[Water Revenue Bonds and Water Revenue Refunding Bonds Issuance]

Resolution approving the issuance of water revenue bonds and 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 bonds are issued; authorizing the taking of appropriate actions in connection therewith; and related matters.

WHEREAS, pursuant to Section 9.107 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 bonds by the Public Utilities Commission of the City (the “Commission”) following the approval of the issuance of such revenue bonds by a majority of the voters, such revenue bonds to be issued and sold in accordance with State law or any procedure provided for by ordinance; and,

WHEREAS, pursuant to Section 9.109 of the Charter, the Board is authorized to provide for the issuance of bonds of the City for the purpose of refunding any revenue bonds of the City then outstanding without voter approval, provided that such refunding is expected to result in net debt service savings to the City on a present value basis, calculated as provided by ordinance; and,

WHEREAS, at a duly called and held revenue bond election on November 5, 2002, a majority of voters voting on the measure approved Proposition E (“Proposition E of 2002”) to authorize the Commission 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, for the purpose of reconstructing, replacing, expanding, repairing or improving water facilities under the jurisdiction of the Commission (the “Projects”); and,
WHEREAS, on August 4, 2009, the Board passed its Ordinance No. 189-09, approving the issuance and sale of water revenue bonds by the Commission pursuant to Proposition E of 2002, in an aggregate principal amount not to exceed $1,310,307,119, to finance Projects that fall under the Commission's Water System Improvement Program ("WSIP Projects"), which ordinance became effective on September 12, 2009; and,

WHEREAS, on April 20, 2010, the Board passed its Ordinance No. 089-10 ("Ordinance No. 089-10") approving the issuance and sale of additional water revenue bonds by the Commission pursuant to Proposition E of 2002, in one or more series and on one or more dates, in an aggregate principal amount not to exceed $1,737,724,038, including (i) $1,647,249,198 principal amount to finance WSIP Projects and associated financing costs, (ii) $62,000,000 principal amount to finance Projects relating to the Commission's Advance Meter Infrastructure System ("AMI Projects") and associated financing costs, and (iii) $28,474,840 principal amount to finance Projects other than WSIP Projects and AMI Projects ("Other CIP Projects" and together with the AMI Projects, "Non-WSIP Projects") and associated financing costs, which ordinance became effective on May 30, 2010; and,

WHEREAS, on or about June 7, 2011, the Board is expected to pass an ordinance (the "June Proposition E Ordinance," and together with the aforesaid Ordinance No. 189-09 and Ordinance No. 089-10, the "Ordinances") approving the issuance and sale of additional water revenue bonds by the Commission pursuant to Proposition E of 2002, in one or more series and on one or more dates, in an aggregate principal amount not to exceed $49,100,000, to finance additional Non-WSIP Projects and associated financing costs, which ordinance will become effective thirty days after its signing by the Mayor of the City; and,

WHEREAS, pursuant to the Ordinances and Proposition E of 2002, the Board has therefore approved the issuance and sale of additional water revenue bonds by the Commission pursuant to Proposition E of 2002, in one or more series and on one or more
dates, in a total aggregate principal amount not to exceed $2,957,556,317, as described above; and, 

WHEREAS, pursuant to Proposition E of 2002, the Commission has previously issued $1,365,710,000 aggregate principal amount of New Money Bonds (defined below); and, 

WHEREAS, an aggregate principal amount not to exceed $1,888,031,317 remains authorized pursuant to the Ordinances and unissued by the Commission; and, 

WHEREAS, a condition of approval of the Ordinances is that the Commission shall return to the Board prior to the issuance of any such water revenue bonds to obtain approval by resolution of the Board of any related financing or disclosure documents prepared in connection with the issuance of such water revenue bonds; and, 

