

1 [Public Utilities Commission - 2016 Issuance Water Revenue Bonds - Aggregate Principal
2 Amount Not to Exceed \$295,000,000]

3 **Resolution approving the issuance of water revenue bonds in an aggregate principal**
4 **amount not to exceed \$295,000,000 to be issued by the Public Utilities Commission of the**
5 **City and County of San Francisco pursuant to prior ordinances and the Charter of the**
6 **City and County of San Francisco; affirming covenants contained in the indenture**
7 **pursuant to which water revenue bonds are issued; authorizing the taking of appropriate**
8 **actions in connection therewith; and related matters, as defined herein.**

9
10 WHEREAS, Pursuant to Charter, Section 9.107 (the "Charter") of the City and County
11 of San Francisco (the "City"), the Board of Supervisors of the City (the "Board") is authorized
12 to provide for the issuance of revenue bonds by the Public Utilities Commission of the City
13 (the "Commission") following the approval of the issuance of such revenue bonds by a
14 majority of the voters (except as otherwise provided under Charter, Section 9.107), such
15 revenue bonds to be issued and sold in accordance with the law of the State of California or
16 any procedure provided for by ordinance; and

17 WHEREAS, At a duly called and held revenue bond election on November 5, 2002, a
18 majority of voters voting on the measure approved Proposition E ("Proposition E of 2002") to
19 authorize the Commission to issue its revenue bonds, including notes, commercial paper or
20 other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of
21 the Board, for the purpose of reconstructing, replacing, expanding, repairing, or improving
22 water facilities under the jurisdiction of the Commission; and

23 WHEREAS, Section 9.109 of the Charter authorizes the Board to provide for the
24 issuance of revenue refunding bonds, for which no voter approval is required, for the purpose
25 of refunding any outstanding revenue bonds of the City provided such refunding bonds are

1 expected to result in net debt service savings to the City on a present value basis, calculated
2 as provided by ordinance; and

3 WHEREAS, Pursuant to the Charter and Proposition E of 2002 the Board adopted
4 Ordinance No. 89-10 on April 20, 2010, and signed by the Mayor on April 30, 2010, to
5 authorize the issuance of \$1,647,249,198 of the Commission's water revenue bonds for the
6 Water System Improvement Program ("WSIP"); and

7 WHEREAS, Pursuant to Commission Resolution 08-0202, adopted by the Commission
8 on October 30, 2008, and Ordinance 311-08, adopted by this Board on December 16, 2008,
9 and signed by the Mayor on December 19, 2008, the Commission increased the commercial
10 paper authorization for the water enterprise to an aggregate principal amount not to exceed
11 \$500,000,000 (the "Authorized CP"), with approximately \$236,000,000 principal amount of
12 such Authorized CP issued and outstanding as of September 1, 2016 (the "Outstanding CP");
13 and

14 WHEREAS, The Outstanding CP was issued for WSIP purposes pursuant to
15 authorized capacity of Ordinance No. 89-10 and the Commission desires to refund such
16 Outstanding CP; and

17 WHEREAS, Currently there is \$130,156,317.00 of authorized but unissued capacity
18 under Ordinance 89-10; and

19 WHEREAS; The Commission desires to issue bonds (the "Bonds") to, among other
20 purposes, refund all or a portion of the Outstanding CP and to use up to \$59,000,000 of its
21 authorized but unissued water revenue bond authorization under Ordinance No. 89-10 to,
22 among other purposes, pay for certain improvements to the City's water system, pay
23 capitalized interest on the Bonds and pay the costs of issuance of the Bonds; and

24 WHEREAS, Pursuant to the Ordinance No. 89-10, the Commission is required to return
25 to this Board prior to the issuance of bonds authorized thereunder to obtain approval of any

1 related financing or disclosure documents prepared in connection with the issuance of such
2 obligations; and

