[2006 Water Revenue Bonds Issuance]

Resolution approving the issuance of not to exceed \$525,000,000 aggregate principal amount of San Francisco water revenue 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; and authorizing the taking of appropriate actions in connection therewith; and related matters.

WHEREAS, At a duly called and held revenue bond election on November 5, 2002, a majority of voters voting on the measure approved the issuance by the Public Utilities

Commission of the City and County of San Francisco (the "Commission") of its revenue bonds in the aggregate principal amount of \$1,628,000,000 for the purpose of providing funds for the financing of the acquisition and construction of improvements (the "Improvements") to the water system (the "Water Enterprise") of the City and County of San Francisco (the "City"); and,

WHEREAS, Pursuant to Section 9.107 of the Charter (the "Charter") of the City, the Board of Supervisors of the City (the "Board") is authorized to provide for the issuance of revenue bonds by 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, The Commission, pursuant to the terms of Resolution No. _____, adopted by the Commission on _____/2-/3-06 (the "Resolution"), has authorized the issuance of \$525,000,000 aggregate principal amount of its San Francisco Water Revenue Bonds, 2006 Series A (the "Water Revenue Bonds") for the purpose of financing the costs of the Improvements to the Water Enterprise as well as for the payment of costs of issuance and

PUBLIC UTILITIES COMMISSION BOARD OF SUPERVISORS

other incidental costs therefor; approved the form of a First Supplemental Indenture expected to be dated as of February 1, 2006 (the "First Supplemental Indenture"), 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 (collectively with the First Supplemental Indenture, the "Indenture") by and between the Commission and the Trustee; and other matters; and,

WHEREAS, The Resolution, among other things, establishes a maximum rate of interest for the Water Revenue 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 Water Revenue Bonds. The Board hereby authorizes and approves the issuance by the Commission of the Water Revenue Bonds in an aggregate principal amount not to exceed \$525,000,000 at a maximum rate or rates of interest of not to exceed twelve percent per annum to provide funds to be used for the Improvements. The form of the Water Revenue Bonds, in substantially the form presented to the Board, as set forth in Exhibit I to the First Supplemental Indenture, is hereby approved. The Controller of the City or any deputy thereof is hereby authorized and directed to approve and to execute the Water Revenue Bonds by manual or facsimile signature; with such changes, additions, amendments or modifications therein which he or she may deem necessary or desirable and as the City Attorney may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Water Revenue 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 (as defined in the Indenture) 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, 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. Proposition P. Pursuant to Proposition P approved by the voters of the City in November 2002, this resolution and the Water Revenue 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 of the gross proceeds of the Water Revenue 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 5. 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 ///

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d security of the Water Revenue Bonds, including, but not limited to, executing uch certificates as they may deem necessary or advisable.

TO FORM:

RERA, City Attorney

ch David Loux H DAVID ROUX City Attorney

PUBLIC UTILITIES COMMISSION **BOARD OF SUPERVISORS**



City and County of San Francisco Tails

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

Resolution

File Number:

051982

Date Passed:

Resolution approving the issuance of not to exceed \$525,000,000 aggregate principal amount of San Francisco water revenue 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; 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. 051982

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.

Gloria L. Young

Clerk of the Board

2.16.06

Date Approved

Mayor Gavin Newsom