

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 16-0057

WHEREAS, at a duly called and held election on November 5, 2002, a majority of voters voting on the measure approved Proposition E ("Proposition E of 2002"), codified as Article VIII B of the Charter of the City and County of San Francisco (the "City"), which, among other things, authorized the San Francisco Public Utilities Commission (the "Commission") of the City to issue its revenue bonds, including notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors of the City (the "Board"), for the purpose of reconstructing, replacing, expanding, repairing or improving water facilities or clean water facilities, or combinations of water and clean water facilities under the jurisdiction of the Commission and subject to the provision of certain certifications of an independent engineer retained by the Commission and certain certifications by the San Francisco Planning Department, which certifications make the findings and determinations set forth in Section 8B.124 of the Charter; and

WHEREAS, on June 12, 2012, the Board passed by a two-thirds vote its Ordinance No. 115-12, signed by the Mayor on June 18, 2012, approving the issuance and sale of wastewater revenue bonds pursuant to Article VIII B of the Charter of the City to finance various capital projects benefiting the Wastewater Enterprise, as well as paying the costs of issuance and other incidental costs relating thereto, in an aggregate principal amount not to exceed \$522,810,000; and

WHEREAS, on June 25, 2013, the Board passed by two-thirds vote Ordinance No. 123-13, which revised the fiscal year 2013-14 capital improvement project of the Commission and reduced appropriations under Ordinance No. 115-12 by \$27,870,059; and

WHEREAS, after the issuance of certain amounts of Public Utilities Commission of the City and County of San Francisco Wastewater Revenue Bonds, 2013 Series B, an aggregate principal amount not to exceed \$388,027,346, including \$60,582,634 in financing costs, remains authorized and unissued under Ordinance No. 115-12; and

WHEREAS, on July 2, 2014, the Board passed by two-thirds vote Ordinance No. 107-14, approving the issuance and sale of wastewater revenue bonds by the Commission pursuant to Article VIII B of the Charter of the City, in an aggregate principal amount not to exceed \$819,035,941, including \$109,629,000 in financing costs, to finance capital projects benefiting the Wastewater Enterprise; and WHEREAS, on June 9, 2015, the Board passed by two-thirds vote Ordinance No. 0089-15, which amended and supplemented Ordinance No. 107-14 to provide authority for the Commission to execute and deliver one or more State of California Water Resources Control Board Installment Sale Agreements in connection with State Revolving Loans, to finance capital projects benefiting the Wastewater Enterprise; and

WHEREAS, pursuant to Ordinance No. 107-14, as amended and supplemented, and Article VIIB of the Charter of the City, the Commission entered into an Installment Sale Agreement executed on January 12, 2016 (the "2016 SRF Loan"), with the California State Water Resources Control Board in the aggregate principal amount of up to \$7,435,000; and,

WHEREAS, an aggregate principal amount not to exceed \$819,035,941, plus any amount not drawn under the 2016 SRF Loan, remains authorized but unissued under Ordinance No. 107-14, as amended and supplemented; and

WHEREAS, the Board, at the request of the Commission, will consider a resolution on or after the date hereof, to authorize the issuance of not to exceed \$621,000,000 aggregate principal amount of wastewater revenue bonds, all or a portion of which may be designated by the Commission as "green bonds," for the purpose of financing or refinancing (through the retirement of commercial paper notes) various capital projects benefiting the Wastewater Enterprise (including reimbursing the Commission for certain capital costs previously paid with proceeds of wastewater commercial paper notes or from other moneys), pursuant to Article VIIB of the Charter of the City, Ordinance No. 115-12 and Ordinance No. 107-14, as amended and supplemented; and

WHEREAS, under the authority granted or proposed to be granted under Article VIIB of the Charter of the City and by the ordinances and resolution hereinabove mentioned, it is proposed that the Commission issue one or more series of wastewater revenue bonds, in an aggregate principal amount not to exceed \$621,000,000, for the purpose of financing or refinancing (through the retirement of commercial paper notes) various capital projects benefiting the Wastewater Enterprise (including reimbursing the Commission for certain capital costs previously paid with proceeds of wastewater commercial paper notes or from other moneys) (the "Bonds"), all pursuant to the Indenture, dated as of January 1, 2003 (as amended by the First Amendment to Indenture, dated as of May 1, 2010, and as supplemented by the First Supplemental Indenture dated as of May 1, 2010, the Second Supplemental Indenture, dated as of January 1, 2013, and the Third Supplemental Indenture, dated as of February 1, 2013, the "Indenture"), each by and between the Commission and U.S. Bank National Association (formerly doing business as "U.S. Bank, N.A."), as trustee (the "Trustee"), and one or more supplemental indentures as herein provided; and

