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[2006 Water Revenue Refunding Bonds Issuance]

Resolution approving the issuance of not to exceed \$125,000,000 aggregate principal amount of San Francisco water revenue refunding bonds to be issued by the Public Utilities Commission of the City and County of San Francisco; affirming covenants contained in the indenture pursuant to which the water revenue refunding bonds are issued; and authorizing the taking of appropriate actions in connection therewith; and related matters.

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

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

WHEREAS, In 2001, the Commission issued \$140,000,000 of its San Francisco Water Revenue Bonds, 2001 Series A (the "2001 Bonds" and, together with the 1996 Bonds, the "Prior Bonds"); and,

WHEREAS, The Commission, pursuant to the terms of Resolution No. 05-082, adopted by the Commission on 12-13-05 (the "Resolution"), has authorized the issuance of not to exceed \$125,000,000 aggregate principal amount of its San Francisco Water Revenue Bonds, 2006 Refunding Series B (the "Refunding Bonds") for the purpose of refunding all or a portion of the Prior Bonds as well as for the payment of costs of issuance and other incidental

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

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

11 RESOLVED By the Board of Supervisors of the City and County of San Francisco, as
12 follows:

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

14 Section 2. Approval and Authorization of Water Revenue Refunding Bonds. The
15 Board hereby authorizes and approves the issuance by the Commission of the Refunding
16 Bonds in an aggregate principal amount not to exceed \$125,000,000 at a maximum rate or
17 rates of interest of not to exceed twelve percent per annum to provide funds to refund all or a
18 portion of the Prior Bonds. The form of the Refunding Bonds, in substantially the form
19 presented to the Board, as set forth in Exhibit J to the First Supplemental Indenture, is hereby
20 approved. The Controller of the City or any deputy thereof is hereby authorized and directed
21 to approve and to execute the Refunding Bonds by manual or facsimile signature; with such
22 changes, additions, amendments or modifications therein which he or she may deem
23 necessary or desirable and as the City Attorney may require or approve, the approval of such
24 additions or changes to be conclusively evidenced by the execution and delivery of the
25 Refunding Bonds.

PUBLIC UTILITIES COMMISSION
BOARD OF SUPERVISORS

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

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

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

17 Section 6. General Authority. The Controller of the City, the Treasurer of the City, the
18 City Attorney, and all other appropriate officers, employees, representatives and agents of the
19 City are hereby authorized and directed to do everything necessary or desirable to provide for

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1 the issuance and security of the Water Revenue Refunding Bonds, including, but not limited,
2 executing and delivering such certificates as they may deem necessary or advisable.

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4 APPROVED AS TO FORM:

5 DENNIS J. HERRERA, City Attorney

6
7
8 By: Kenneth David Roux
9 KENNETH DAVID ROUX
10 Deputy City Attorney



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails Resolution

File Number: 051981

Date Passed:

Resolution approving the issuance of not to exceed \$125,000,000 aggregate principal amount of San Francisco water revenue refunding bonds to be issued by the Public Utilities Commission of the City and County of San Francisco; affirming covenants contained in the indenture pursuant to which the water revenue refunding bonds are issued; and authorizing the taking of appropriate actions in connection therewith; and related matters.

February 14, 2006 Board of Supervisors — ADOPTED

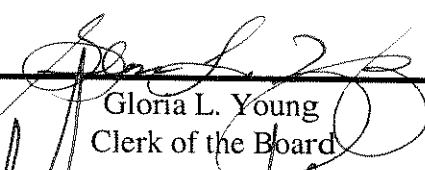
Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell,
McGoldrick, Mirkarimi, Peskin, Sandoval

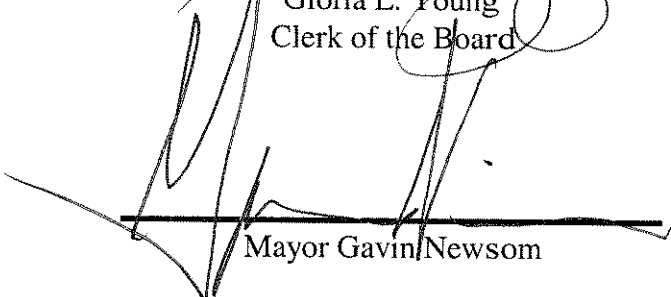
File No. 051981

I hereby certify that the foregoing Resolution was ADOPTED on February 14, 2006 by the Board of Supervisors of the City and County of San Francisco.

2.16.06

Date Approved


Gloria L. Young
Clerk of the Board


Mayor Gavin Newsom