

File No. 181109

Committee Item No. 18

Board Item No. 3

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date December 1, 2018

Board of Supervisors Meeting

Date 1/15/2019

#### Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form                            |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Public Utilities Commission Resolution</u> |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>Power Point Presentation</u>               |
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Completed by: Linda Wong Date November 30, 2018

Completed by: Linda Wong Date December 10, 2018



BOARD of SUPERVISORS



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## MEMORANDUM

### BUDGET AND FINANCE COMMITTEE

#### SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Malia Cohen, Chair  
Budget and Finance Committee

FROM: Linda Wong, Assistant Clerk

DATE: December 10, 2018

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**  
Tuesday, December 11, 2018

The following file should be presented as a **COMMITTEE REPORT** at the Board meeting on Tuesday, December 11, 2018, at 2:00 p.m. This item was acted upon at the Committee Meeting on Thursday, December 6, 2018, at 10:00 a.m., by the votes indicated.

Item No. 49      File No. 181109

Ordinance authorizing an increase of the principal amount of the Power Enterprise's Commercial Paper Program by \$160,000,000 from a principal amount not to exceed \$90,000,000 to a principal amount not to exceed \$250,000,000 with such Commercial Paper Notes to be issued or caused to be issued from time to time by the San Francisco Public Utilities Commission to finance and refinance on an interim basis various capital projects benefitting the Power Enterprise; and ratifying previous actions taken in connection therewith, as defined herein.

#### RECOMMENDED AS A COMMITTEE REPORT

Vote: Supervisor Malia Cohen - Aye  
Supervisor Sandra Lee Fewer - Aye  
Supervisor Catherine Stefani - Aye

c: Board of Supervisors  
Angela Calvillo, Clerk of the Board  
Jon Givner, Deputy City Attorney  
Alisa Somera, Legislative Deputy Director

1 [Increase of Power Enterprise Commercial Paper Program - Not to Exceed \$250,000,000]  
2  
3 Ordinance authorizing an increase of the principal amount of the Power Enterprise's  
4 Commercial Paper Program by \$160,000,000 from a principal amount not to exceed  
5 \$90,000,000 to a principal amount not to exceed \$250,000,000 with such Commercial  
6 Paper Notes to be issued or caused to be issued from time to time by the San  
7 Francisco Public Utilities Commission to finance and refinance on an interim basis  
8 various capital projects benefitting the Power Enterprise; and ratifying previous  
9 actions taken in connection therewith, as defined herein.

10 NOTE: Unchanged Code text and uncodified text are in plain Arial font.  
11 Additions to Codes are in single-underline italics Times New Roman font.  
12 Deletions to Codes are in ~~italics Times New Roman font~~.  
13 Board amendment additions are in double-underlined Arial font.  
14 Board amendment deletions are in ~~Arial font~~.  
15 Asterisks (\* \* \* \*) indicate the omission of unchanged Code  
16 subsections or parts of tables.

17 Be it ordained by the People of the City and County of San Francisco:

18 WHEREAS, Pursuant to Article V of Chapter 43 ("Article V") of the San Francisco  
19 Administrative Code ("City's Administrative Code"), enacted by Ordinance No. 203-98,  
20 adopted by the Board of Supervisors ("Board") of the City and County of San Francisco (the  
21 "City") on June 8, 1998, and signed by the Mayor of the City ("Mayor") on June 19, 1998  
22 ("Ordinance No. 203-98"), as amended by Ordinance No. 270-06, adopted by the Board on  
23 October 24, 2006, and signed by the Mayor on October 31, 2006 ("Ordinance No. 270-06"  
24 and, together with Ordinance No. 203-98, the "Short-Term Borrowing Ordinance"), the Board  
25 established a procedure pursuant to which the San Francisco Public Utilities Commission

1 ("Commission") may issue short-term indebtedness, including the issuance and reissuance of  
2 commercial paper notes in anticipation of the issuance of revenue bonds; and

3 WHEREAS, Pursuant to Article V, the Short-Term Borrowing Ordinance and Resolution  
4 No. 427-15, adopted by the Board on November 11, 2015, and signed by the Mayor on  
5 November 25, 2015, the Board has previously authorized the establishment of the  
6 Commission's Power Enterprise ("Power Enterprise") commercial paper program ("Power  
7 CP Program") and the issuance of commercial paper notes in an aggregate principal amount  
8 not to exceed \$90,000,000 against authorizations for indebtedness under Article V and  
9 Sections 9.107(6) and 9.107(8) of the Charter of the City ("Charter"), to provide additional  
10 interim financing of capital improvements and related costs for improvements, betterments  
11 and additions to the Power Enterprise; and

12 WHEREAS, On June 5, 2018, the voters of the City approved Proposition A  
13 ("Proposition A"), which among other things, authorized the Commission to issue  
14 indebtedness, including revenue bonds, notes, commercial paper or other forms of  
15 indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board, for  
16 the purpose of reconstructing, replacing, expanding, repairing or improving power facilities  
17 under the jurisdiction of the Commission or for any other lawful purpose of the power facilities  
18 of the City in furtherance of the purposes specified in Section 8B.124 of the Charter, provided  
19 that the Commission is prohibited from financing the construction of power plants that  
20 generate electricity using fossil fuels or nuclear energy under Proposition A; and

21 WHEREAS, The Board's authority to authorize issuance of debt under Section 8B.124  
22 of the Charter is subject to (i) receipt of certification from an independent engineer that (x) the  
23 projects to be financed by such debt meet utility standards and (y) estimated net revenue will  
24 be sufficient to meet operating, maintenance, debt service coverage and other indenture or  
25 resolution requirements; and (ii) receipt of certification from the San Francisco Planning

1 Department that facilities financed with such debt will comply with applicable requirements of  
2 the California Environmental Quality Act (collectively, the "Proposition A Certifications"); and

3 WHEREAS, On November 13, 2018, the Commission approved Resolution No. 18-  
4 0188 to authorize an increase in the principal amount of the Power CP Program to an amount  
5 not to exceed \$250,000,000 ( "Commercial Paper Notes") from \$90,000,000 and the issuance  
6 from time to time of such Commercial Paper Notes pursuant to the provisions of (i) Article V of  
7 the City's Administrative Code, (ii) Sections 9.107(6) and 9.107(8) of the Charter, and (iii)  
8 Section 8B.124 of the Charter subject to receipt of the Proposition A Certifications  
9 (collectively, the "City Authorizations"), together with approval of certain security documents  
10 related thereto and the appointment of professionals therefor, subject to and contingent upon  
11 adoption of this Ordinance; and

12 WHEREAS, To provide additional capacity for the short-term financing of capital  
13 improvements and related costs for improvements, betterments and additions to the Power  
14 Enterprise the Board now wishes to authorize and expand the Power CP Program to an  
15 aggregate principal amount not to exceed \$250,000,000 from \$90,000,000, pursuant to the  
16 City Authorizations, subject to receipt of the necessary Proposition A Certifications in the case  
17 of any projects to be financed under Section 8B.124 of the Charter; and

18 WHEREAS, The Board has previously authorized under the provisions of Sections  
19 9.107(6) and 9.107(8) of the Charter the issuance and sale of power revenue bonds and other  
20 forms of indebtedness to finance the costs of various capital projects benefitting the Power  
21 Enterprise pursuant to Ordinance No. 106-14, adopted by the Board on June 24, 2014, and  
22 signed by the Mayor on July 2, 2014, Ordinance 113-16, adopted by the Board on June 14,  
23 2016, and signed by the Mayor on June 24, 2016, and Ordinance 142-18, adopted by the  
24 Board on June 12, 2018, and signed by the Mayor on June 20, 2018; and

1 WHEREAS, Pursuant to the Short-Term Borrowing Ordinance, the proceeds of the  
2 Commercial Paper Notes may only be used to fund projects that have been approved as part  
3 of the Commission's annual budget or otherwise approved; and

4 WHEREAS, Pursuant to Ordinance No. 104-14, adopted by the Board on June 24,  
5 2014, and signed by the Mayor on July 2, 2014 ("Ordinance No. 104-14"), the Board  
6 appropriated \$217,478,836 for Hetch Hetchy Water and Power Capital Improvements for  
7 Fiscal Years 2014-15 and 2015-16; and

8 WHEREAS, Pursuant to Ordinance No. 110-16, adopted by the Board on June 14,  
9 2016, and signed by the Mayor on June 24, 2016 ("Ordinance No. 110-16"), the Board  
10 appropriated \$158,125,530 for Hetch Hetchy Capital Improvement Program for Fiscal Years  
11 2016-17 and 2017-18; and

12 WHEREAS, Pursuant to Ordinance No. 139-18, adopted by the Board on June 12,  
13 2018, and signed by the Mayor on June 20, 2018 ("Ordinance No. 139-18"), the Board  
14 appropriated \$340,106,949 for Hetch Hetchy Capital Improvement Program for Fiscal Years  
15 2018-19 and 2019-20; and

16 WHEREAS, The projects expected to be financed with the proceeds of the Commercial  
17 Paper Notes have been approved in Ordinance No. 104-14, Ordinance No. 110-16 and  
18 Ordinance No. 139-18; now, therefore, be it

19 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as  
20 follows:

21 Section 1. Findings. The Board finds and determines that the foregoing recitals are  
22 true and correct.

23 Section 2. Approval of Increase in Commercial Paper Notes Authorization. The  
24 Board hereby authorizes and approves an increase of the principal amount of the Power CP  
25 Program authorization to \$250,000,000 from \$90,000,000 pursuant to the City Authorizations.

1 The Board further approves the issuance and sale of Commercial Paper Notes in one or more  
2 series from time to time by or on behalf of the Commission in accordance with a resolution of  
3 the Commission; provided, however, that the interest rate on any Commercial Paper Notes  
4 issued by or on behalf of the Commission shall not exceed twelve percent (12%) per annum.  
5 The Commission is hereby authorized to determine the timing, amount and manner of sale of  
6 each series of Commercial Paper Notes issued pursuant to this authorization; provided,  
7 however, that the Commission's authorization to issue or cause the issuance of Commercial  
8 Paper Notes is subject to the approval, by a resolution of the Commission, of the form of  
9 offering document prepared in connection with the issuance of the Commercial Paper Notes  
10 and, in the case of any projects to be financed under Section 8B.124 of the Charter, filing with  
11 the Clerk of the Board of the necessary Proposition A Certifications.

12 Section 3. General Authority. The Controller, the Director of the Office of Public  
13 Finance, the Treasurer, the General Manager of the Commission, the City Attorney and other  
14 officers of the City and their duly authorized deputies and agents are hereby authorized and  
15 directed, jointly and severally, to take such actions and to execute and deliver such  
16 certificates, agreements, requests or other documents, as they may deem necessary or  
17 desirable to facilitate the issuance, sale and delivery of any Commercial Paper Notes, and to  
18 otherwise carry out the provisions of this Ordinance.

19 Section 4. Ratification of Prior Actions. All actions authorized and directed by this  
20 Ordinance and heretofore taken are hereby ratified, approved and confirmed by this Board.

21 ///

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1 Section 5. Effective Date. Pursuant to Section 14.102 of the Charter, this Ordinance  
2 shall take effect thirty (30) days after its adoption.