WHEREAS, it is proposed that such Bonds be issued as obligations the interest on which is exempt from federal income tax pursuant to one or more supplemental indentures, between the Commission and the Trustee (each, a "Supplemental Indenture") to finance or refinance the cost of the acquisition, construction and equipping of the projects; and

WHEREAS, it is proposed that each series of Bonds be sold in a competitive sale pursuant to an official notice of sale (the "Official Notice of Sale") and a notice of intention to sell bonds (the "Notice of Intention to Sell"), or a negotiated sale pursuant to a Bond Purchase Contract (the "Bond Purchase Contract"), or in some combination of competitive and negotiated sales; and

WHEREAS, it is proposed that one or more official statements (each an "Official Statement" and collectively the "Official Statements") be used in connection with the offering and sale of the Bonds from time to time; and

WHEREAS, it is proposed that a continuing disclosure certificate (the "Continuing Disclosure Certificate") be executed and delivered with respect to each series of Bonds in order to assist the purchasers or underwriters thereof in complying with Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"); and

WHEREAS, pursuant to Article IX of the Indenture, the Indenture may be amended from time to time upon compliance with the terms and conditions provided in said Article IX; and

WHEREAS, the voters of the City approved Proposition P in November 2002 pursuant to which this resolution and the Bonds are subject to the provisions of Section 5A.30 et seq. ("Public Utilities Revenue Bond Oversight Committee") of Chapter V of the San Francisco Administrative Code (the "Proposition P Requirements"), including the requirement that, to the extent permitted by law, one-twentieth of one percent (0.05%) of the gross proceeds of the Bonds shall be deposited in a fund established by the Office of the Controller of the City (the "Controller's Office") and appropriated by the Board at the direction of the Public Utilities Revenue Bond Oversight Committee to cover the costs of said committee; and

WHEREAS, the Commission has been presented with and has examined the proposed form of a Supplemental Indenture for each series of Bonds, an Official Notice of Sale, a Notice of Intention to Sell, a Bond Purchase Contract, a Preliminary Official Statement and a Continuing Disclosure Certificate; and

WHEREAS, the Commission is duly authorized and empowered, pursuant to each and every requirement of law, to authorize the foregoing transactions and issue the Bonds in one or more series and to authorize the publication, execution and delivery for each series of Bonds (as appropriate) of a Supplemental Indenture, an Official Notice of Sale, a Notice of Intention to Sell, a Bond Purchase Contract, an Official Statement, a Continuing Disclosure Certificate and related documents for the purposes, in the manner and upon the terms provided herein; and

WHEREAS, Section 1.150-2(f) of the United States Income Tax Regulations (the "Treasury Regulations") provides generally that proceeds of tax-exempt debt may be used to reimburse an expenditure made prior to the issuance of such debt if such expenditures are "preliminary expenditures" of the type described in Section 1.150-2(f) of the Treasury Regulations; and

WHEREAS, the Commission intends to reimburse from a portion of the proceeds of the Bonds certain preliminary expenditures of the type described in Section 1.150-2(f) of the Treasury Regulations (the "Preliminary Expenditures"); and

WHEREAS, Article VIII B of the Charter of the City (Section 8B.124) allows for the issuance of revenue bonds and other forms of indebtedness, subject to the provision of certain certifications of an independent engineer retained by the Commission and certain certifications by the San Francisco Planning Department, which certifications make the findings and determinations set forth in Section 8B.124; and

WHEREAS, certificates intended to meet the requirements set forth in Section 8B.124 will have been presented for review by the Board (the "Certificates"), and the Certificates will be filed with the Clerk of the Board and the Secretary of the Commission prior to the issuance of the Bonds; now, therefore, be it

RESOLVED by the Public Utilities Commission of the City and County of San Francisco, as follows:

Section 1. Issuance of the Bonds. The issuance of the Bonds, in one or more series and on such dates, and in such amounts and at such times as the Commission may determine, in an aggregate principal amount not to exceed \$621,000,000, is hereby authorized and approved by the Commission (subject to Board approval) pursuant to Article VIII B of the Charter of the City, Ordinance No. 115-12 and Ordinance No. 107-14, as amended and supplemented (collectively, the "Ordinances"), and subject to the limitations and conditions provided herein. The Bonds may be issued for the purpose of (a) financing or refinancing (through the retirement of commercial paper notes) various capital projects benefiting the Wastewater Enterprise (including reimbursing the Commission for certain capital costs previously paid with the proceeds of wastewater commercial paper notes or other moneys), as may be determined by the General Manager, (b) financing capitalized interest and (c) paying costs of issuance of the Bonds. If determined to be beneficial to the Commission by the General Manager, with the advice of the Financial Advisors, Bond proceeds may also be applied to costs associated with (i) the provision of credit enhancement of any Bonds (including without limitation bond insurance policies and/or reserve fund surety bonds or insurance policies), and (ii) the funding of debt service reserves for the Bonds, if any.

The Bonds shall be issued in accordance with the Ordinances, this resolution, the Indenture and the Charter, including but not limited to, the provision of certifications required by Section 8B.124 of the Charter to the Secretary of the Commission and the Clerk of the Board. The General Manager is hereby authorized and directed to determine the aggregate principal amount of Bonds to be issued from time to time (subject to the maximum amount and further limitations and conditions set forth herein) and to determine the various titles and series designations of the Bonds. The Bonds may be issued as tax-exempt bonds or taxable bonds, or any combination thereof. The forms of the Bonds, in substantially the forms set forth in the forms of the Supplemental Indentures presented to this meeting, are hereby approved. The General Manager of the Commission is hereby authorized and directed to approve and to execute the Bonds by manual or facsimile signature, and the Secretary of the Commission is hereby authorized and directed to attest, by manual or facsimile signature, with such changes, additions, amendments or modifications thereto which they may approve with the advice of the City Attorney, such approval to be conclusively evidenced by the execution and delivery of the Bonds, subject to the limitations set forth in Section 2 hereof.

Section 2. Sale of the Bonds. The sale of the Bonds, in one or more series and on one or more dates, is hereby authorized and approved by the Commission, subject to Board approval pursuant to the Charter and subject to the limitations and conditions provided herein. The Commission hereby delegates to the General Manager the authority to determine, with the advice of the Financial Advisors, whether to sell the Bonds from time to time by negotiated sale or competitive sale, provided that the General Manager shall not approve the sale of the Bonds on a negotiated basis until he determines, upon consultation with the Financial Advisors, that (i) the sale of the Bonds through a negotiated process is likely to

enhance the ability of the Commission to timely sell the Bonds or to achieve a lower overall cost to the Commission, or both, and (ii) the requirements of Section VIII of the Commission's Debt Management Policies and Procedures, as the same may have been amended and in effect at the time of such determination, have been satisfied. The interest rate or rates on the Bonds shall not exceed twelve percent (12%) and the final maturity of any Bonds shall not be later than 40 years after the issue date of such series.

Section 3. Disposition of Revenues: Rate Covenant. Section 5.01(c) of the Indenture, which sets forth the disposition of Revenues (as defined in the Indenture) applicable to the Bonds relating to the Wastewater Enterprise is hereby confirmed by the Commission and the Commission further confirms, pledges and covenants with the holders of the Bonds that the Revenues shall be appropriated and expended in the order of priority set forth in Section 5.01(c) of the Indenture, as the same may be amended from time to time. This Commission also declares that the Commission will comply with all of the terms, provisions and covenants contained in the Indenture, as the same may be amended from time to time, including the covenants to establish, fix, prescribe and collect rates, fees and charges sufficient to enable the Commission to comply with the terms, conditions and covenants of the Indenture.

