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.

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

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

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

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

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

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

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 of the Letter of Credit Bank Substation and Letter of Credit and Reimbursement Agreement. The substitution of a letter of credit to be provided by Bank of America, N.A. (the “Bank”) in a maximum stated amount sufficient to provide credit and liquidity support for $250,000,000 principal amount of Commercial Paper Notes outstanding at any one time under the terms of that certain Letter of Credit and Reimbursement Agreement, dated as of May 1, 2005 (the "Reimbursement Agreement"), by and between the Commission and the Bank, is hereby approved (the form of which is on file with the Clerk of the Board),
with such additions, modifications, changes and corrections as the General Manager of the Commission, in consultation with the Mayor's Office of Public Finance and the City Attorney, deem necessary or advisable; provided however nothing herein shall be deemed to authorize the Commission to have outstanding at any one time more than $250,000,000 in aggregate principal amount of its Commercial Paper Notes and bank notes, and provided that in accordance with 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 3. Approval of the Offering Memorandum. The Offering Memorandum relating to the Commission's Commercial Paper Notes, prepared in connection with substitution of the letter of credit for the Commercial Paper Notes, in substantially the form submitted to the Clerk of the Board, is hereby approved. The General Manager of the Commission is hereby authorized to make such additions, modifications, changes or corrections as the General Manager of the Commission, in consultation with the Mayor's Office of Public Finance and the City Attorney, deem necessary or advisable.

Section 6. General Authority. The General Manager of the Commission, 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 effect the substitution of the Letter of Credit and the delivery of a new Offering Memorandum in connection therewith as provided herein, including providing for the execution and delivery of such documents, certificates and opinions required thereby, and to otherwise effect the purposes of this Resolution.
APPROVED AS TO FORM:
DENNIS J. HERRERA City Attorney

By:
MARK D. BLAKE
Deputy City Attorney
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, Dufy, Elsbernd, Ma, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval
Excused: 1 - Alioto-Pier

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.

Gloria L. Young
Clerk of the Board

Mayor Gavin Newsom

Date Approved

APR 27 2005