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

5  
6 By: 

7 Mark D. Blake  
8 Deputy City Attorney

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LEGISLATIVE DIGEST

[Increase of Power Enterprise Commercial Paper Program - Not to Exceed \$250,000,000]

**Ordinance authorizing an increase of the principal amount of the Power Enterprise's Commercial Paper Program by \$160,000,000 from a principal amount not to exceed \$90,000,000 to a principal amount not to exceed \$250,000,000 such Commercial Paper Notes to be issued or caused to be issued from time to time by the San Francisco Public Utilities Commission to finance and refinance on an interim basis various capital projects benefitting the Power Enterprise; and ratifying previous actions taken in connection therewith, as defined herein.**

Existing Law

Under Article V of the Administrative Code (Administrative Code Section 43.5), certain legislation adopted by the Board of Supervisors, including but not limited to, Resolution No. 427-15, adopted by the Board on November 11, 2015, and signed by the Mayor on November 25, 2015, the Board authorized the establishment of the Commission's Power Enterprise's commercial paper program ("Power CP Program") and the issuance of commercial paper notes in an aggregate principal amount not to exceed \$90,000,000 against long term revenue bond authorizations under Charter sections 9.107(6) and 9.107(8).

Background Information

The Public Utilities Commission ("Commission") has established a commercial paper program for the power enterprise ("Power Enterprise") to provide interim financing for its capital projects to be financed ultimately with through the issuance of long-term revenue bonds. The current program authorizes the Commission to issue from time to time commercial paper in a principal amount up to \$90,000,000. In order to accommodate future increased financing for the power enterprise the Commission desires to increase the maximum outstanding principal amount of commercial paper outstanding at any one time to an amount not to exceed \$250,000,000.

On June 5, 2018, voters approved Proposition A ("Proposition A") to, among other things, grant the power enterprise the same authority to issue revenue bonds and other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board, for the purpose of reconstructing, replacing, expanding, repairing or improving power facilities under the jurisdiction of the power enterprise or for any other lawful purpose of the power facilities of the City in furtherance of the purposes specified in Section 8B.124 of the Charter. Proposition A prohibited the Commission from financing the construction of power plants that generate electricity using fossil fuels or nuclear energy.

Except to the extent the power enterprise issues revenue bonds under 9.107(6) or 9.107(8) of the Charter (the "Charter Authorizations"), the Commission is required to obtain (i) receipt of certification from an independent engineer that (x) the projects to be financed by such debt meet utility standards and (y) estimated net revenue will be sufficient to meet operating, maintenance, debt service coverage and other indenture or resolution requirements; and (ii) receipt of certification from the San Francisco Planning Department that facilities financed with such debt will comply with applicable requirements of the California Environmental Quality Act (collectively, the "Proposition A Certifications").

This Ordinance would authorize and increase the Power Enterprise's commercial paper to an aggregate principal amount not to exceed \$250,000,000 from \$90,000,000, pursuant to the Charter Authorization and, subject to receipt of the necessary Proposition A Certifications, in the case of any projects to be financed under Section 8B.124 of the Charter.

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<b>Item 18</b> <b>File 18-1109</b>	<b>Department:</b> Public Utilities Commission (PUC)
<b>EXECUTIVE SUMMARY</b>	
<p><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed ordinance would authorize an increase of \$160,000,000 in the principal amount of the SFPUC's Power Enterprise's Commercial Paper Program from the current not-to-exceed principal amount of \$90,000,000 to a principal amount not-to-exceed \$250,000,000 to be issued from time to time by the SFPUC to provide interim financing for Power Enterprise capital projects. The Power Enterprise's Commercial Paper Program includes capital projects approved under Administrative Code Section 9.107 for the reconstruction or replacement of existing power facilities, and for future projects approved under Proposition A to reconstruct, replace, expand, repair or improve the SFPUC's power facilities.</li> </ul> <p><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The SFPUC's Hetch Hetchy Enterprise is responsible for power trading and scheduling, customer relations and billing, in-City facilities, distribution infrastructure, street lights, public policy and financial planning. Power sales must generate sufficient revenues to fund the Enterprise's operating expenses and capital program.</li> <li>• The SFPUC's 10-Year Capital Plan provides for \$371 million in Hetch Hetchy power capital project expenditures through 2028. The Board of Supervisors previously authorized the sale of power revenue bonds up to approximately \$351,857,989. In November 2015, the Board of Supervisors approved an ordinance authorizing the SFPUC to issue Power Enterprise Commercial Paper in the aggregate principal amount not-to-exceed \$90,000,000.</li> </ul> <p><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The SFPUC is requesting an increase of \$160 million in Commercial Paper Program authorization from \$90 million to \$250 million to provide interim financing for Power Enterprise capital projects previously appropriated by the Board of Supervisors. The SFPUC has previously issued approximately \$20 million of the existing authorization, and will issue an additional \$60 million for projects totaling \$80 million.</li> <li>• Commercial paper interest rates and fees at approximately 2.25 percent annually are significantly lower than long-term revenue bond interest rates and fees, which are currently approximately 4.0 percent annually. Increasing the SFPUC commercial paper authorization will provide the SFPUC the flexibility to more efficiently finance its capital projects, by reducing the period of paying capitalized interest and allowing the SFPUC to issue bonds at a later date, thereby lowering the SFPUC's debt and debt service costs. Reducing SFPUC debt service costs should result in lower cost increases to electricity rate payers.</li> </ul> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed ordinance.</li> </ul>	

## MANDATE STATEMENT

Charter Section 9.107(6, 8) states that the Board of Supervisors is authorized to provide for the issuance of revenue bonds for the purpose of the reconstruction or replacement of existing water facilities or electric power facilities or combinations of water and electric power facilities under the jurisdiction of the Public Utilities Commission, when authorized by resolution adopted by a three-fourths affirmative vote of all members of the Board of Supervisors; and issued to finance or refinance the acquisition, construction, installation, equipping, improvement or rehabilitation of equipment or facilities for renewable energy and energy conservation.

City Charter Section 8B.124 states that the San Francisco Public Utilities Commission (SFPUC) may issue revenue bonds, including notes, commercial paper or other forms of indebtedness in order to reconstruct, replace, expand, repair or improve SFPUC water facilities or clean water facilities and that such debt issuances are subject to two-thirds approval by ordinance by the Board of Supervisors.

The Board of Supervisors authority under Charter Section 8B.124 is subject to receipt of a certification from (1) an independent engineer that (i) the projects to be financed by such debt meet utility standards and (ii) estimated net revenue will be sufficient to meet operating, maintenance, debt service coverage and other indenture or resolution requirements and (2) the San Francisco Planning Department that facilities financed with such debt will comply with applicable requirements of the California Environmental Quality Act (CEQA).

## BACKGROUND

The SFPUC's Hetch Hetchy Water and Power Enterprise, of which the Power Enterprise is a component, is responsible for power trading and scheduling, customer relations and billing, in-city facilities, distribution infrastructure, street lights, public policy and financial planning. The Hetch Hetchy Water and Power Enterprise is also responsible for all water and power facilities at Hetch Hetchy. Power sales must generate sufficient revenues to fund the Hetch Hetchy Enterprise's operating expenses and capital program.

The Public Utilities Commission approved the SFPUC 10-Year Capital Plan for FY 2018-19 to FY 2027-2028 in January 2018. The 10-Year Capital Plan provides for \$371 million in Hetch Hetchy power capital project expenditures through 2028. These projects are funded primarily by Power Revenue Bonds, Water Revenue Bonds, operating revenue, and Cap and Trade Allowances<sup>1</sup>. The Power Enterprise Capital Plan is subject to approval by the Board of Supervisors as part of the SFPUC's two-year budget.

The Board of Supervisors previously authorized the sale of power revenue bonds up to approximately \$351,857,989 (Files 14-0482, 15-0078, 15-0079, 15-0942, 16-0473, and 18-0450).

<sup>1</sup> The California Cap and Trade Program sets greenhouse gas emission allowances for public and private utilities and other agencies; agencies that do not fully use their greenhouse gas emission allowance can sell the allowance to other agencies.

### Commercial Paper and Revenue Bonds

The SFPUC can issue commercial paper in advance of an anticipated longer-term revenue bond sale in order to provide short-term funding (no more than 270 days<sup>2</sup>) to finance capital projects. Proceeds from the sale of revenue bonds are then used to pay off the shorter-term commercial paper. Ultimately, the SFPUC redeems any power revenue bonds, including notes, commercial paper or other forms of indebtedness from revenues collected from power sales. In November 2015, the Board of Supervisors approved an ordinance to authorize the SFPUC to issue Power Enterprise Commercial Paper in the aggregate principal amount not-to-exceed \$90,000,000 (File 15-1088).

In addition, Proposition A, approved by San Francisco voters on June 5, 2018, authorized the SFPUC to issue indebtedness including revenue bonds, notes, or commercial paper, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors to reconstruct, replace, expand, repair or improve the SFPUC's power facilities, and in compliance with City Charter Section 8B.124, provided that the indebtedness is not used to finance the construction of power plants that generate electricity using fossil fuels or nuclear energy.

### DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would (a) authorize an increase of \$160,000,000 in the principal amount of the SFPUC's Power Enterprise's Commercial Paper Program from the current not-to-exceed principal amount of \$90,000,000 to a principal amount not-to-exceed \$250,000,000, (b) authorize such commercial paper to be issued from time to time by the SFPUC to finance on an interim basis various capital projects benefitting the Power Enterprise pursuant to amendments to the City Charter enacted by San Francisco voters on June 5, 2018 as Proposition A, (c) authorize and direct the SFPUC General Manager, Controller, Director of the Office of Public Finance, Treasurer, City Attorney and other authorized staff and agents to take actions necessary to execute, issue and deliver the authorized commercial paper, and (d) ratify previous actions taken in connection with this ordinance.

On November 13, 2018, the SFPUC approved Resolution No. 18-0188, to authorize an increase of an additional \$160,000,000 from the existing authorization of not to exceed \$90,000,000 for a total not-to-exceed authorization of \$250,000,000 of aggregate principal Power Enterprise Commercial Paper and authorize the SFPUC General Manager to issue the Commercial Paper in accordance with the specified terms.

### Letters of Credit

An existing letter of credit, which is scheduled to expire in December 2018<sup>3</sup>, provided by Bank of America supports the Power Enterprise's Commercial Paper Program and allows the SFPUC to issue up to \$90,000,000 in commercial paper. Under the proposed ordinance, letters of

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<sup>2</sup> The typical term for commercial paper is shorter than 270 days, but the notes may be remarketed and can in effect remain outstanding for longer than 270 days, even several years.

<sup>3</sup> The SFPUC have requested an extension on the existing \$90,000,000 letter of credit provided by Bank of America through April 1, 2019 until the new letters of credit may be authorized, pending approval of the proposed ordinance.

credit, which would support the Program and allow the SFPUC to issue up to \$250,000,000 in commercial paper, would be provided as follows:

- \$125,000,000 in an amended letter of credit provided by Bank of America from approximately December 2018 through approximately December 2021, or an increase of \$35,000,000 to the existing letter of credit of \$90,000,000
- \$125,000,000 in a new letter of credit provided by Sumitomo Mitsui Bank from approximately December 2018 through approximately December 2022

The SFPUC selected Bank of America and Sumitomo Mitsui Bank as the proposed credit facility providers through a competitive request for proposal sent to 12 qualified banks. Five proposals were received, and the two banks were selected as the lowest cost and most responsive and responsible proposals. As short term debt, commercial paper is resold up to every 270 days. Bank of America and Sumitomo Mitsui Bank would guarantee sufficient funds to the SFPUC through letters of credit to cover problems with the resale of the commercial paper. The SFPUC would draw on the letters of credit only in the event that the SFPUC could not make the required payments to the commercial paper investors. In the event that the SFPUC draws on the letter of credit, interest on the commercial paper purchased by the banks could increase up to 12 percent per year.

