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

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

WHEREAS, Pursuant to Charter, Section 9.107 (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 (except as otherwise provided under Charter, Section 9.107), such revenue bonds to be issued and sold in accordance with the law of the State of California or any procedure provided for 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; and

WHEREAS, Section 9.109 of the Charter authorizes the Board to provide for the issuance of revenue refunding bonds, for which no voter approval is required, for the purpose of refunding any outstanding revenue bonds of the City provided such refunding bonds are
expected to result in net debt service savings to the City on a present value basis, calculated
as provided by ordinance; and

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

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

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

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

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

WHEREAS, Pursuant to the Ordinance No. 89-10, the Commission is required to return
to this Board prior to the issuance of bonds authorized thereunder to obtain approval of any
relating financing or disclosure documents prepared in connection with the issuance of such obligations; and

WHEREAS, The Commission, pursuant to the terms of a resolution adopted by the Commission on September 13, 2016 (the “Commission Resolution”), subject to the approval of this resolution of the Board, the Commission has (A) authorized issuance of its Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds in an aggregate principal amount not to exceed $295,000,000 (the “Bonds”) for the purpose of providing funds (i) to refund the Outstanding CP, (ii) to pay for certain improvements to the City’s water system, (iii) to pay capitalized interest on the Bonds, (iv) to pay the costs of issuance of the Bonds, and (v) if determined to be beneficial to the Commission by its General Manager, with the advice of its financial advisors, for the secondary purposes of providing funds for (a) the credit enhancement of any Bonds (including without limitation bond insurance policies and/or reserve fund surety bonds or insurance policies), and (b) the funding of debt service reserves for the Bonds issued under the Indenture, (B) 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 supplement 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, as well as forms of the Official Notice of Sale, Notice of Intention to Sell Bonds, Bond Purchase Agreement, Official Statement, Escrow Agreement and Continuing Disclosure Certificate relating to the Bonds, submitted to this Board and on file with the Clerk of the Board (collectively, the “Other Financing Documents”); and (C) authorized other related actions and matters; and

WHEREAS, The Commission 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. Pursuant to the Authorizing Legislation, the Board hereby approves the issuance by the Commission of Bonds in an aggregate principal amount not to exceed $295,000,000, 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 Bonds may be issued as tax-exempt bonds or taxable bonds, or any combination thereof.

The form of the Bonds, in substantially the form presented to the Board, as set forth in an exhibit to the Supplemental Indenture, is hereby approved. The General Manager of the Commission or the designee thereof, 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 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. The Board also determines that available fund balances shown in the Official Statement submitted.
on the date hereof as being available for the payment of debt service on the Bonds and
should be treated and are Revenues under the Indenture.

Section 4. **Approval of Financing Documents.** In accordance with the grant of authority
contained in the Authorizing Legislation, the forms of the Supplemental Indenture and the
Other Financing Documents are hereby approved. Any of 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. Pursuant to Proposition P, to the
extent permitted by law and to the extent not otherwise not already paid from proceeds of any
previous issue of commercial paper or bonds, 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 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, the Commission, and all other appropriate officers, employees, representatives and
agents of the Commission are hereby authorized and directed to do everything necessary or
desirable to provide for the issuance and sale of and security for the Bonds, including, but not
agents of the Commission are hereby authorized and directed to do everything necessary or
desirable to provide for the issuance and sale of and security for the Bonds, including, but not
limited to, approval of one or more Preliminary Official Statements and one or more Official
Statements for the Bonds, and executing and delivering such other 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
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October 19, 2016 Budget and Finance Committee - CONTINUED

October 26, 2016 Budget and Finance Committee - RECOMMENDED

November 01, 2016 Board of Supervisors - ADOPTED
   Ayes: 11 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang, Wiener and Yee

I hereby certify that the foregoing Resolution was ADOPTED on 11/1/2016 by the Board of Supervisors of the City and County of San Francisco.