WHEREAS, the Commission, pursuant to the terms of a resolution adopted by the Commission on May 10, 2011 (the “Resolution”), has authorized the issuance of its San Francisco Water Revenue Bonds in an aggregate principal amount not to exceed $700,000,000, for the purpose of financing and refinancing WSIP Projects and Non-WSIP Projects, funding debt service reserve and paying costs of issuance and other incidental costs therefor, with the title and series designations to be determined by the General Manager of the Commission (the “New Money Bonds”); authorized the issuance of its San Francisco Water Revenue Refunding Bonds without limitation as to par amount, for the purpose of refunding outstanding water revenue bonds or commercial paper of the Commission, funding reserve funds and paying costs of issuance and other incidental costs therefor, with the title and series designations to be determined by the General Manager of the Commission, provided that the applicable requirements of the policies, procedures and Charter of the City are satisfied (the “Refunding Bonds” and together with the New Money Bonds, the “Bonds”); approved the form of one or more Supplemental Indentures (the “Supplemental Indentures”), by and between the Commission and U.S. Bank National Association, as trustee (the
“Trustee”), which supplements the Amended and Restated Indenture, dated as of August 1, 2002, as amended and supplemented (collectively with the Supplemental Indentures, the “Indenture”), by and between the Commission and the Trustee; and authorized other related actions and matters; and,

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

RESOLVED by the Board of Supervisors of the City and County of San Francisco, as follows:

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

Section 2. Approval and Authorization of Bonds. Subject to the approval and effectiveness of the June Proposition E Ordinance, the Board hereby authorizes and approves the issuance by the Commission of New Money Bonds in an aggregate principal amount not to exceed $700,000,000, in one or more series and on one or more dates, at a maximum rate or rates of interest not to exceed twelve percent (12%) per annum. The New Bonds may be issued as tax-exempt bonds or taxable bonds, or any combination thereof.

The Board further authorizes and approves the issuance by the Commission of Refunding Bonds, without limitation as to principal amount, in one or more series and on one or more dates, at a maximum rate or rates of interest not to exceed twelve (12%) percent per annum, provided that each such Refunding Bond issue is permitted under the applicable policies and procedures of the City and authorized by either (A) Section 9.109 of the Charter or (B) Proposition E of 2002 (including related ordinances and resolutions of the Board). The Refunding Bonds may be issued as tax-exempt bonds or taxable bonds, or any combination thereof.

The forms of the Bonds, in substantially the forms presented to the Board, as set forth in the exhibits to the Supplemental Indentures, are hereby approved. The President or the
General Manager of the Commission or the designee of either, and the Controller of the City
or any deputy thereof, are hereby authorized and directed to approve and to execute the
Bonds by manual or facsimile signature, with such changes, additions, amendments or
modifications therein which he or she may approve with the advice of the City Attorney, such
approval to be conclusively evidenced by the execution and delivery of the Bonds.

Section 3. **Affirmation of Existing Bond Covenants.** The Board hereby confirms
Section 5.01(b) of the Indenture which sets forth the disposition of Revenues (as defined in
the Indenture) applicable to the Bonds and covenants with the holders of the Bonds that the
Revenues shall be appropriated and expended as set forth in Section 5.01(b) of the Indenture.
The Board also hereby declares that the City 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. **Approval of Financing Documents.** In accordance with the grant of authority
contained in the Ordinances, the forms of Supplemental Indentures, Official Notices of Sale,
Notices of Intention to Sell Bonds, Bond Purchase Agreements, Official Statements, Escrow
Agreements and Continuing Disclosure Certificates relating to the Bonds, submitted to this
Board and on file with the Clerk of the Board, are hereby approved. The Controller, the
Treasurer, the City Attorney and the officers of the Commission authorized by resolution of the
Commission, and their designees, are hereby authorized to execute, attest, seal, publish and
deliver (as appropriate) each such document, with such changes thereto as the officer
executing or publishing the same shall approve with the advice of the City Attorney, such
approval to be conclusively evidenced by the execution and delivery, or the publication, as
applicable, of such document.
Section 5. 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 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”). 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 6. General Authority. The Controller of the City, the Treasurer of the City, the City Attorney, and all other appropriate officers, employees, representatives and agents of the City are hereby authorized and directed to do everything necessary or desirable to provide for the issuance and security of the Bonds, including, but not limited to, executing and delivering such certificates and other documents as they may deem necessary or advisable, including without limitation any custody agreements or filing agent agreements required by the Trustee.

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

By: MARK D. BLAKE
Deputy City Attorney
Resolution approving the issuance of water revenue bonds and 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 bonds are issued; authorizing the taking of appropriate actions in connection therewith; and related matters.

May 19, 2011 Budget and Finance Committee - RECOMMENDED

June 07, 2011 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Mirkarimi and Wiener

I hereby certify that the foregoing Resolution was ADOPTED on 6/7/2011 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board