### **Financing Documents**

#### *Issuing and Payment Agent Agreement*

The Issuing and Payment Agent Agreement between the SFPUC and the Issuing and Paying Agent (U.S. Bank) sets out the terms by which the SFPUC issues and repays commercial paper. The agreement establishes various funds into which proceeds of the commercial paper are deposited or from which the SFPUC repays the credit facility banks (Bank of America and Sumitomo Mitsui Bank) for draws against the Letters of Credit.

#### *Reimbursement Agreements*

The Reimbursement Agreements between the SFPUC and each of the credit facility providers sets out the terms by which the Letter of Credit is issued as well as the terms under which the SFPUC repays the Bank of America and Sumitomo Mitsui Bank for draws against the Letters of Credit.

#### *Fee Agreements*

The SFPUC will pay a fee to each bank for the letter of credit equal to approximately 0.35 percent of the letter of credit of \$125,000,000, or \$476,336<sup>4</sup> per year for each bank, totaling \$952,672 per year for the proposed letters of credit provided by Bank of America and Sumitomo Mitsui Bank.

#### *Dealer Agreements*

The SFPUC would extend existing agreements with three commercial paper dealers, Barclays, Goldman Sachs and RBC Capital Markets. The agreements would be extended for four years,

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<sup>4</sup> Calculated based on the stated amount in the letter of credit which includes interest

and the annual fee for each would be 0.0475% of the \$250,000,000, which is lower than the 0.05% market rate for dealer fees and is only paid on the amount of outstanding commercial paper remarketed by each dealer. The Dealer Agreements set the terms by which each dealer may purchase or arrange for the sale of the commercial paper.

### Charter Required Certifications

According to the Legislative Digest, except to the extent the Power Enterprise issues revenue bonds under Charter Sections 9.107(6) or 9.107(8), the Public Utilities Commission must obtain certification from (1) an independent engineer that projects funds by SFPUC debt meet utility standards, and estimated net revenue will be sufficient to meet operating, maintenance, debt service, and other requirements; and (2) from the Planning Department that these projects conform to CEQA. According to the proposed ordinance, the use of any indebtedness, including commercial paper, is subject to the receipt of these certifications for any new projects funded pursuant to Proposition A.

While approval of the proposed ordinance does not require such certifications, issuance of future debt for projects funded pursuant to Proposition A and Charter Section 8B.124, including the use of commercial paper as interim financing for these projects, does require these certifications.

### FISCAL IMPACT

The SFPUC is requesting the increased authorization of \$160,000,000, from a not-to-exceed \$90,000,000 to a total authorization not-to-exceed amount of \$250,000,000, in order to provide immediate short-term funding for projects funded in FY 2014-15 through FY 2019-20. The Board of Supervisors previously authorized the issuance and sale of power revenue bonds and other forms of indebtedness to finance the costs of Hetch Hetchy Water and Power capital projects<sup>5</sup>:

- On June 24, 2014, the Board of Supervisors approved Ordinance 104-14, which appropriated \$217,478,836 for projects budgeted in FY 2014-15 and FY 2015-16.
- On June 14, 2016, the Board of Supervisors approved Ordinance 110-16, which appropriated \$158,125,530 for projects budgeted in FY 2016-17 and FY 2017-18.
- On June 12, 2018, the Board of Supervisors approved Ordinance 139-18, which appropriated \$340,106,949 for projects budgeted in FY 2018-19 and FY 2019-20.

Without the requested \$160,000,000 increase in the commercial paper program, the SFPUC would issue SFPUC revenue bonds for these capital projects in 2019. However, if the proposed ordinance is approved, Mr. Michael Brown, SFPUC Capital Finance, advises that the SFPUC would issue commercial paper to fund these capital project costs in 2019 and then delay the issuance of revenue bonds.

<sup>5</sup> Corresponding financing ordinances for the appropriations pursuant to San Francisco Charter Sections 9.107(6) and 9.107(8) include 106-14 and 041-15 for FY 2014-15 and FY 2015-16, 113-16 for FY 2016-17 and FY 2017-18, and 141-18 for FY 2018-19 and FY 2019-20.



According to Mr. Brown, the SFPUC has previously issued approximately \$20 million of the existing \$90 million Commercial Paper authorization, and will issue an additional \$60 million for projects that were placed on Controller's Reserve at the time of the appropriation but that have now been released, for total Commercial Paper issuance of \$80 million against the existing \$90 million authorization. This leaves a current remaining authorized commercial paper balance of approximately \$10 million. As shown in Table 1 below, the SFPUC is planning to use the requested \$160,000,000 additional authorization for Power Enterprise Commercial Paper to help fund a total estimated \$314,857,654 of Power Enterprise capital project needs.

**Table 1: Summary of Projects to be Funded with Commercial Paper and Power Enterprise Revenue Bonds**

<b>Sources of Funds</b>	
Existing Commercial Paper Authority	\$90,000,000
Requested Commercial Paper Authority	160,000,000
Power Revenue Bonds	64,857,654
<b>Total Sources</b>	<b>\$314,857,654</b>
<b>Uses of Funds</b>	
<b>Power Enterprise Capital Projects Costs</b>	
Streetlights	\$16,312,338
Intervening Facilities	19,900,000
SFO Airport Substation	10,620,000
Power Infrastructure	120,140,454
Joint Power - Bonds	46,244,550
Mountain Tunnel	48,242,150
Financing Costs	52,352,444
City Services Auditor	888,289
Revenue Bond Oversight Committee	157,429
<b>Total Uses</b>	<b>\$314,857,654</b>

Source: SFPUC

### Commercial Paper Interest Rates and Fees

In accordance with the proposed ordinance, the interest rate on the commercial paper will not exceed 12 percent annually. However, according to Mr. Richard Morales, Debt Manager at the SFPUC, the actual interest rate on commercial paper is currently approximately 1.75 percent annually based on 60-day maturities, the typical length of SFPUC commercial paper. In addition to the commercial paper interest rate of 1.75 percent, there are bank credit facility fees and dealer fees, which generally result in an additional 0.5 percent cost or total costs of approximately 2.25 percent annually for the subject commercial paper under current market conditions. Rates for commercial paper may increase or decrease as the benchmark federal fund rates vary.

The SFPUC would incur estimated maximum annual fees and interest payments of \$3,485,710, or approximately 2.18 percent of the additional \$160,000,000 authorization of Power Enterprise Commercial Paper, as shown in Table 2. The \$3,485,710 estimated maximum cost, includes \$609,710 in fees paid to Bank of America and Sumitomo Matsui Bank for the Letters of Credit; a maximum total of \$76,000 to the three dealers noted above to sell and remarket the commercial paper to investors; and an estimated maximum total of \$2,800,000 in interest payments, based on current market conditions. The actual amount of fees will vary depending on when the SFPUC issues commercial paper, as interest and dealer fees accrue only when commercial paper is outstanding.

**Table 2: Maximum Estimated Annual Fees and Interest Payments**

Bank of America Fees (0.35% on \$35 Million Annually)*	133,374
Sumitomo Mitsui Bank Fees (0.35% on \$125 Million Annually)*	476,336
Subtotal Fees for Letters of Credit	609,710
Dealer Fees (0.0475% Annually)	76,000
Interest Payments (1.75% Annually in today's market)	2,800,000
<b>Total Annual Fees</b>	<b>3,485,710</b>

Source: SFPUC

\*Calculated based on the stated amount in the letter of credit which includes interest

**Commercial Paper vs Revenue Bonds**

Mr. Morales notes that commercial paper interest rates and fees at approximately 2.25 percent annually are significantly lower than long-term revenue bond interest rates and fees, which are currently approximately 4.0 percent annually. Mr. Brown advises that increasing the SFPUC commercial paper authorization will provide the SFPUC the flexibility to more efficiently finance its capital projects, by reducing the period of paying capitalized interest and allowing the SFPUC to issue bonds at a later date, thereby lowering the SFPUC's debt and debt service costs. Reducing SFPUC debt service costs should result in lower cost increases to electricity rate payers.

**RECOMMENDATION**

Approve the proposed ordinance.

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FIRST AMENDED AND RESTATED  
ISSUING AND PAYING AGENT AGREEMENT

Dated as of December 1, 2018

by and between

PUBLIC UTILITIES COMMISSION OF THE CITY AND COUNTY  
OF SAN FRANCISCO

and

U.S. BANK NATIONAL ASSOCIATION,  
as Issuing and Paying Agent

Relating to

\$250,000,000

PUBLIC UTILITIES COMMISSION  
OF THE CITY AND COUNTY OF SAN FRANCISCO  
COMMERCIAL PAPER NOTES

(POWER SERIES)

\$125,000,000 SERIES A-1 (TAX-EXEMPT) AND  
\$125,000,000 SERIES A-2 (TAX-EXEMPT)

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**FIRST AMENDED AND RESTATED**  
**ISSUING AND PAYING AGENT AGREEMENT**

**WITNESSETH**

This First Amended and Restated Issuing and Paying Agent Agreement (the "Agreement") is dated as of December 1, 2018, by and between the Public Utilities Commission of the City and County of San Francisco (the "Commission"), organized and existing under the Charter (as defined herein) of the City and County of San Francisco (the "City") and U.S. Bank National Association, as issuing and paying agent (the "Issuing and Paying Agent");

**WHEREAS**, on June 5, 2018, the voters of the City approved Proposition A, which among other things, authorized the Commission to issue revenue bonds, including notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors of the City (the "Board"), for the purpose of reconstructing, replacing, expanding, repairing or improving power facilities under the jurisdiction of this Commission (the "Power Enterprise," as further defined herein); and

**WHEREAS**, pursuant to Article V of Section 43 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, as amended by Ordinance No. 270-06, adopted by the Board on October 24, 2006, and signed by the Mayor on October 31, 2006 (as amended, the "Procedural Ordinance"), the Board established a procedure pursuant to which the Commission may issue short-term indebtedness, including commercial paper notes in anticipation of the issuance of its revenue bonds; and

**WHEREAS**, as of December 1, 2018, \$39,555,000 aggregate principal amount of power revenue bonds have been issued pursuant to Sections 9.107(6) and 9.107(8) of the Charter of the City (the "Charter"), Ordinance No. 40-15, adopted by the Board on March 24, 2015, and signed by the Mayor on April 2, 2015, Ordinance No. 41-15, adopted by the Board on March 24, 2015, and signed by the Mayor on April 2, 2015, and Resolution No. 14-0197, adopted by the Commission on December 9, 2014; and

**WHEREAS**, the Commission has authorized, pursuant to Resolution No. 15-0183, adopted by the Commission on September 8, 2015, and the Board has approved, pursuant to Resolution No. 427-15, adopted by the Board on November 17, 2015, and signed by the Mayor on November 25, 2015, the establishment of a commercial paper program (the "Power CP Program") for the City's Power Enterprise; and

**WHEREAS**, the Commission has authorized, pursuant to Resolution No. [\_\_\_\_], adopted by the Commission on [\_\_\_\_], 2018, and the Board has approved, pursuant to Ordinance No. [\_\_\_\_], adopted by the Board on [\_\_\_\_], 2018, and signed by the Mayor on [\_\_\_\_], 2018, the issuance of up to \$250,000,000 in principal amount of commercial paper notes payable from Available Power Enterprise Revenues on parity with certain Parity Notes (as defined herein); and

**WHEREAS**, in order to provide credit enhancement to support the payment of a portion of the maturing commercial paper notes, the Commission has determined to authorize (i) a letter

of credit, in the initial stated amount of \$[\_\_\_\_], to be issued by Bank of America, N.A. (“Bank of America”) pursuant to the terms of the Series A-1 Reimbursement Agreement (as defined herein), and (ii) a letter of credit, in the initial stated amount of \$[\_\_\_\_], to be issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch (“SMBC”), pursuant to the terms of the Series A-2 Reimbursement Agreement (as defined herein); and

