

1 [Lease Purchase Financing for the Acquisition of Advanced Meter Infrastructure Equipment]

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3 **Resolution approving the lease purchase financing for the acquisition of advanced**
4 **meter infrastructure equipment for the San Francisco Public Utilities Commission;**
5 **approving the form of a lease purchase financing agreement between the Public**
6 **Utilities Commission and a lender to be named therein, authorizing the selection of**
7 **such lender, and ratifying previous actions taken in connection therewith.**

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9 WHEREAS, The General Manager of the San Francisco Public Utilities Commission
10 (the "Commission") desires to acquire Advanced Meter Infrastructure Equipment (the
11 "Equipment") in order to more accurately and more efficiently measure and analyze water,
12 electricity or natural gas usage; and,

13 WHEREAS, On June 10, 2008, the Commission sent out a request for proposals
14 ("RFP") for CS-936, Advanced Meter Infrastructure Project; and,

15 WHEREAS, The Commission determined, based upon response to the RFP, to initiate
16 negotiations with VSI Meter Services Inc. as the preferred provider for the Equipment, and
17 has determined to obtain lease purchase financing for the Equipment through the financial
18 marketplace program ("GS \$Mart") of the State of California's Department of General
19 Services, which enables local governments to efficiently finance essential items of equipment
20 and other goods; and,

21 WHEREAS, The Commission shall be obligated to make such lease payments solely
22 from revenues of its Water Enterprise, such payments to be made on a subordinate basis to
23 any outstanding revenue bonds of the Water Enterprise; and

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1 WHEREAS, In connection with the lease purchase financing, the City, through the
2 Commission, shall enter into a lease purchase financing agreement and certain other related
3 documents; and

4 WHEREAS, The SFPUC reasonably expects to reimburse certain capital expenditures
5 incurred prior to the execution and delivery of the Agreement with proceeds derived from the
6 financing and hereby declares its official intent to reimburse certain expenditures for capital
7 equipment from future financing proceeds for purposes of complying with certain provisions of
8 the Internal Revenue Code of 1986, as amended; and

9 WHEREAS, Section 1.150.2 of the Treasury Regulations requires that the SFPUC
10 declare its reasonable official intent to reimburse prior expenditures for the Equipment with
11 proceeds of the borrowing; and,

12 WHEREAS, This Board has duly considered such transaction and wishes at this time
13 to approve said transaction in the public interests of the City; now, therefore, be it

14 RESOLVED, BY THIS BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF
15 SAN FRANCISCO AS FOLLOWS:

16 Section 1. Recitals. This Board of Supervisors hereby finds and declares the above
17 recitals are true and correct.

18 Section 2. Approval of a Lease Purchase Financing. The Board hereby approves
19 the acquisition of the Equipment by the Commission through lease purchase financing. The
20 General Manager of the Commission or his designee is hereby authorized to select, or cause
21 to be selected, a lender to serve as a lender under a lease purchase financing agreement (the
22 “Lender”); provided however that the (i) aggregate principal amount of such lease shall not be
23 greater than \$62,000,000, inclusive of costs of issuance, (ii) the term of the lease shall not
24 exceed 20 years, and (iii) the interest rate for the lease purchase financing shall not exceed
25 twelve percent (12%) per annum.

1 Section 3. Approval of the Lease Purchase Financing Agreement. The form of the
2 lease purchase financing agreement (the “Agreement”) between the City, though the
3 Commission, and the Lender, providing for the financing of the Equipment, as presented to
4 this Board, a copy of which is on file with the Clerk of the Board, in File No. _____ is
5 hereby approved. The General Manager of the Commission or his designee is hereby
6 authorized to execute the Agreement, with such changes, additions, and modifications, as the
7 General Manager of the Commission or his designee, upon consultation with the City
8 Attorney, deems necessary or desirable in the interest of the City, and which changes do not
9 materially increase the obligations of the City. The approval of the General Manager or his
10 designee of such modifications, changes or additions shall be conclusively evidenced by the
11 execution and delivery by the General Manager or his designee of the Agreement.

12 Section 4. Approval of Reimbursement. Pursuant to Treasury Regulation Section
13 1.150-2, the SFPUC hereby declares its intent to reimburse itself, from financing proceeds, for
14 capital expenditures on the Project paid within sixty (60) days prior to the effective date of this
15 resolution and other expenditures permitted to be reimbursed pursuant to Treasury Regulation
16 Section 1.150-2. Any reimbursement allocation of financing proceeds to be made with
17 respect to expenditures incurred prior to the execution and delivery of the Agreement
18 (excluding certain de minimis expenditures and preliminary expenditures in an amount not to
19 exceed twenty percent (20%) of the issue price of the Agreement) will occur not later than
20 eighteen (18) months after the later of (i) the date on which the expenditure is paid, or (ii) the
21 date on which the facilities are placed in service, but in no event more than three (3) years
22 after the expenditure is paid. Further, any reimbursable cost will be of a type properly
23 chargeable to a capital account under general federal income tax principles.

24 Section 5. Alternative Authority. Notwithstanding anything herein to the contrary, the
25 General Manager or his designee is hereby authorized to seek alternative financing for the

1 Equipment, including for example commercial paper or the issuance of water revenue bonds if
2 the use of such instrument is financially advantageous to the SFPUC, subject in all respects to
3 the limitations contained in Section 2 of this Resolution and the Charter.

4 Section 6. General Authority. The General Manager of the Commission or his
5 designee, the Controller, the City Attorney, and other officers of the City and their duly
6 authorized deputies and agents are hereby authorized and directed, jointly and severally, to
7 take such actions and to execute and deliver such certificates, agreements, requests or other
8 documents as they may deem necessary or desirable, to facilitate the purchase of the
9 Equipment, to enter into the Agreement and otherwise carry out the provisions of this
10 Resolution.

11 Section 7. Ratification of Prior Actions. All actions authorized and directed by this
12 Resolution and heretofore taken are hereby ratified, approved and confirmed by this Board of
13 Supervisors.

14 Section 8. Effective Date. This resolution shall take effect from and after its adoption.
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