Section 4. Supplemental Indentures. The proposed form of the Fourth Supplemental Indenture for the Bonds submitted to this Commission, and the terms and conditions thereof, is hereby approved. The General Manager of the Commission or their designees are authorized and directed to execute and deliver and the Secretary of the Commission or the designee thereof is authorized to attest one or more Supplemental Indentures in such form, with such additions thereto or changes therein which they may approve with the advice of the City Attorney, such approval to be conclusively evidenced by the execution and delivery of such Supplemental Indentures. The Secretary of the Commission is directed to file a copy of the form of Supplemental Indenture with the minutes of this meeting. Subject to the further limitations hereof, the principal amount, date, maturity date or dates, maximum interest rate or rates, series designation, interest payment dates, forms, registration privileges, place or places of payment, terms of redemption, insurance provisions and other terms of each series of Bonds shall be as provided in the Indenture.

Section 5. Preliminary Official Statements and Official Statements. The Preliminary Official Statement for the Bonds (the "Preliminary Official Statement"), in substantially the form submitted to the Commission, is hereby approved, and the General Manager or the General Manager's designee is hereby authorized to certify from time to time, for and on behalf of the Commission, that the Preliminary Official Statement, with such changes, additions and supplements as they may deem necessary or appropriate in the interest of the Commission, in consultation with the City Attorney, is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12). The Preliminary Official Statement is hereby authorized to be used from time to time in connection with the marketing of the Bonds, and the Official Notice of Sale for the Bonds, if applicable. In connection with the sale of all or a portion of the Bonds, the General Manager is hereby authorized and directed, for and on behalf of the Commission, to execute the Official Statement for such Bonds, in substantially the form of the Preliminary Official Statement, and to cause the delivery of such Official Statement to the purchasers of the Bonds, respectively.

The Commission hereby authorizes the preparation of one or more preliminary official statements for any additional series of Bonds to be issued pursuant to this resolution from time to time. The General Manager, the Deputy General Manager, Chief Operating Officer, Chief Financial Officer and the Assistant General Manager, Business Services, of the Commission and the officers of the City are hereby authorized to take such actions as necessary to cause the preparation of such additional preliminary official statements, provided, however, that any preliminary official statement shall be subject to the approval of the Commission prior to being used in connection with the marketing of any additional series of Bonds.

Section 6. Competitive Sale; Official Notice of Sale. If the General Manager determines to sell all or a portion of any series of Bonds by competitive sale from time to time, the proposed form of Official Notice of Sale inviting bids for such Bonds, submitted to this Commission, is hereby approved, and the Financial Advisors are hereby authorized and directed to disseminate the Official Notice of Sale to prospective bidders in connection with each sale of Bonds, with such additions, changes and corrections thereto as the General Manager shall approve with the advice of the City Attorney, such approval to be conclusively evidenced by the dissemination thereof to prospective bidders. In a competitive sale, sealed proposals shall be received on such date or dates as shall be selected and changed as necessary by the General Manager for the purpose of the sale of such series of Bonds, in accordance with the terms and conditions of the applicable Official Notice of Sale. In a competitive sale, the General Manager is hereby authorized to award such series of Bonds to be sold to the highest responsible bidder, so long as such bid shall provide a true interest cost to the Commission of not to exceed twelve percent (12%) per annum, and the price to be paid to the Commission for such series of Bonds shall not be less than the par value thereof. If such true interest cost and price are acceptable to the General Manager and satisfy the foregoing criteria, the General Manager is hereby authorized and directed to accept, on behalf of the Commission, the best responsive bid for such series of Bonds. The Secretary of the Commission is directed to file a copy of the proposed form of Official Notice of Sale with the minutes of this meeting.

Section 7. Notice of Intention to Sell. The proposed form of Notice of Intention to Sell, submitted to this Commission, is hereby approved. If the General Manager determines to sell all or a portion of any series of Bonds by competitive sale, the General Manager is hereby authorized and directed to cause a Notice of Intention to Sell, subject to such corrections, revisions or additions as may be approved by the General Manager (such approval to be conclusively evidenced by the publication thereof), to be published once at least ten (10) days before the date of sale of the applicable series of Bonds in a newspaper of general circulation in the City and the Commission's service area, and in a publication generally circulated throughout the state or reasonably expected to be disseminated among prospective bidders for the Bonds. The Secretary of the Commission is directed to file a copy of said form of Notice of Intention to Sell with the minutes of this meeting.