**WHEREAS**, pursuant to Resolution No. [\_\_\_\_], the General Manager of the Commission is authorized to execute (i) the First Amendment to Reimbursement Agreement, dated December [\_\_], 2018, amending the Reimbursement Agreement, dated December 17, 2015 (together, the “Series A-1 Reimbursement Agreement”), each by and between the Commission and Bank of America, relating to the \$125,000,000 Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-1, and (ii) the Reimbursement Agreement, dated as of December 1, 2018 (the “Series A-2 Reimbursement Agreement”, by and between the Commission and SMBC, relating to the \$125,000,000 Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-2; and

**WHEREAS**, in order to accommodate the terms of the letters of credit, provided by Bank of America and SMBC, the Commission has authorized the execution of this Agreement; and

**WHEREAS**, the Commission is authorized to issue, sell and deliver bonds, additional bonds, refunding bonds and other evidences of indebtedness in order to effect its purposes pursuant to the Ordinances and the Resolution (each as defined herein), including the financing and refinancing of any Drawings (as defined herein); and

**WHEREAS**, the aggregate principal amount of Commercial Paper Notes outstanding under this Agreement at any time shall not exceed the principal amount authorized to be outstanding by the Commission and the Board;

**NOW, THEREFORE**, in consideration of the premises and in order to induce the Issuing and Paying Agent to enter into this Agreement, the Issuing and Paying Agent and the Commission agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1.01. Definitions. Except as otherwise defined in this Agreement (including the preambles), capitalized terms herein shall have the meanings assigned thereto in this Section 1.01 and in the Power Bonds Indenture. The following definitions shall apply to terms used in this Agreement, unless the context clearly requires otherwise:

“Acceleration Notice” shall have the meaning assigned to that term in the applicable Reimbursement Agreement.

“Advance” means an Advance or a Term Loan, as such terms are defined in the applicable Reimbursement Agreement.



“Agreement” means this First Amended and Restated Issuing and Paying Agent Agreement, as it may from time to time be supplemented, modified or amended in accordance with the provisions hereof.

“Alternate Facility” means a letter of credit or another credit or liquidity facility enabling the Commission to borrow the principal amount of, and interest on, the Commercial Paper Notes, as applicable, which may be outstanding under this Agreement.

“Authenticating Agent” means, with respect to the Commercial Paper Notes, the Issuing and Paying Agent or each person or entity, if any, designated as such by the Commission, and its successors and assigns and any other person or entity which may at any time be substituted for it pursuant thereto.

“Available Moneys” means moneys which are continuously on deposit with the Issuing and Paying Agent in trust for the benefit of the holders of the Commercial Paper Notes in a separate and segregated account in which only Available Moneys are held, which moneys constitute proceeds of (i) the Commercial Paper Notes received contemporaneously with the initial issuance and sale of the Commercial Paper Notes, (ii) a Drawing under a Letter of Credit or payments otherwise made under an Alternate Facility, (iii) refunding obligations for which the Issuing and Paying Agent has received a written opinion of nationally recognized counsel experienced in bankruptcy matters and acceptable to the Issuing and Paying Agent and the Rating Agencies to the effect that payment of such moneys to the holders of the Commercial Paper Notes would not constitute an avoidable preference under Section 547 of the United States Bankruptcy Code if the Commission were to become a debtor under the United States Bankruptcy Code or (iv) the investment of funds qualifying as Available Moneys under the foregoing clauses.

“Available Power Enterprise Revenues” means all of the moneys in the Revenue Fund (as defined in the Power Bonds Indenture and comprised primarily of Power Enterprise Revenues and earnings thereon) remaining after the payments required by Subsections 5.5(c)-(e) of the Power Bonds Indenture, and all other amounts payable on a parity with amounts paid under Section 5.1(f) of the Power Bonds Indenture pursuant to the terms thereof.

“Bank Note Debt Service Account” means the Bank Note Debt Service Account established within the Debt Service Fund pursuant to Section 3.01(b) hereof.

“Bank Note Payment Date” means a date on which principal of or interest on a Bank Note is due and payable in accordance with the applicable Reimbursement Agreement, including both scheduled principal and interest and principal and interest payable upon prepayment of a Bank Note.

“Bank Notes” mean the Series A-1 Bank Note and the Series A-2 Bank Note, with any subsequent Bank Notes substituting the appropriate Bank name in the designation.

“Bank Payment Account” means the Bank Payment Account established within the Debt Service Fund pursuant to Section 3.01(b) hereof.

“Bank Rate” shall have the meaning assigned to that term in the applicable Reimbursement Agreement.

“Banks” means the Series A-1 Bank, the Series A-2 Bank, and any other entity or entities providing an Alternate Facility for a Series of Commercial Paper Notes then outstanding and effective hereunder.

“Board” means the Board of Supervisors of the City.

“Bond Counsel” means Orrick, Herrington & Sutcliffe LLP, or such other counsel selected by the City with nationally recognized expertise in municipal finance law, including matters related to the validity and tax-exempt status of interest on obligations of states and their political subdivisions.

“Business Day” means any day other than (i) Saturday or Sunday, (ii) day on which banks located in the cities in which the designated office of the Issuing and Paying Agent or the Banks (initially, Scranton, Pennsylvania, and New York, New York) is located are required or authorized to close, or (iii) a day on which the New York Stock Exchange is required or authorized to close, or (iv) a legal holiday of the City or any other day the City is authorized by law to be closed for official business.

“Charter” means the Charter of the City and County of San Francisco, as amended and supplemented from time to time, and any new or successor Charter.

“City” means the City and County of San Francisco, a charter city and municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of California and the Charter and any public body hereafter created which shall be a successor thereto.

“City Treasurer” means the duly elected and acting City Treasurer of the City.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations and procedures promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

“Commercial Paper Notes” means the Series A-1 Notes and the Series A-2 Notes, as applicable.

“Commission” means the Public Utilities Commission of the City and County of San Francisco duly constituted under the Charter, and all commissions, agencies or public bodies hereafter created which shall succeed to or take over the powers and duties of the Commission.

“Construction Fund” means the Fund by that name established pursuant to Section 3.01(a) hereof.

“Controller” means the duly appointed and acting Controller of the City and includes any deputy acting for the Controller.

“Cost” shall mean, with respect to any Power Enterprise Projects, all costs and expenses of planning, designing, acquiring, constructing, installing and financing any Power Enterprise Projects, and obtaining governmental approvals, certificates, permits and licenses with respect thereto. The term Cost shall include, but shall not be limited to:

(i) Costs of preliminary investigation and development, the performance or acquisition of feasibility and planning studies, and the securing of regulatory approvals, as well as costs for the acquisition of land and interest therein, engineering and contractors' fees, labor, materials, equipment, utility services and supplies, legal fees, fees incurred pursuant to any lending or credit facility or agreement, and financing expenses.

(ii) Interest accruing in whole or in part on Commercial Paper Notes prior to and during the acquisition and implementation of any Power Enterprise Projects or any portion thereof, and for such additional period as the Commission may approve.

(iii) The deposit or deposits from the proceeds of the Commercial Paper Notes in any fund or account required by this Agreement.

(iv) The payment of principal and interest, if any, when due of any Commercial Paper Note or other evidence of indebtedness the proceeds of which were applied to any of the costs of any Power Enterprise Projects described herein.

(v) Training and testing costs which are properly allocable to the acquisition, and implementation of any Power Enterprise Projects or any portion thereof.

(vi) All costs of insurance applicable to the period of acquisition and implementation of any Power Enterprise Projects or any portion thereof.

(vii) All costs relating to injury and damage claims arising out of the acquisition or implementation of any Power Enterprise Projects less available proceeds of insurance.

(viii) Legally required or permitted federal, state and local taxes and payments in lieu of taxes allocable for the acquisition or implementation of any Power Enterprise Projects.

(ix) All costs of issuance for the Commercial Paper Notes, including the costs of the applicable Reimbursement Agreement or the Dealer Agreements.

(x) Amounts due the United States of America as rebate of investment earnings with respect to the proceeds of the Commercial Paper Notes or as penalties in lieu thereof.

(xi) The costs associated with the removal from service or reduction in service of any facilities as a result of the implementation of any Power Enterprise Projects.

(vii) All other costs incurred by the Commission and properly allocable to the acquisition or implementation of any Power Enterprise Projects or any portion thereof.

"Dealer" means the dealer or dealers selected from time to time by the Commission to market for the Commercial Paper Notes pursuant to the terms of any applicable Dealer Agreement and any successors or assigns thereto.

“Dealer Agreement” means each Dealer Agreement with a Dealer, and any and all modifications, alterations, amendments and supplements thereto, or any other dealer agreement entered into by the Commission and a Dealer with respect to the Commercial Paper Notes.

“Debt Service Account” means the Debt Service Account established within the Debt Service Fund pursuant to Section 3.01(b) hereof.

“Debt Service Fund” means the Fund by that name established pursuant to Section 3.01(b) hereof.

“Designated Representatives” means the General Manager and those additional individuals designated by the General Manager to complete and deliver Issuance Requests and who have been identified and whose signatures have been certified in a certificate of a Designated Representative of the Commission, the form of which is attached hereto as Exhibit B delivered to the Issuing and Paying Agent.

“Director of Public Finance” means the Director of Public Finance of the City or such other officer of the City which may assume responsibility for management of the debt or other similar obligations of the City or any duly authorized designee of the Director of Public Finance or such other officer.

“Drawing” means any Principal Drawing or any Interest Drawing under the applicable Letter of Credit.

“DTC” means The Depository Trust Company, New York, New York.

“Event of Default” means an Event of Default described in Section 8.01 hereof.

“Expiration Date” means the date of expiration or termination of the applicable Letter of Credit or any Alternate Facility then in effect.

“Final Drawing Notice” shall have the meaning assigned to that term in the applicable Reimbursement Agreement.

“Fiscal Year” means the twelve (12) month period commencing on July 1 of each year and ending on the following June 30 or any other period of twelve (12) consecutive months adopted by the Commission as its fiscal year.

“Government Certificates” means evidences of indebtedness or ownership of proportionate interests in future principal and interest payments of Government Obligations, including depository receipts thereof, wherein (i) a bank or trust company acts as custodian and holds the underlying Government Obligations; (ii) the owner of the Government Certificate is a real party in interest with the right to proceed directly and individually against the obligor of the underlying Government Obligations; and (iii) the underlying Government Obligations are held in trust in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian or any person claiming through the custodian, or any person to whom the custodian may be obligated.

“Government Obligations” mean direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or evidence of ownership in a portion thereof (which may consist of specified portions of interest thereon and obligations of the Resolution Funding Corporation which constitute interest strips) if held by a custodian on behalf of the Issuing and Paying Agent, obligations the principal and interest on which are unconditionally guaranteed by the United States of America, and prerefunded municipal obligations rated in the highest rating category by Moody’s and S&P.

“Hetch Hetchy Project” means the Hetch Hetchy Water and Power Project, including the O’Shaughnessy Dam, the Hetch Hetchy Reservoir, the Canyon and Mountain Tunnels, the Kirkwood, Moccasin and Holms Powerhouses, Cherry Lake and its dam, Lake Eleanor and its dam, the related water storage and transportation and hydro-electric generating facilities down to and including the Moccasin Powerhouse, all located in Yosemite National Park, Stanislaus National Forest and Tuolumne County, the rights to which were granted to the City by the Raker Act of 1913, and the related transmission facilities down to the City of Newark.

