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

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

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

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

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

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

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

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

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

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

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

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

Section 2. **Approval of a Lease Purchase Financing.** The Board hereby approves the acquisition of the Equipment by the Commission through lease purchase financing. The General Manager of the Commission or his designee is hereby authorized to select, or cause to be selected, a lender to serve as a lender under a lease purchase financing agreement (the “Lender”); provided however that the (i) aggregate principal amount of such lease shall not be greater than $62,000,000, inclusive of costs of issuance, (ii) the term of the lease shall not exceed 20 years, and (iii) the interest rate for the lease purchase financing shall not exceed twelve percent (12%) per annum.
Section 3. **Approval of the Lease Purchase Financing Agreement.** The form of the lease purchase financing agreement (the "Agreement") between the City, through the Commission, and the Lender, providing for the financing of the Equipment, as presented to this Board, a copy of which is on file with the Clerk of the Board, in File No. 091095 is hereby approved. The General Manager of the Commission or his designee is hereby authorized to execute the Agreement, with such changes, additions, and modifications, as the General Manager of the Commission or his designee, upon consultation with the City Attorney, deems necessary or desirable in the interest of the City, and which changes do not materially increase the obligations of the City. The approval of the General Manager or his designee of such modifications, changes or additions shall be conclusively evidenced by the execution and delivery by the General Manager or his designee of the Agreement.

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

Section 5. **Alternative Authority.** Notwithstanding anything herein to the contrary, the General Manager or his designee is hereby authorized to seek alternative financing for the
Equipment, including for example commercial paper or the issuance of water revenue bonds if
the use of such instrument is financially advantageous to the SFPUC, subject in all respects to
the limitations contained in Section 2 of this Resolution and the Charter.

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

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

Section 8. Effective Date. This resolution shall take effect from and after its adoption.
File Number: 091095  Date Passed:

Resolution approving the lease purchase financing for the acquisition of Advanced Meter Infrastructure Equipment for the San Francisco Public Utilities Commission; approving the form of a lease purchase financing agreement between the Public Utilities Commission and a lender to be named therein, authorizing the selection of such lender, and ratifying previous actions taken in connection therewith.

October 27, 2009  Board of Supervisors — ADOPTED
Ayes: 10 - Alioto-Pier, Avalos, Chiu, Chu, Daly, Duffy, Elsbernd, Mar, Maxwell, Mirkarimi
Absent: 1 - Campos
I hereby certify that the foregoing Resolution was ADOPTED on October 27, 2009 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor Gavin Newsom

11/6/09
Date Approved