Section 8. Negotiated Sale; Bond Purchase Contract. If the General Manager determines to sell all or a portion of a series of Bonds by negotiated sale from time to time pursuant to the authority granted in Section 2 hereof, the General Manager is hereby authorized to select and appoint one or more underwriters (each, an "Underwriter" and, collectively, the "Underwriters") from the Commission's or the City's pool of prequalified underwriters in accordance with the City's policies and procedures with respect thereto,

subject to the limits on underwriter compensation set forth below. The General Manager is hereby authorized and directed, for and on behalf of and in the name of the Commission, to sell at one or more negotiated sales, Bonds in such aggregate principal amount as the General Manager may determine, subject to the further limitations and conditions hereof. The General Manager or his designee is hereby authorized to enter into a Bond Purchase Contract with one or more of the Underwriters, individually or collectively as the General Manager deems appropriate, substantially in the form presented at this meeting and on file with the Secretary of the Commission, with such changes and additions as the General Manager may approve upon consultation with the City Attorney, such approval to be evidenced conclusively by the execution and delivery of each such Bond Purchase Contract; provided, however, that the total compensation to the Underwriters shall not exceed one percent (1%) of the par value of such series of Bonds. Bonds sold in a negotiated sale shall be delivered to the Underwriters upon payment of the purchase price agreed upon in the applicable Bond Purchase Contract, together with accrued interest, if any.

Section 9. Continuing Disclosure Certificate. The proposed form of Continuing Disclosure Certificate for the Bonds, submitted to this Commission, is hereby approved. The General Manager or the General Manager's designee is hereby authorized and directed to execute a Continuing Disclosure Certificate for each series of Bonds from time to time, substantially in the form submitted to this Commission, with such additions, changes and corrections thereto as the General Manager or the designee thereof shall approve with the advice of the City Attorney, such approval to be conclusively evidenced by the execution and delivery of such Continuing Disclosure Certificate. The Secretary of the Commission is directed to file a copy of said form of Continuing Disclosure Certificate with the minutes of this meeting.

Section 10. Proposition P. Pursuant to Proposition P approved by the voters of the City in November 2002, this resolution and the Bonds are subject to, and incorporate by reference, the Proposition P Requirements. Pursuant to the Proposition P Requirements, to the extent permitted by law, one-twentieth of one percent (0.05%) of the gross proceeds of the Bonds shall be deposited in a fund established by the Controller's Office and appropriated by the Board at the direction of the Public Utilities Revenue Bond Oversight Committee established by Proposition P Requirements to cover the costs of said committee.

Section 11. Allocation. The Commission will make a reimbursement allocation, which is a written allocation by the Commission that evidences the Commission's use of proceeds of the Bonds to reimburse Preliminary Expenditures.

Section 12. General Authority. The General Manager, the Deputy General Manager, Chief Operating Officer and Chief Financial Officer and the Assistant General Manager, Business Services, of the Commission and the officers of the City are hereby authorized and directed, each acting alone, for and in the name and on behalf of this Commission, to execute and deliver any and all documents, certificates and representations, including, but not limited to, signature certificates, no-litigation certificates, tax certificates, letters of representation relating to book-entry registration, custody agreements, filing agent agreements, and certificates concerning the contents of the Official Statement and the Preliminary Official Statement, to contract for municipal bond insurance for all or a portion of the Bonds if determined by the General Manager, with the advice of the Financial Advisors, to be beneficial to the Commission, to contractor one or more surety bonds or insurance policies

for the debt service reserves, if any, for the Bonds if determined by the General Manager, with the advice of the Financial Advisors, to be beneficial to the Commission, to designate all or portion of a series of Bonds as "green bonds," to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the issuance and sale of the Bonds, the financing or refinancing of the capital projects benefiting the Wastewater Enterprise, the retirement of commercial paper, and the other actions which the Commission has approved in this resolution. The General Manager is authorized to delegate any of the responsibilities or duties set forth in this resolution to the Deputy General Manager, Chief Operating Officer, Chief Financial Officer or to the Assistant General Manager, Business Services, of the Commission.

Section 13. Ratification. All actions heretofore taken by the officials, employees and agents of the Commission with respect to the authorization, sale and issuance of the Bonds are hereby approved, confirmed and ratified.

RESOLVED, this resolution shall take effect from and after its adoption.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting March 22, 2016.



Secretary, Public Utilities Commission