“Holder” or “Commercial Paper Noteholder” means any person who is in possession of any Commercial Paper Note drawn, issued or endorsed to such person or to the order of such person or to bearer or in blank in the case of a Commercial Paper Note in bearer form or the registered owner of a Commercial Paper Note in the case of a Commercial Paper Note in registered form.

“Interest Drawing” means a drawing to pay interest on the Commercial Paper Notes under the Letter of Credit in accordance with the Letter of Credit.

“Interest Portion” means, with respect to a Series of Commercial Paper Notes, the portion of the applicable Letter of Credit, in the maximum amount of \$[\_\_\_\_\_] for the Series A-1 Notes, and in the maximum amount of \$[\_\_\_\_\_] for the Series A-2 Notes, used to pay interest on such Series of Commercial Paper Notes.

“Issuance Request” means a request made by the Commission, acting through a Designated Representative, to the Issuing and Paying Agent for the delivery of a Commercial Paper Note or Commercial Paper Notes, the form of which is attached hereto as Exhibit C. The Controller of the City and County of San Francisco shall, throughout the term of this Issuing and Paying Agent Agreement, be authorized to submit Issuance Requests to the Issuing and Paying Agent notwithstanding any provision hereof, or future amendment hereof, to the contrary.

“Issuing and Paying Agent” means U.S. Bank National Association, or any successor or assigns permitted under this Agreement or any other Issuing and Paying Agent which is appointed by the Commission and has entered into an Issuing and Paying Agent Agreement.

“Issuing and Paying Agent Agreement” means this First Amended and Restated Issuing and Paying Agent Agreement, dated as of December 1, 2018, between the Commission and the Issuing and Paying Agent, and any and all modifications, alterations, amendments and supplements thereto.

“Letter of Credit” means the Series A-1 Letter of Credit or the Series A-2 Letter of Credit, as applicable.

“Maximum Interest Rate” means the lesser of (a) maximum non-usurious interest rate that may, under applicable federal law and applicable state law, be contracted for, charged or received under such laws and (b) 12% per annum.

“Mayor” means the Mayor of the City.

“No-Issuance Notice” shall have the meaning assigned thereto in the applicable Reimbursement Agreement.

“Nominee” means the nominee of the Note Depository as determined from time to time in accordance with Section 2.05 hereof.

“Note Depository” means the securities depository for the Commercial Paper Notes appointed as such pursuant to Section 2.05 hereof, and its successors and assigns.

“Note Proceeds” means proceeds of the sale of the Commercial Paper Notes or any moneys, securities or other obligations that may be deemed to be proceeds of the Commercial Paper Notes within the meaning of the Code.

“Ordinances” means the Procedural Ordinance, Ordinance No. 104-14, adopted by the Board on June 24, 2015, and signed by the Mayor on July 2, 2015, Ordinance No. 106-14, adopted on by the Board on June 24, 2014, and signed by the Mayor on July 2, 2014, Ordinance No. 40-15, adopted by the Board on March 24, 2015, and signed by the Mayor on April 2, 2015, Ordinance No. 41-15, adopted by the Board on March 24, 2015, and signed by the Mayor on April 2, 2015, Resolution No. 427-15, adopted by the Board on November 17, 2015, and signed by the Mayor on November 25, 2015, and Ordinance No. [\_\_\_\_], adopted by the Board on [\_\_\_\_], 2018, and signed by the Mayor on [\_\_\_\_], 2018.

“Outstanding” when used as of a particular time with reference to Commercial Paper Notes, means all Commercial Paper Notes delivered hereunder except:

- (a) Commercial Paper Notes cancelled by the Issuing and Paying Agent or surrendered to the Issuing and Paying Agent for cancellation;
- (b) Commercial Paper Notes that are paid or deemed to be paid within the meaning of Section 9.05 hereof; and
- (c) Commercial Paper Notes in lieu of or in substitution for which replacement Commercial Paper Notes shall have been issued by the Commission and delivered by the Issuing and Paying Agent hereunder.

“Parity Notes” means (i) the clean renewable energy bonds issued in November 2008 in the original aggregate principal amount \$6,325,000; (ii) the taxable qualified energy conservation bonds issued in October 2011 in the original aggregate principal amount \$8,291,000; (iii) the taxable new clean renewable energy bonds issued in April 2012 in the original aggregate principal amount \$6,600,000; (iv) the new clean renewable energy bonds issued in October 2015 in the original aggregate principal amount of \$4,100,000; and (v) commercial paper notes or other short-

term indebtedness payable from or secured by Available Power Enterprise Revenues on parity with the Commercial Paper Notes.

“Paying Agent” means, with respect to the Commercial Paper Notes, the Issuing and Paying Agent or each person or entity, if any, designated as such by the Commission herein, and its successors and assigns and any other person or entity which may at any time be substituted for it pursuant thereto.

“Power Bonds” means all bonds, notes, or other obligations or securities of the Commission issued pursuant to or in compliance with the provisions of the Power Bonds Indenture secured by a pledge and lien on Power Enterprise Revenues on a basis senior to the Commercial Paper Notes.

“Power Bonds Indenture” means that certain Trust Indenture, dated as of May 1, 2015, by and between the Commission and U.S. Bank National Association, as trustee thereunder, as supplemented by the First Supplemental Trust Indenture, dated as of May 1, 2015, providing for the issuance from time to time of Power Bonds and other obligations as provided therein, and as the same may be subsequently supplemented, amended and modified from time to time.

“Power Enterprise” means the Commission’s Power Enterprise established and existing as of the date of this Agreement to provide electric power and related services to the City and its departments, agencies and commissions as well as other customers both in and outside of the City, including that portion of the Hetch Hetchy Project used for power generation, and all other power generation, transmission and distribution facilities and related facilities, streetlights, property and rights constituting a part of the Power Enterprise, together with any and all additions, improvements, betterments, renewals, replacements and repairs thereto and extensions thereof, but shall not include: (a) the Water Enterprise, (b) the Wastewater Enterprise, or (c) any Separate System.

“Power Enterprise Projects” means any undertaking, facility or item which is authorized under the Ordinances, or under any future ordinance or resolution of the City, and described in a Tax Certificate, which has been determined by the Commission to be financed or refinanced in whole or in part with the proceeds of the Commercial Paper Notes.

“Power Enterprise Revenues” shall have the meaning ascribed to the term “Net Revenues” in the Power Bonds Indenture.

“Principal Drawing” means, with respect to a Series of Commercial Paper Notes, a drawing to pay the principal of such Commercial Paper Notes under the applicable Letter of Credit in accordance with such Letter of Credit.

“Principal Office” means the office of the Issuing and Paying Agent thereof designated in writing to the Commission.

“Principal Portion” means, with respect to a Series of Commercial Paper Notes, the portion of the applicable Letter of Credit available to pay principal of such Series of Commercial Paper Notes.

“Procedural Ordinance” means Ordinance No. 203-98, enacting Article V of Chapter 43 of the San Francisco Administrative Code, adopted by the Board on June 8, 1998, and signed by the Mayor on June 19, 1998, as amended by Ordinance No. 270-06, adopted by the Board on October 24, 2006, and signed by the Mayor on October 31, 2006, to establish a procedure pursuant to which the Commission may issue or incur commercial paper or other short-term indebtedness, as the same may be amended from time to time.

“Qualified Investments” mean, if and to the extent permitted by law and by any policy guidelines promulgated by the City:

- (a) Government Obligations or Government Certificates;
- (b) Certificates, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
  - (i) Farmers Home Administration (FmHA) - Certificates of beneficial ownership;
  - (ii) Federal Housing Administration Debentures (FHA);
  - (iii) General Services Administration - Participation certificates;
  - (iv) Government National Mortgage Association (GNMA or “Ginnie Mae”) - guaranteed mortgage backed bonds and GNMA guaranteed pass-through obligations (participation certificates);
  - (v) U.S. Maritime Administration - Guaranteed Title XI financing;
  - (vi) U.S. Department of Housing and Urban Development (HUD) - Project notes and local authority bonds; and
  - (vii) Any other agency or instrumentality of the United States of America;
- (c) Certificates, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States of America government agencies (stripped securities are only permitted if they have been stripped by the agency itself):
  - (i) Federal Home Loan Bank System - Senior debt obligations (consolidated debt obligations);
  - (ii) Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”) - Participation certificates (mortgage-backed securities) and senior debt obligations;



- (iii) Federal National Mortgage Association (FNMA or "Fannie Mae") - mortgage-backed securities and senior debt obligations (excluding stripped mortgage securities which are valued greater than par on the portion of the unpaid principal);
  - (iv) Student Loan Marketing Association (SLMA or "Sallie Mae") - Senior debt obligations;
  - (v) Resolution Funding Corp. (REFCORP) - Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;
  - (vi) Federal Farm Credit System - Consolidated systemwide bonds and notes; and
  - (vii) Any other agency or instrumentality of the United States of America;
- (d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and having a rating by S&P of "AAAm-G" or "AAAm" and by Moody's of "Aaa";
- (e) Certificates of deposit issued by a state or national bank or a state or federal savings and loan; *provided* that such certificates of deposit shall be either (i) continuously and fully insured by the FDIC; or (ii) have a maturity of not greater than 365 days and have the highest short-term letter and numerical ratings of Moody's and S&P;
- (f) Savings accounts or money market deposits that are fully insured by FDIC;
- (g) Investment Agreements, including guaranteed investment contracts, *provided* either (i) the long-term unsecured debt or claims ability of the issuer or guarantor thereof is rated in the highest rating category by Moody's and S&P, or (ii) such agreement is fully collateralized by Government Obligations or Government Certificates;
- (h) Commercial paper of "prime" quality rated in the highest rating category by Moody's and S&P, which commercial paper is limited to issuing corporations that are organized and operating within the United States;
- (i) Certificates or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies;
- (j) Federal funds or banker's acceptances which are eligible for purchases by members of the Federal Reserve System, drawn on any bank the short-term obligations of which are rated in the highest rating category by Moody's and S&P; *provided* that the maturity cannot exceed 270 days;

(k) Repurchase agreements with maturities of either (a) 30 days or less, or (b) less than one year, *provided* that the collateral is marked-to-market daily, entered into with financial institutions such as banks or trust companies organized under state or federal law, insurance companies, or government bond dealers reporting to, or trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and a member of SPIC, or with a dealer or parent holding company that is rated “A” or better by S&P or “P-1” or better by Moody’s. The repurchase agreement must be in respect of Government Obligations or Government Certificates or obligations described in paragraph (b) herein, which, exclusive of accrued interest, shall be maintained at least 100% of par. In addition, repurchase agreements shall meet the following criteria: (i) the third party (who shall not be the provider of the collateral) has possession of the repurchase securities and the Government Obligations or Government Certificates; (ii) failure to maintain the requisite collateral levels shall require liquidation; and (iii) the third party having possession of the securities has a perfected, first priority security interest in the securities; and

(l) Any other debt or fixed income security specified by the City (except securities of the City and any agency, department, commission or instrumentality thereof) and rated in the highest rating category by Moody’s and S&P, including prerefunded municipal obligations.

“Rating Agencies” means Fitch, Moody’s or S&P, or such other rating agency designated by the Commission, and approved by the Bank (which approval shall not be unreasonably withheld), maintaining a rating on the Commercial Paper Notes. For purposes of this definition: the term “Fitch” means Fitch Ratings, and its successors and assigns, or if such organization no longer maintains a rating on the Commercial Paper Notes, any other rating agency designated by the Commission, with the approval of the Bank (which approval shall not be unreasonably withheld); “Moody’s” means Moody’s Investor’s Service, and its successors and assigns, or if such organization no longer maintains a rating on the Commercial Paper Notes, any other rating agency designated by the Commission, with the approval of the Bank (which approval shall not be unreasonably withheld); and the term “S&P” means Standard & Poor’s Ratings Service, a Standard & Poor’s Financial Services LLC business, and its successors and assigns, or if such organization no longer maintains a rating on the Commercial Paper Notes, any other rating agency designated by the Commission, with the approval of the Bank (which approval shall not be unreasonably withheld).