3 WHEREAS, The Commission, pursuant to the terms of a resolution adopted by the
4 Commission on September 13, 2016 (the "Commission Resolution"), subject to the approval
5 of this resolution of the Board, the Commission has (A) authorized issuance of its Public
6 Utilities Commission of the City and County of San Francisco Water Revenue Bonds in an
7 aggregate principal amount not to exceed \$295,000,000 (the "Bonds") for the purpose of
8 providing funds (i) to refund the Outstanding CP, (ii) to pay for certain improvements to the
9 City's water system, (iii) to pay capitalized interest on the Bonds, (iv) to pay the costs of
10 issuance of the Bonds, and (v) if determined to be beneficial to the Commission by its General
11 Manager, with the advice of its financial advisors, for the secondary purposes of providing
12 funds for (a) the credit enhancement of any Bonds (including without limitation bond insurance
13 policies and/or reserve fund surety bonds or insurance policies), and (b) the funding of debt
14 service reserves for the Bonds issued under the Indenture, (B) approved the form of one or
15 more Supplemental Indentures (the "Supplemental Indentures"), by and between the
16 Commission and U.S. Bank National Association, as trustee (the "Trustee"), which
17 supplement the Amended and Restated Indenture dated as of August 1, 2002, as amended
18 and supplemented (collectively with the Supplemental Indentures, the "Indenture") by and
19 between the Commission and the Trustee, as well as forms of the Official Notice of Sale,
20 Notice of Intention to Sell Bonds, Bond Purchase Agreement, Official Statement, Escrow
21 Agreement and Continuing Disclosure Certificate relating to the Bonds, submitted to this
22 Board and on file with the Clerk of the Board (collectively, the "Other Financing Documents");
23 and (C) authorized other related actions and matters; and

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

1 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
2 follows:

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

4 Section 2. Approval and Authorization of Bonds. Pursuant to the Authorizing
5 Legislation, the Board hereby approves the issuance by the Commission of Bonds in an
6 aggregate principal amount not to exceed \$295,000,000, in one or more series and on one or
7 more dates, at a maximum rate or rates of interest not to exceed twelve percent (12%) per
8 annum. The Bonds may be issued as tax-exempt bonds or taxable bonds, or any
9 combination thereof.

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

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

1 on the date hereof as being available for the payment of debt service on the Bonds and
2 should be treated and are Revenues under the Indenture.

3 Section 4. Approval of Financing Documents. In accordance with the grant of authority
4 contained in the Authorizing Legislation, the forms of the Supplemental Indenture and the
5 Other Financing Documents are hereby approved. Any of the Controller, the Treasurer, the
6 City Attorney and the officers of the Commission authorized by resolution of the Commission,
7 and their designees, are hereby authorized to execute, attest, seal, publish and deliver (as
8 appropriate) each such document, with such changes thereto as the officer executing or
9 publishing the same shall approve with the advice of the City Attorney, such approval to be
10 conclusively evidenced by the execution and delivery, or the publication, as applicable, of
11 such document.

12 Section 5. Proposition P. Pursuant to Proposition P, approved by the voters of the City
13 in November 2002, this resolution and the Bonds are subject to, and incorporate by reference,
14 the provisions of Section 5A.30 et seq. (“Public Utilities Revenue Bond Oversight Committee”)
15 of Chapter V of the San Francisco Administrative Code. Pursuant to Proposition P, to the
16 extent permitted by law and to the extent not otherwise not already paid from proceeds of any
17 previous issue of commercial paper or bonds, one-twentieth of one percent (0.05%) of the
18 gross proceeds of the Bonds shall be deposited in a fund established by the Controller’s
19 Office and appropriated by the Board at the direction of the Public Utilities Revenue Bond
20 Oversight Committee established by Proposition P to cover the costs of said committee.

21 Section 6. General Authority. The Controller of the City, the Treasurer of the City, the
22 City Attorney, and all other appropriate officers, employees, representatives and agents of the
23 City, the Commission, and all other appropriate officers, employees, representatives and
24 agents of the Commission are hereby authorized and directed to do everything necessary or
25 desirable to provide for the issuance and sale of and security for the Bonds, including, but not

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

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6 APPROVED AS TO FORM:
7 DENNIS J. HERRERA, City Attorney

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9 By: _____
10 MARK D. BLAKE
11 Deputy City Attorney
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