

1 [PUC Commercial Paper Issuance.]

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4 **Resolution approving the issuance of not to exceed \$250,000,000 aggregate principal**
5 **amount outstanding at any one time of the San Francisco Public Utilities Commission**
6 **Commercial Paper Notes (Water Series) pursuant to Article V of Chapter 43 of Part 1 of**
7 **the San Francisco Municipal Code for the purpose of financing certain capital**
8 **improvements related to the water enterprise; approving the maximum interest rate**
9 **thereon; and related matters.**

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11 WHEREAS, At a duly called and held revenue bond election on November 5, 2002 (the
12 “2002 Election”), a majority of voters voting on the measure approved Proposition A
13 (“Proposition A”) to authorize the issuance by the commission of its revenue bonds in an
14 aggregate principal amount not to exceed \$1,628,000,000 for the purpose of providing funds
15 for the acquisition and construction of improvements to the Water Enterprise; and,

16 WHEREAS, Pursuant to Section 9.107 of the Charter (the “Charter”) of the City, the
17 Board of Supervisors of the City (the “Board”) is authorized to provide for the issuance of
18 revenue bonds by the Commission following the approval of the issuance of such revenue
19 bonds by a majority of the voters, such revenue bonds to be issued and sold in accordance
20 with State law or any procedure provided for by ordinances; and,

21 WHEREAS, Pursuant to Article V of Chapter 43 of Part I of the San Francisco
22 Administrative Code, enacted by Ordinance No. 203-98 adopted by the Board on June 8,
23 1998 and signed by the Mayor of the City on June 19, 1998, the Board established a
24 procedure pursuant to which the Commission may issue or incur short-term indebtedness,
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1 including the issuance of commercial paper in anticipation of the issuance of Commission
2 revenue bonds authorized in accordance with the Charter; and,

3 WHEREAS, Pursuant to Resolution 953-00 (the "Prior Resolution"), this Board
4 previously approved the issuance of San Francisco Public Utilities Commission Commercial
5 Paper Notes (Water Series) (the "Prior Commercial Paper Program"), including the forms of
6 an issuing and paying agent agreement (the "Issuing and Paying Agent Agreement") and a
7 letter of credit and reimbursement agreement (the "Letter of Credit and Reimbursement
8 Agreement"); and,

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

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

16 WHEREAS, The Commission, pursuant to the terms of Resolution No. 03-0048,
17 adopted by the Commission on March 25, 2003 (the "Commission Resolution"), has authorized
18 the issuance of up to \$250,000,000 aggregate principal amount outstanding at any one time
19 of its San Francisco Public Utilities Commission Commercial Paper Notes (Water Series) (the
20 "Commercial Paper Notes"), in anticipation of the issuance of its Water Bonds for the
21 purposes of financing the costs of improvements, betterments and additions to the Water
22 Enterprise as well as for the payment of costs of issuance and other incidental costs therefore
23 in accordance with the terms of Proposition A, and has authorized the General Manager of the
24 Commission to execute such documents, including necessary amendments to the Issuing and
25 Paying Agent Agreement and the Letter of Credit and Reimbursement Agreement (so long as

1 the maximum stated amount of the Letter of Credit issued thereunder does not exceed
2 \$250,000,000); and,

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

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

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

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

15 Section 2. Approval and Authorization of Commercial Paper. The issuance by the
16 Commission of the Commercial Paper Notes, in anticipation of the issuance of a portion of the
17 Water Bonds, for the purposes of financing and refinancing the costs of improvements,
18 betterments and addition to the Water Enterprise, as well as paying costs of issuance and
19 other incidental costs, all in accordance with Proposition A, is hereby approved as required by
20 Section 43.5.2 of the Procedural Ordinance; providing however, that the approval of the
21 issuance of commercial paper herein is subject to amendment by the Board of Administrative
22 Code Chapter 37 (Residential Rent Stabilization and Arbitration Ordinance) to provide that
23 landlords may pass through to residential tenants 50% of the water bill costs attributable to
24 water rate increases resulting from the issuance of Bonds under Proposition A. The total
25 principal amount of the Commercial Paper Notes at any one time outstanding, when

1 combined with the total principal amount of outstanding Bank Notes, shall not exceed
2 \$250,000,000), and in the aggregate, such issuances shall not at any time exceed the
3 principal component of the Letter of Credit.

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

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

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

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

1 Notes. The approvals contained herein shall continue to apply to the Commercial Paper
2 Notes and the Bank Notes in the event such Notes are renamed or renumbered by the
3 Commission pursuant to the Issuing and Paying Agent Agreement.

4 Section 7. General Authority. The Director of the Mayor's Office of Public Finance (the
5 "Director"), the City Attorney, and all other appropriate officers, employees, representatives
6 and agents of the City are hereby authorized and directed to do everything necessary or
7 desirable to provide for the issuance of the Commercial Paper Note and the Bank Notes, as
8 applicable.

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

11 By: _____
12 MARK D. BLAKE
13 Deputy City Attorney

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