“Ratings” means any rating by a Rating Agency assigned to a Power Bond.

“Rebate Fund” means the Fund by that name established pursuant to Section 5.02 hereof.

“Registrar” means, with respect to the Commercial Paper Notes, the Issuing and Paying Agent or such other additional person or entity, if any, designated as such by the Commission herein authorizing the issuance of the Commercial Paper Notes, and its successors and assigns and any other person or entity which may at any time be substituted for it pursuant thereto.

“Reimbursement Agreement” means the Series A-1 Reimbursement Agreement or the Series A-2 Reimbursement Agreement, as applicable.

“Resolutions” means Resolution No. 15-0183, adopted by the Commission on September 8, 2015, and Resolution No. [\_\_\_\_], adopted by the Commission on [\_\_\_\_], 2018.

“Separate System” means any electric power or energy generation, transmission, distribution or other facilities, property and rights that may be hereafter purchased, constructed or otherwise acquired by the Commission where the revenues derived from the ownership and operation of which shall be pledged to the payment of bonds or other obligations for borrowed money issued or incurred to purchase, construct or otherwise acquire such facilities, property and rights and shall not be included in Revenues and the operation and maintenance expenses with respect to which shall not be included in Operation and Maintenance Expenses (as defined in the Power Bonds Indenture).

“Series” means, whenever used herein with respect to the Commercial Paper Notes, all of the Commercial Paper Notes designated as being of the same series.

“Series A-1 Bank” means the issuer of the Series A-1 Letter of Credit or any Alternate Facility enabling the Commission to borrow the principal amount of, and interest on, the Series A-1 Notes. Initially, Series A-1 Bank means Bank of America, N.A., as issuer of the Series A-1 Letter of Credit.

“Series A-1 Bank Note” means a note or notes issued by the Commission pursuant to Section 4.01 hereof and evidencing all or any portion of any Unpaid Drawing and Advances made by the Series A-1 Bank. Series A-1 Bank Notes payable from Available Power Enterprise Revenues shall be designated as “San Francisco Public Utilities Commission Bank Notes (Power Series) Series A-1”.

“Series A-1 Letter of Credit” means an irrevocable direct pay letter of credit issued pursuant to the Series A-1 Reimbursement Agreement for the account of the Commission in favor of the Issuing and Paying Agent, as beneficiary, and any Alternate Facility supporting the Series A-1 Notes accepted by the Issuing and Paying Agent as provided in Section 9.02 hereof.

“Series A-1 Notes” means the Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-1, in the form set forth in Exhibit A hereto.

“Series A-1 Reimbursement Agreement” means initially the Reimbursement Agreement, dated December 17, 2015, as amended by the First Amendment to Reimbursement Agreement, dated December [\_\_\_], 2018, as further amended, supplemented, modified and restated from time to time, in accordance with the provisions thereof, together with the Fee Agreement, dated December [\_\_\_], 2018, between the Commission and Bank of America, as amended, supplemented, modified and restated from time to time, and any similar document entered into with respect to an Alternate Facility supporting the Series A-1 Notes.

“Series A-2 Bank” means the issuer of the Series A-2 Letter of Credit or any Alternate Facility enabling the Commission to borrow the principal amount of, and interest on, the Series A-2 Notes. Initially, Series A-2 Bank means Sumitomo Mitsui Banking Corporation, acting through its New York Branch, as issuer of the Series A-2 Letter of Credit.

“Series A-2 Bank Note” means a note or notes issued by the Commission pursuant to Section 4.01 hereof and evidencing all or any portion of any Unpaid Drawing and Advances made by the Series A-2 Bank. Series A-2 Bank Notes payable from Available Power Enterprise Revenues shall be designated as “San Francisco Public Utilities Commission Bank Notes (Power Series) Series A-2”.

“Series A-2 Letter of Credit” means an irrevocable direct pay letter of credit issued pursuant to the Series A-2 Reimbursement Agreement for the account of the Commission in favor of the Issuing and Paying Agent, as beneficiary, and any Alternate Facility supporting the Series A-2 Notes accepted by the Issuing and Paying Agent as provided in Section 9.02 hereof.

“Series A-2 Notes” means the Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-2, in the form set forth in Exhibit A hereto.

“Series A-2 Reimbursement Agreement” means initially the Reimbursement Agreement, dated December [ ], 2018, as amended, supplemented, modified and restated from time to time, in accordance with the provisions thereof, together with the Fee Agreement, dated December [ ], 2018; between the Commission and SMBC, as amended, supplemented, modified and restated from time to time, and any similar document entered into with respect to an Alternate Facility supporting the Series A-2 Notes.

“Stated Amount” means the Stated Amount as defined and set forth in the applicable Letter of Credit.

“Supplemental Agreement” means any Supplemental Agreement authorized by Section 9.01 hereof.

“Tax Certificate” means the Tax Certificate, dated as of its date concerning certain matters pertaining to the use and investment of proceeds of the Commercial Paper Notes, executed by the Commission on the date of issuance of the Commercial Paper Notes, including any and all exhibits attached thereto.

“Termination Date” means the stated termination date established pursuant to the applicable Letter of Credit.

“Unpaid Drawing” means a Drawing on a Letter of Credit for which the applicable Bank has not been reimbursed by the Commission in accordance with the applicable Reimbursement Agreement.

“Wastewater Enterprise” means the municipal sanitary waste and storm water collection, treatment and disposal system, as located partially within and partially without the City, and all additions, betterments, and extensions to said sanitary waste and storm water system.

“Water Enterprise” means the municipal water supply, storage and distribution system of the Commission, as located partially within and partially without the City, including all of the presently existing municipal water system of the City, and all additions, betterments, and

extensions to said water system, but excluding any water supply, storage or distribution facilities which constitute part of the Hetch Hetchy Project.

Section 1.02. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) The words "hereof," "herein," "hereto," "hereby" and "hereunder" refer to this entire Agreement.

(c) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

Section 1.03. Agreement to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Commercial Paper Notes by those who shall own the same from time to time, the provisions of this Agreement shall be part of the contract of the Commission with Holders of the Commercial Paper Notes, and shall be deemed to be and shall constitute contracts between the Commission, the Issuing and Paying Agent and the Holders from time to time of the Commercial Paper Notes.

## ARTICLE II

### GENERAL AUTHORIZATION AND ISSUANCE; THE COMMERCIAL PAPER NOTES

Section 2.01. Authorized Amount of Commercial Paper Notes; Terms and Description of Commercial Paper Notes.

(a) No Commercial Paper Notes may be issued under the provisions of this Agreement except in accordance with this Article II.

(b) The Commission hereby authorizes the issuance of its "Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-1" and its "Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-2" in order to provide interim financing for the Cost of any Power Enterprise Projects, subject to the provisions of this Section 2.01 and as hereinafter provided. The authorization hereunder specifically includes the authorization to issue and reissue Commercial Paper Notes for the purposes contemplated herein. The aggregate principal amount of a Series of Commercial Paper Notes that may be Outstanding at any one time hereunder shall not at any time exceed the lesser of (a) the maximum principal amount of such Series of Commercial Paper Notes authorized by the Commission to be issued, as evidenced by a Certificate of a Designated Representative, or (b) the Principal Portion then available under the applicable Letter of Credit. At no time shall the aggregate amount of interest payable on an Outstanding Series of Commercial Paper Notes exceed the Interest Portion then available under the applicable Letter of Credit.

(c) Each Series of Commercial Paper Notes shall be dated the date of their respective authentication and issuance; shall be issued in bearer or registered form, as shall be determined by the General Manager of the Commission, shall be issued in denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof; and interest on such Series of Commercial Paper Notes shall be separately stated by rate and amount on the issuance request in the form of Exhibit C hereto. Each Series of Commercial Paper Notes shall bear interest from their respective dates, payable on their respective maturity dates.

(d) Each Series of Commercial Paper Notes (i) shall bear interest payable at maturity at an annual rate (calculated on the basis of the actual number of days elapsed and a year consisting of 365 or 366 days, as applicable), which shall not in any event exceed the Maximum Interest Rate (ii) shall mature on a Business Day not more than 270 days after their respective dates, but in no event later than the Business Day immediately preceding the applicable Termination Date, and (iii) shall be sold by a Dealer pursuant to a Dealer Agreement at a price of not less than 100% of the principal amount thereof. The stated interest rate, maturity date and other terms of each Commercial Paper Note, so long as not inconsistent with the terms of this Agreement, shall be as set forth in the Issuance Request required by Section 2.06 hereof directing the issuance of such Commercial Paper Note.

(e) The Commercial Paper Notes shall not be subject to redemption prior to maturity.

(f) Each Series of Commercial Paper Notes shall be numbered in such manner as the Issuing and Paying Agent may deem appropriate.

Section 2.02. Payment. For each Series of Commercial Paper Notes, the Commission covenants to duly and punctually pay or cause to be paid from proceeds of Drawings made on the applicable Letter of Credit in accordance with this Agreement, the principal of and interest on each and every applicable Commercial Paper Note when due, whether at maturity or because the Issuing and Paying Agent has received a Final Drawing Notice from the applicable Bank. The Issuing and Paying Agent is authorized and directed to use amounts paid by the Commission to reimburse the applicable Bank for each Unpaid Drawing made on the applicable Letter of Credit in accordance with Section 3.04 hereof and Advances under the applicable Reimbursement Agreement. The principal of and interest on such Series of Commercial Paper Notes shall be paid in federal or other immediately available funds in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. To the extent Drawings made on a Letter of Credit for the purpose of paying principal of and interest on applicable maturing Commercial Paper Notes, or on applicable Commercial Paper Notes with respect to which the Issuing and Paying Agent has received a Final Drawing Notice from the applicable Bank, together with applicable Note Proceeds from applicable Commercial Paper Notes issued on such date, are insufficient to pay principal of and interest on such maturing Commercial Paper Notes, or on such Commercial Paper Notes with respect to which the Issuing and Paying Agent has received a Final Drawing Notice from the applicable Bank, the Issuing and Paying Agent shall immediately notify the General Manager of the Commission who shall cause the Commission to make all payments of interest and principal directly to the Issuing and Paying Agent in immediately available funds on or prior to 12:00 p.m., New York City time, on the date payment is due on such Commercial Paper Note, whether at maturity or because the Issuing and Paying Agent has received a Final Drawing Notice from the applicable Bank.

The principal of and the interest on each Series of Commercial Paper Notes shall be payable at the Principal Office of the Issuing and Paying Agent on or before the close of business on any Business Day upon which such Series of Commercial Paper Notes have become due and payable, whether at maturity or because the Issuing and Paying Agent has received a Final Drawing Notice from the applicable Bank, *provided* that such Series of Commercial Paper Notes are presented and surrendered on a timely basis. Upon presentation of such a Commercial Paper Note to the Issuing and Paying Agent no later than 9:00 a.m. (New York City time) on a Business Day, payment for such Commercial Paper Note shall be made by the Issuing and Paying Agent in immediately available funds on such Business Day. If a Commercial Paper Note is presented for payment after 9:00 a.m. (New York City time) on a Business Day, payment therefor may be made by the Issuing and Paying Agent on the next succeeding Business Day without the accrual of additional interest thereon.

Notwithstanding the provisions of the previous paragraph, in the event the Commercial Paper Notes are issued as a master note or master notes in book-entry form, they shall be payable at maturity without physical presentation or surrender in accordance with the procedures of the Note Depository.

