Resolution approving the issuance of not to exceed $250,000,000 aggregate principal amount outstanding at any one time of the San Francisco Public Utilities Commission Commercial Paper Notes (Water Series) pursuant to Article V of Chapter 43 of Part I of the San Francisco Municipal Code for the purpose of financing certain capital improvements related to the water enterprise; approving the maximum interest rate thereon; and related matters.

WHEREAS, At a duly called and held revenue bond election on November 5, 2002 (the "2002 Election"), a majority of voters voting on the measure approved Proposition A ("Proposition A") to authorize the issuance by the commission of its revenue bonds in an aggregate principal amount not to exceed $1,628,000,000 for the purpose of providing funds for the acquisition and construction of improvements to the Water Enterprise; 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 ordinances; and,

WHEREAS, Pursuant to Article V of Chapter 43 of Part I of the San Francisco Administrative Code, enacted by Ordinance No. 203-98 adopted by the Board on June 8, 1998 and signed by the Mayor of the City on June 19, 1998, the Board established a procedure pursuant to which the Commission may issue or incur short-term indebtedness,
WHEREAS, Pursuant to Resolution 953-00 (the “Prior Resolution”), this Board previously approved the issuance of San Francisco Public Utilities Commission Commercial Paper Notes (Water Series) (the "Prior Commercial Paper Program"), including the forms of an issuing and paying agent agreement (the "Issuing and Paying Agent Agreement") and a letter of credit and reimbursement agreement (the "Letter of Credit and Reimbursement Agreement"); and,

WHEREAS, The Commission has retired all of its outstanding commercial paper notes through the issuance of certain of its water revenue bonds; and

WHEREAS, Bayerische Landesbank Gironzentrale, acting through its New York Branch, and State Street Bank and Trust Company (collectively, the "Bank"), have agreed to extend the credit facility from the Prior Commercial Paper Program to commercial paper to be issued in advance of the issuance of Commission Water Revenue Bonds under Proposition A; and

WHEREAS, The Commission, pursuant to the terms of Resolution No. 03-0048, adopted by the Commission on March 25, 2003 (the "Commission Resolution"), has authorized the issuance of up to $250,000,000 aggregate principal amount outstanding at any one time of its San Francisco Public Utilities Commission Commercial Paper Notes (Water Series) (the "Commercial Paper Notes"), in anticipation of the issuance of its Water Bonds for the purposes of financing the costs of improvements, betterments and additions to the Water Enterprise as well as for the payment of costs of issuance and other incidental costs therefore in accordance with the terms of Proposition A, and has authorized the General Manager of the Commission to execute such documents, including necessary amendments to the Issuing and Paying Agent Agreement and the Letter of Credit and Reimbursement Agreement (so long as
the maximum stated amount of the Letter of Credit issued thereunder does not exceed $250,000,000); and,

WHEREAS, Pursuant to the Issuing and Paying Agent Agreement, the Commission will further have the ability to authorize the issuance of its San Francisco Public Utilities Commission Commercial Paper Bank Notes (Water Series) (the “Bank Notes”) to evidence unreimbursed Drawings, if any, from the Bank or Banks under a Letter of Credit (each as defined in the Issuing and Paying Agent Agreement) in an amount, together with the Commercial Paper Notes, not to exceed $250,000,000 combined aggregate principal amount outstanding; and,

WHEREAS, The provisions of the Commission Resolution do not conflict with the requirements of the Procedural Ordinance and the Prior Resolution; and,

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 Commercial Paper. The issuance by the Commission of the Commercial Paper Notes, in anticipation of the issuance of a portion of the Water Bonds, for the purposes of financing and refinancing the costs of improvements, betterments and addition to the Water Enterprise, as well as paying costs of issuance and other incidental costs, all in accordance with Proposition A, is hereby approved as required by Section 43.5.2 of the Procedural Ordinance; providing however, that the approval of the issuance of commercial paper herein is subject to amendment by the Board of Administrative Code Chapter 37 (Residential Rent Stabilization and Arbitration Ordinance) to provide that landlords may pass through to residential tenants 50% of the water bill costs attributable to water rate increases resulting from the issuance of Bonds under Proposition A. The total principal amount of the Commercial Paper Notes at any one time outstanding, when
combined with the total principal amount of outstanding Bank Notes, shall not exceed
$250,000,000), and in the aggregate, such issuances shall not at any time exceed the
principal component of the Letter of Credit.

Section 3. Approval and Authorization of Bank Notes. The issuance by the
Commission of Bank Notes, if any, is hereby approved as required by Section 43.5.2 of the
Procedural Ordinance. The total principal amount of the Bank Notes at any one time
outstanding, when combined with the total principal amount of outstanding Commercial Paper
Notes, shall not exceed $250,000,000.

Section 4. No Conflict with Procedural Ordinance. The additional Commercial Paper
Notes and Bank Notes, if any, approved by this resolution shall be issued pursuant to the
terms of the Issuing and Paying Agent Agreement, and such additional agreements as the
Commission shall deem necessary or desirable for the purpose of implementing the issuance,
sale and delivery of such additional Commercial Paper Notes and Bank Notes, if any, and as
shall be approved by the City Attorney, which approval shall be conclusively evidenced by the
signature of the City Attorney on each such additional agreement; provided, that the terms of
the Issuing and Paying Agent Agreement and any such additional agreements shall not
conflict with the requirements of the Procedural Ordinance.

Section 5. Maximum Interest Rate. Pursuant to Section 43.5.2 of the Procedural
Ordinance, the maximum interest rate for the Commercial Paper Notes and for the Bank
Notes shall not exceed 12% per annum.

Section 6. Additional Agreements. The approvals contained herein shall extend to any
amendments to the Issuing and Paying Agent Agreement, the Letter of Credit and
Reimbursement Agreement and all agreements of the Commission supplemental thereto, as
well as to such additional agreements as the Commission may adopt for the purpose of
implementing the issuance, sale and delivery of the Commercial Paper Notes and the Bank

MAYOR WILLIE L. BROWN, JR.
BOARD OF SUPERVISORS
Notes. The approvals contained herein shall continue to apply to the Commercial Paper
Notes and the Bank Notes in the event such Notes are renamed or renumbered by the
Commission pursuant to the Issuing and Paying Agent Agreement.

Section 7. General Authority. The Director of the Mayor's Office of Public Finance (the
"Director"), 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 of the Commercial Paper Note and the Bank Notes, as
applicable.

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

By:
MARK D. BLAKE
Deputy City Attorney
Resolution approving the issuance of not to exceed $250,000,000 aggregate principal amount outstanding at any one time of the San Francisco Public Utilities Commission Commercial Paper Notes (Water Series) pursuant to Article V of Chapter 43 of Part 1 of the San Francisco Municipal Code for the purpose of financing certain capital improvements related to the water enterprise; approving the maximum interest rate thereon; and related matters.

May 6, 2003  Board of Supervisors — ADOPTED

Ayes: 11 - Ammiano, Daly, Dufty, Gonzalez, Hall, Ma, Maxwell, McGoldrick, Newsom, Peskin, Sandoval
I hereby certify that the foregoing Resolution was ADOPTED on May 6, 2003 by the Board of Supervisors of the City and County of San Francisco.

Gloria Young
Clerk of the Board

MAY 16 2003
Date Approved

Mayor Willie L. Brown Jr.