has a matching or greater useful asset life than the refunded term; and (v) the  
9 Commission shall within 30 days of any refunding executed provide a savings report (that  
10 reflects at least a 3% net present value savings for ratepayers) to the Board together with a  
11 copy of the final Official Statement.

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

19 Section 3. Affirmation of Existing Bond Covenants. The Board hereby confirms  
20 Section 5.01(b) of the Indenture which sets forth the disposition of Revenues (as defined in  
21 the Indenture) applicable to the Bonds and covenants with the holders of the Bonds that the  
22 Revenues shall be appropriated and expended as set forth in Section 5.01(b) of the  
23 Indenture. The Board also hereby declares that the City will comply with all of the terms,  
24 provisions and covenants contained in the Indenture, as the same may be amended from  
25 time to time, including the covenants to establish, fix, prescribe and collect rates, fees and

1 charges sufficient to enable the Commission to comply with the terms, conditions and  
2 covenants of the Indenture.

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

14 Section 5. Proposition P. Pursuant to Proposition P, approved by the voters of the  
15 City in November 2002, this resolution and the Bonds (excluding the Refunding Bonds) are  
16 subject to, and incorporate by reference, the provisions of Section 5A.30 et seq. ("Public  
17 Utilities Revenue Bond Oversight Committee") of Chapter V of the San Francisco  
18 Administrative Code (the "Proposition P Requirements"). Pursuant to the Proposition P  
19 Requirements, to the extent permitted by law, one-twentieth of one percent (0.05%) of the  
20 gross proceeds of the Bonds (excluding the Refunding Bonds) shall be deposited in a fund  
21 established by the Controller's Office and appropriated by the Board at the direction of the  
22 Public Utilities Revenue Bond Oversight Committee established by Proposition P  
23 Requirements to cover the costs of said committee.

24 Section 6. General Authority. The Controller of the City, the Treasurer of the City,  
25 the City Attorney, and all other appropriate officers, employees, representatives and agents

1 of the City, the Commission, and all other appropriate officers, employees, representatives  
2 and agents of the Commission are hereby authorized and directed to do everything  
3 necessary or desirable to provide for the issuance and sale of and security for the Bonds,  
4 including, but not limited to, approval of one or more Preliminary Official Statements and one

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1 or more Official Statements for the Bonds, and executing and delivering such other  
2 certificates and other documents as they may deem necessary or advisable, including  
3 without limitation any custody agreements or filing agent agreements required by the  
4 Trustee.

5 APPROVED AS TO FORM:

6 DENNIS J. HERRERA, City Attorney  
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8 By: \_\_\_\_\_  
9 MARK D. BLAKE  
Deputy City Attorney

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