Section 2.03. Authentication of Commercial Paper Notes. The Issuing and Paying Agent is by this Agreement designated by the Commission as an Authenticating Agent, Registrar and Paying Agent for each Series of Commercial Paper Notes and shall perform such duties in such capacity in accordance with the terms of this Agreement; *provided however*, the Issuing and Paying Agent when acting hereunder as the Authenticating Agent, Registrar or Paying Agent shall be afforded the same protections provided to the Issuing and Paying Agent hereunder as if each such provision affording protection to the Issuing and Paying Agent explicitly referred to the Authenticating Agent, Registrar and Paying Agent. Notwithstanding anything herein to the contrary, the Issuing and Paying Agent shall not (i) authenticate a Series of Commercial Paper Notes which mature later than the Business Day immediately preceding the applicable Termination Date, (ii) authenticate a Series of Commercial Paper Notes if (a) an Event of Default then exists of which it has actual knowledge or (b) after the Issuing and Paying Agent has received a No-Issuance Notice, Acceleration Notice or a Final Drawing Notice from the applicable Bank, which No-Issuance Notice, Acceleration Notice or Final Drawing Notice has not been withdrawn or rescinded by the applicable Bank.

If any Commercial Paper Notes are to be issued in bearer form, the Commission shall from time to time furnish the Issuing and Paying Agent with an adequate supply of Commercial Paper Notes, each of which shall have attached such number of carbon copies as the Issuing and Paying Agent shall reasonably specify. When any Commercial Paper Notes are delivered to the Issuing and Paying Agent by the Commission, the Issuing and Paying Agent shall execute and deliver to the Commission a receipt therefor and shall hold such Commercial Paper Notes for the account of the Commission in safekeeping in accordance with its customary practice.

Section 2.04. Form of Commercial Paper Notes and Authentication Certificate. The definitive Commercial Paper Notes and the Certificate of Authentication endorsed thereon for each Series of Commercial Paper Notes shall be substantially in the forms set forth in Exhibit A hereto and made a part hereof, with such appropriate variations, omissions and insertions as shall be

required or appropriate in order to accomplish the purpose of the transactions authorized by this Agreement.

The Commercial Paper Notes may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law or regulation with respect thereto.

Section 2.05. Book-Entry System. Unless the General Manager of the Commission or his or her designee determines that a Series of Commercial Paper Notes shall be issued in bearer form or registered form other than in book-entry form, each Series of Commercial Paper Notes shall initially be issued in book-entry form as further provided in this Section 2.05.

(a) Each Series of Commercial Paper Notes issued pursuant to this Agreement shall initially be issued in the form of a separate single fully-registered Note. Except as provided in subsection (c) of this Section 2.05, all of the Commercial Paper Notes shall be registered in the name of the Nominee. Notwithstanding any provision to the contrary in Section 2.06, so long as the Commercial Paper Notes remain in the form of one or more master notes in book-entry form, the issuance of Commercial Paper Notes pursuant to an Issuance Request against payment therefor shall not require the physical delivery of note certificates.

The Issuing and Paying Agent and the Commission may treat the registered owner of each Commercial Paper Note as the sole and exclusive owner thereof for the purposes of payment of the principal of or interest on the Commercial Paper Notes, giving any notice permitted or required to be given to Commercial Paper Noteholders under this Agreement, registering the transfer of Commercial Paper Notes, obtaining any consent or other action to be taken by Commercial Paper Noteholders, and for all other purposes whatsoever, and neither the Issuing and Paying Agent nor the Commission shall be affected by any notice to the contrary.

Neither the Issuing and Paying Agent nor the Commission shall have any responsibility or obligation to any participant in the Note Depository (a "Participant"), any person claiming a beneficial ownership interest in the Commercial Paper Notes under or through the Note Depository or any Participant, or any other person who is not shown on the registration books as being a Commercial Paper Noteholder, with respect to (i) the accuracy of any records maintained by the Note Depository or any Participant; (ii) the payment by the Note Depository or any Participant of any amount in respect of the principal of or interest on the Commercial Paper Notes; (iii) the delivery of any notice which is permitted or required to be given to Commercial Paper Noteholders under this Agreement; (iv) any consent given or other action taken by the Note Depository as Commercial Paper Noteholder; or (v) any other purpose.

The Issuing and Paying Agent shall pay all principal of and interest on each Series of Commercial Paper Notes only to or upon the order of the Note Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Commission's obligations with respect to the payment of the principal of and interest on the Commercial Paper Notes to the extent of the sum or sums so paid. Upon delivery by the Note Depository to the Issuing and Paying Agent of written notice to the effect that the Note Depository has determined to substitute a new Nominee in place of the current Nominee, and subject to the provisions herein with respect to record dates, the word Nominee in this Article II shall refer to such new Nominee.



(b) In order to qualify the Commercial Paper Notes for the Note Depository's Book-Entry System, the appropriate officers or employees of the Commission are hereby authorized and directed to execute, seal, countersign and deliver, with a copy to the Issuing and Paying Agent, on behalf of the Commission to the Note Depository for the Commercial Paper Notes, a Letter of Representation from the Commission representing such matters as shall be necessary to so qualify the Commercial Paper Notes. The execution and delivery of the Letter of Representation shall not in any way limit the provisions of this Section 2.05 or in any other way impose upon the Commission any obligation whatsoever with respect to persons having beneficial ownership interests in the Commercial Paper Notes other than the Commercial Paper Noteholders.

(c) In the event (i) the Note Depository determines not to continue to act as securities depository for Commercial Paper Notes, or (ii) the Commission determines that the Note Depository shall no longer so act and delivers a written certificate to the Issuing and Paying Agent to that effect, then the Commission will discontinue the Book-Entry System with the Note Depository for such Commercial Paper Notes. If the Commission determines to replace the Note Depository for the Commercial Paper Notes with another qualified securities depository, the Commission shall prepare or direct the preparation of a new, single, separate, fully registered Commercial Paper Note for such Commercial Paper Notes registered in the name of such successor or substitute qualified Note Depository or its Nominee, or make such other arrangements acceptable to the Issuing and Paying Agent and such successor or substitute Note Depository as are not inconsistent with the terms of this Agreement. If the Commission fails to identify another qualified Note Depository to replace the incumbent Note Depository for the Commercial Paper Notes, then such Commercial Paper Notes shall no longer be restricted to being registered in the bond registration books in the name of the incumbent Note Depository or its Nominee, but shall be registered in whatever name or names the incumbent Note Depository or its Nominee transferring or exchanging such Commercial Paper Notes shall designate.

(d) Notwithstanding any provision of this Agreement to the contrary, so long as the Commercial Paper Notes are registered in the name of the Nominee, all payments with respect to principal of and interest on the Commercial Paper Notes and all notices with respect to the Commercial Paper Notes shall be made and given, respectively, as provided in the Letter of Representation or as otherwise instructed by the Note Depository.

(e) The initial Note Depository with respect to the Commercial Paper Notes shall be the Depository Trust Company ("DTC"). The initial Nominee with respect to the Commercial Paper Notes shall be CEDE & CO., as nominee of DTC.

Section 2.06. Conditions Precedent to Delivery of each Series of Commercial Paper Notes.

(a) Prior to the issuance of the first Commercial Paper Notes of each Series hereunder, such Commercial Paper Notes shall be executed by manual or facsimile signature of the General Manager of the Commission and countersigned by the Secretary of the Commission on behalf of the Commission and delivered to the Issuing and Paying Agent, who shall hold such Commercial Paper Notes unauthenticated in safekeeping for the Commission. Subject to the provisions of Sections 2.01 and 2.05 hereof and paragraphs (a), (b), (c) and (d) of this Section 2.06, at any time and from time to time prior to the Termination Date, Commercial Paper Notes shall be manually

authenticated and delivered by the Issuing and Paying Agent for the consideration and in the manner hereinafter provided, but only upon receipt by the Issuing and Paying Agent of an Issuance Request in the form attached hereto as Exhibit C or upon oral receipt by the Issuing and Paying Agent of information as set forth in Exhibit C, no later than 10:00 a.m. (New York City time) on the Business Day on which Commercial Paper Notes are to be delivered, directing the Issuing and Paying Agent to authenticate the Commercial Paper Notes referred to therein and to deliver the same to or upon the order of a Dealer. Each Issuance Request shall include: (i) the designation of each Commercial Paper Note to be delivered; (ii) the principal amount and date of each Commercial Paper Note then to be delivered; (iii) the rate and amount of interest thereon; (iv) the maturity date thereof; and (v) if the Commercial Paper Notes are sold at a premium, the purchase price of the Commercial Paper Notes. Any such Issuance Request shall be accompanied by an acknowledgment from the Director of Public Finance, or his or her designee, approving of said Issuance Request. No later than 12:30 p.m. (New York City time) on each Business Day on which the Commission proposes to issue Commercial Paper Notes, each Dealer shall report to the Commission each transaction made with or arranged by it or shall notify the Commission and the Issuing and Paying Agent of the difference, if any, between the amount of maturing Commercial Paper Notes and the amount of Commercial Paper Notes which such Dealer has arranged to sell or has agreed in its sole discretion to purchase.

Subject to the provisions of Sections 2.01 and 2.05 hereof and paragraphs (a), (b), (c) and (d) of this Section 2.06, upon receipt of such Issuance Request (which may be (a) mailed, (b) telephoned, (c) transmitted through an electronic instruction and reporting communication service offered by the issuing and paying agent, and/or (d) transmitted by facsimile device to the Issuing and Paying Agent), the Issuing and Paying Agent shall, by 2:15 p.m. (New York City time) on such day, complete each Commercial Paper Note then to be delivered as to amount, date, maturity date, interest rate and interest amount specified in such Issuance Request, and deliver each such Commercial Paper Note to or upon the order of the requesting Dealer upon receipt of payment therefor; *provided, however*, that no such Commercial Paper Notes shall be delivered by the Issuing and Paying Agent if such delivery would result in the aggregate principal amount of the applicable Series of Commercial Paper Notes Outstanding being in excess of (i) \$125,000,000 or (ii) the Principal Portion then available under the applicable Letter of Credit, or would result in the aggregate amount of interest payable on such Commercial Paper Notes to exceed the Interest Portion then available under the applicable Letter of Credit. Notwithstanding any provision herein to the contrary, no such Commercial Paper Notes of the applicable Series shall be delivered by the Issuing and Paying Agent if (A) it shall have received notice from a Designated Representative directing the Issuing and Paying Agent to cease authenticating and delivering Commercial Paper Notes until such time as such direction is withdrawn by similar notice, (B) it shall have actual knowledge that an Event of Default shall have occurred and be continuing, (C) it shall have received notice from Bond Counsel that their opinion regarding the exclusion of interest on the Commercial Paper Notes from gross income for federal income tax purposes thereof is being withdrawn, (D) the maturity date of such Commercial Paper Notes would extend beyond the Business Day immediately preceding the Termination Date of the applicable Letter of Credit or (E) the Issuing and Paying Agent shall have received a No-Issuance Notice, Acceleration Notice or a Final Drawing Notice from the applicable Bank. If an Issuance Request is received after 10:00 a.m. (New York City time) on a given day, the Issuing and Paying Agent shall not be obligated to deliver the requested Commercial Paper Notes until the next succeeding Business Day.

A copy of each Commercial Paper Note authenticated in bearer form by the Issuing and Paying Agent shall be promptly mailed by U.S. mail, first class, postage prepaid, to the Commission by the Issuing and Paying Agent. The Issuing and Paying Agent shall furnish the Commission with such additional information with respect to the carrying out of its duties hereunder as the Commission from time to time shall reasonably request.

