

1 [PUC Commercial Paper Issuance.]

2 **Resolution approving the substitution of the letter of credit with respect to the San**
3 **Francisco Public Utilities Commission's Commercial Paper Notes (Water Series) and**
4 **related matters.**

5
6 WHEREAS, At a duly called and held revenue bond election on November 5, 2002 (the
7 "2002 Election"), a majority of voters voting on the measure approved Proposition A
8 ("Proposition A") to authorize the issuance by the San Francisco Public Utilities Commission
9 (the "Commission") of its revenue bonds in an aggregate principal amount not to exceed
10 \$1,628,000,000 for the purpose of providing funds for the acquisition and construction of
11 improvements to the water enterprise; and,

12 WHEREAS, Pursuant to Section 9.107 of the Charter (the "Charter") of the City and
13 Article V of Chapter 43 of Part I of the San Francisco Administrative Code, enacted by
14 Ordinance No. 203-98 adopted by the Board of Supervisors of the City (the "Board") on June
15 8, 1998 and signed by the Mayor of the City on June 19, 1998 (the "Procedural Ordinance"),
16 the Board (Resolutions 451-99, 953-00 and 300-03) and the Commission (Resolutions 98-
17 109, 00-0234 and 03-0048) (collectively, the "Prior Resolutions") have previously authorized
18 the issuance of not to exceed \$250,000,000 of commercial paper notes (the "Commercial
19 Paper Notes") or bank notes for the purpose of providing for short-term financing of capital
20 improvements, capitalized interest and related costs for improvements, betterments and
21 additions to the water enterprise; and

22 WHEREAS, The Commission has from time to time caused the issuance of its
23 Commercial Paper Notes currently under the terms of that certain issuing and paying agent
24 agreement (the "Issuing and Paying Agent Agreement"), dated as of October 1, 2003, by and
25 between the Commission and U.S. Bank Trust National Association, which Commercial Paper

1 Notes are presently secured by a letter of credit issued by Bayerische Landesbank
2 Gironzentrale, acting through its New York Branch; and

3 WHEREAS, Pursuant to Section 9.02 of the Issuing and Paying Agent Agreement, the
4 Commission may obtain a substitute letter of credit to replace the letter of credit then in effect
5 provided such letter of credit goes into effect at least one Business Day prior to the
6 termination of the letter of credit then in effect and the Commission otherwise complies with
7 the additional conditions set forth in Section 9.02; and

8 WHEREAS, Consistent with its periodic procurement policies, in December 2004, the
9 Commission issued a request for bids from qualified banks for a substitute letter of credit to
10 secure the payment of the principal of and interest on the Commercial Paper Notes; and

11 WHEREAS, After an evaluation of the responses to such request for bids, Commission
12 staff determined that Bank of America N.A. has offered to provide a substitute letter of credit
13 (the "Letter of Credit") for the Commercial Paper Notes on terms that are financially
14 advantageous to the Commission on terms that are consistent with the requirements of the
15 Procedural Ordinance and the Prior Resolutions;

16 NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the City and
17 County of San Francisco, as follows:

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

19 Section 2. Approval of the Letter of Credit Bank Substation and Letter of Credit and
20 Reimbursement Agreement. The substitution of a letter of credit to be provided by Bank of
21 America, N.A. (the "Bank") in a maximum stated amount sufficient to provide credit and
22 liquidity support for \$250,000,000 principal amount of Commercial Paper Notes outstanding at
23 any one time under the terms of that certain Letter of Credit and Reimbursement Agreement,
24 dated as of May 1, 2005 (the "Reimbursement Agreement"), by and between the Commission
25 and the Bank, is hereby approved (the form of which is on file with the Clerk of the Board),

1 with such additions, modifications, changes and corrections as the General Manager of the
2 Commission, in consultation with the Mayor's Office of Public Finance and the City Attorney,
3 deem necessary or advisable; provided however nothing herein shall be deemed to authorize
4 the Commission to have outstanding at any one time more than \$250,000,000 in aggregate
5 principal amount of its Commercial Paper Notes and bank notes, and provided that in
6 accordance with Section 43.5.2 of the Procedural Ordinance, the maximum interest rate for
7 the Commercial Paper Notes and for the bank notes shall not exceed 12% per annum.

8 Section 3. Approval of the Offering Memorandum. The Offering Memorandum relating
9 to the Commission's Commercial Paper Notes, prepared in connection with substitution of the
10 letter of credit for the Commercial Paper Notes , in substantially the form submitted to the
11 Clerk of the Board, is hereby approved. The General Manager of the Commission is hereby
12 authorized to make such additions, modifications, changes or corrections as the General
13 Manager of the Commission, in consultation with the Mayor's Office of Public Finance and the
14 City Attorney, deem necessary or advisable.

15 Section 6. General Authority. The General Manager of the Commission, the Director
16 of the Mayor's Office of Public Finance (the "Director"), the City Attorney, and all other
17 appropriate officers, employees, representatives and agents of the City are hereby authorized
18 and directed to do everything necessary or desirable to effect the substitution of the Letter of
19 Credit and the delivery of a new Offering Memorandum in connection therewith as provided
20 herein, including providing for the execution and delivery of such documents, certificates and
21 opinions required thereby, and to otherwise effect the purposes of this Resolution.

1 APPROVED AS TO FORM:
2 DENNIS J. HERRERA / City Attorney

3 By:


4 MARK D. BLAKE
5 Deputy City Attorney
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City and County of San Francisco

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

Tails
Resolution

File Number: 050419

Date Passed:

Resolution approving the substitution of the letter of credit with respect to the San Francisco Public Utilities Commission's Commercial Paper Notes (Water Series) and related matters.

April 19, 2005 Board of Supervisors — ADOPTED

Ayes: 10 - Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell, McGoldrick,
Mirkarimi, Peskin, Sandoval
Excused: 1 - Alioto-Pier

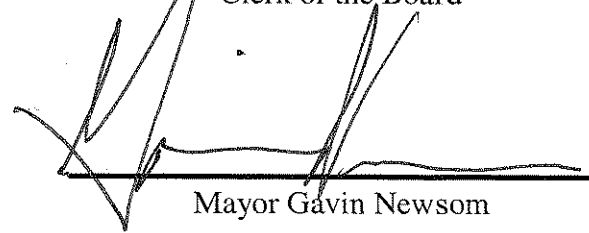
File No. 050419

I hereby certify that the foregoing Resolution was ADOPTED on April 19, 2005 by the Board of Supervisors of the City and County of San Francisco.

APR 27 2005

Date Approved


Gloria L. Young
Clerk of the Board


Mayor Gavin Newsom