(b) In addition to the Issuance Request described above in this Section 2.06, and as a further condition to the issuance of any Commercial Paper Notes, the Designated Representative shall certify to the Issuing and Paying Agent that, as of the date of delivery of such Commercial Paper Notes, (i) the applicable Letter of Credit is in full force and effect; (ii) after the issuance of such Commercial Paper Notes and the application of the proceeds thereof, the aggregate principal amount of such Commercial Paper Notes Outstanding will not exceed the amount that at the time is authorized to be Outstanding as provided in Section 2.01(b) hereof; (iii) the interest rates borne by such Commercial Paper Notes to be delivered on such date do not exceed the lesser of the Maximum Interest Rate or the rate used in calculating the applicable Interest Portion of the applicable Letter of Credit; (iv) the facts, estimates, circumstances and representations set forth or made (as the case may be) in the Tax Certificate continue to exist and are reaffirmed on such date; (v) the terms of the Commercial Paper Notes do not exceed 270 days and the maturity dates of such Commercial Paper Notes set forth in the Issuance Request do not extend beyond the Business Day immediately preceding the Termination of the applicable Letter of Credit or the latest maturity date allowed by the Ordinances; (vi) the Commission has not been notified by Bond Counsel that their opinion with respect to the validity of the Commercial Paper Notes and the tax treatment of the interest on the Commercial Paper Notes delivered prior to the initial issuance of the Commercial Paper Notes has been revised or withdrawn or, if any such revisions or withdrawal has occurred, the revised opinion or a substitute opinion acceptable to the Dealers has been delivered; (vii) no Event of Default has occurred and is then continuing; (viii) all of the conditions precedent to the issuance of such Commercial Paper Notes, including the consent of the Director of Public Finance to the delivery of such Issuance Request, set forth in this Section 2.06 have been satisfied and (ix) it has not received a No-Issuance Notice, Acceleration Notice or Final Drawing Notice from the applicable Bank.

The delivery of any Issuance Request to the Issuing and Paying Agent by a Designated Representative in the manner provided in this Section 2.06 shall constitute the certification and representation of the Commission as of the date of such Issuance Request as to the matters set forth in the immediately preceding paragraph.

(c) Any Issuance Request made by telephone pursuant to this Section 2.06 may be recorded by the Issuing and Paying Agent and confirmed promptly in writing by a Designated Representative; *provided, however*, that the failure to confirm any such Issuance Request, or any conflict between any such recorded oral Issuance Request and the written confirmation thereof, shall not affect the validity of any recorded oral Issuance Request received by the Issuing and Paying Agent as provided herein. If the Issuing and Paying Agent does not record an oral Issuance Request, and a conflict exists between such oral Issuance Request and the written confirmation thereof, the terms of the written confirmation shall control.

(d) For each Series of Commercial Paper Notes, prior to the initial delivery of Commercial Paper Notes under this Agreement and as a condition to such initial issuance, the

Commission shall be notified by the Issuing and Paying Agent that the Issuing and Paying Agent has received:

- (i) The fully executed Reimbursement Agreement for the applicable Series of Commercial Paper Notes;
- (ii) The executed Letter of Credit for the applicable Series of Commercial Paper Notes;
- (iii) The opinions of the United States counsel (and foreign counsel if the applicable Bank is a United States branch or agency of a bank organized under the laws of a country other than the United States) to the applicable Bank, addressed to the Commission, the City and the Issuing and Paying Agent, to the effect that the Letter of Credit for the applicable Series of Commercial Paper Notes is a valid and binding obligation of the applicable Bank, enforceable in accordance with its terms; and
- (iv) Fully executed counterparts of the Dealer Agreements.

Section 2.07. Commercial Paper Notes. The Commission and the Issuing and Paying Agent may deem and treat the bearer of Commercial Paper Notes in bearer form or the registered owner of Commercial Paper Notes in registered form as the absolute owner thereof (whether or not such Commercial Paper Note shall be overdue and notwithstanding any notation of ownership or other writing thereon made by anyone other than the Issuing and Paying Agent), for the purpose of receiving payment thereof or on account thereof and for all other purposes, and neither the Commission nor the Issuing and Paying Agent shall be affected by any notice to the contrary.

Section 2.08. Mutilated, Lost, Stolen or Destroyed Commercial Paper Notes. If any Commercial Paper Note shall become mutilated, the Commission, at the expense of the Holder of such Commercial Paper Note, shall execute or cause to be executed, and the Issuing and Paying Agent shall thereupon authenticate and deliver a new Commercial Paper Note of like tenor bearing a different number in exchange and substitution for the Commercial Paper Note so mutilated, but only upon surrender to the Issuing and Paying Agent of the Commercial Paper Note so mutilated. If any Commercial Paper Note shall be lost, destroyed or stolen, evidence of the ownership thereof, and of such loss, destruction or theft may be submitted to the Commission and the Issuing and Paying Agent and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the Commission, at the expense of the Holder, shall execute, and the Issuing and Paying Agent shall thereupon authenticate and deliver a new Commercial Paper Note of like tenor and bearing a different number in lieu of and in substitution for Commercial Paper Note so lost, destroyed or stolen (or if any such Commercial Paper Note shall have matured or shall be about to mature, instead of issuing a substitute Commercial Paper Note, the Commission may direct the Issuing and Paying Agent to pay the same without surrender thereof). The Commission and Issuing and Paying Agent may require payment by the registered Holder of a Commercial Paper Note of a sum not exceeding the actual cost of preparing each new Commercial Paper Note executed and delivered pursuant to this paragraph and of the expenses which may be incurred by the Commission and the Issuing and Paying Agent. Any Commercial Paper Note executed and delivered under these provisions in lieu of any Commercial Paper Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the

Commission whether or not Commercial Paper Note so alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be entitled to the benefits of this Agreement with all other Commercial Paper Notes secured by this Agreement.

Section 2.09. Surrender of Commercial Paper Notes. All Commercial Paper Notes surrendered for payment or registration of transfer, if surrendered to any person other than the Issuing and Paying Agent, shall be delivered to the Issuing and Paying Agent and shall be promptly cancelled by the Issuing and Paying Agent. The Commission may at any time deliver to the Issuing and Paying Agent for cancellation any Commercial Paper Notes previously authenticated and delivered hereunder which the Commission may have acquired in any manner whatsoever, and all Commercial Paper Notes so delivered shall promptly be cancelled by the Issuing and Paying Agent. No Commercial Paper Note shall be authenticated in lieu of or in exchange for any Commercial Paper Note cancelled as provided herein, except as expressly permitted hereunder. All cancelled Commercial Paper Notes held by the Issuing and Paying Agent shall be disposed of as directed by the Commission.

Section 2.10. Execution and Authentication of Commercial Paper Notes. The Commercial Paper Notes shall be executed by and in the name of the Commission under this Agreement, by the signature of the General Manager of the Commission attested by the Secretary of the Commission and shall be delivered to the Issuing and Paying Agent. Such signature shall be manually affixed to the Commercial Paper Notes, except that if the Commercial Paper Notes shall have been manually authenticated by the Issuing and Paying Agent, the signature of the General Manager, and Secretary of the Commission may be a printed, lithographed or engraved facsimile thereof. The Issuing and Paying Agent is hereby authorized to cause the blank spaces in forms of Commercial Paper Notes attached hereto to be filled in as may be appropriate and to deliver the Commercial Paper Notes to the Dealers in accordance with the terms and provisions of the Dealer Agreements.

Section 2.11. Temporary Commercial Paper Notes.

(a) Until definitive Commercial Paper Notes are prepared, the Commission may execute and deliver, or, in the case of registered Commercial Paper Notes, upon request by the Commission, the Authenticating Agent shall authenticate and deliver, temporary Commercial Paper Notes that may be typewritten, printed or otherwise reproduced in lieu of definitive Commercial Paper Notes subject to the same provisions, limitations and conditions as definitive Commercial Paper Notes. The temporary Commercial Paper Notes shall be dated as provided herein, shall be in such denomination or denominations and shall be numbered as the Commission shall determine, and shall be of substantially the same tenor as the definitive Commercial Paper Notes, but with such omissions, insertions and variations as the officers of the Commission executing the same may determine. The temporary Commercial Paper Notes shall only be issued in fully registered form, and may be issued in the form of a single Commercial Paper Note.

(b) Without unreasonable delay after the issuance of any temporary Commercial Paper Notes, the Commission shall cause the definitive Commercial Paper Notes to be prepared, executed and delivered. Any temporary Commercial Paper Notes issued shall be exchangeable for definitive Commercial Paper Notes upon surrender to the Issuing and Paying Agent or, in the case of registered Commercial Paper Notes, to the Registrar of any such temporary Commercial

Paper Note or Commercial Paper Notes, and, upon request by the Commission, the Authenticating Agent shall authenticate and deliver to the Holder of the temporary Commercial Paper Note or Commercial Paper Notes, in exchanges therefor, a like principal amount of definitive Commercial Paper Notes in authorized denominations of the same interest rate and maturity date. Until so exchanged the temporary Commercial Paper Notes shall in all respects be entitled to the same benefits as definitive Notes executed and delivered pursuant hereto.

(c) All temporary Commercial Paper Notes surrendered in exchange for a definitive Commercial Paper Note or Commercial Paper Notes shall forthwith be cancelled by the Issuing and Paying Agent or the Registrar.

Section 2.12. Non-Presentation of Commercial Paper Notes; Unclaimed Money.

(a) If any Commercial Paper Notes are not presented for payment when the principal thereof becomes due, all liability of the Commission to the Holder thereof for the payment of such Commercial Paper Notes shall be completely discharged if funds sufficient to pay such Commercial Paper Notes and the interest due thereon to the stated maturity date shall be held by the Issuing and Paying Agent for the benefit of such Holder, and thereupon it shall be the duty of the Issuing and Paying Agent to hold such funds subject to subsection (b) below, without liability for interest thereon, for the benefit of such Holder, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature under this Agreement or on, or with respect to, such Commercial Paper Note.

(b) Anything contained herein to the contrary notwithstanding, any money held by the Issuing and Paying Agent in trust for the payment and discharge of any Commercial Paper Notes which remains unclaimed for two (2) years after the date when the payments on such Commercial Paper Notes have become payable, if such money was held by the Issuing and Paying Agent on such date, or for two (2) years after the date of deposit of such money if deposited with the Issuing and Paying Agent after the date when the principal of such Commercial Paper Notes have become payable, shall upon written notice from the Commission be repaid by the Issuing and Paying Agent to the Commission as its absolute property free from trust, and the Issuing and Paying Agent shall thereupon be released and discharged with respect thereto and the Holders shall look only to the Commission for the payment of the principal of such Commercial Paper Notes and the interest due thereon to the stated maturity date; *provided* that before being required to make any such payment to the Commission, the Issuing and Paying Agent shall, at the expense of the Commission, publish once in The Wall Street Journal a notice that such money remains unclaimed and that after a date named in such notice, which date shall not be less than sixty (60) days after the date of the earliest publication of such notice, the Issuing and Paying Agent shall promptly pay to the applicable Bank so much of such money as such Bank certifies to the Issuing and Paying Agent, with notice to the Commission and the City, that the Commission owes to such Bank with respect to any Commercial Paper Note or under the applicable Reimbursement Agreement or this Agreement, and the balance of such money then unclaimed will be returned to the Commission.

Section 2.13. Money Market Issuance System. The Commission understands that all instructions under this Agreement are to be directed to the Issuing and Paying Agent's Commercial Paper Operations Department. The Issuing and Paying Agent shall provide the Commission with access to the Issuing and Paying Agent's Money Market Issuance System or other electronic means

(collectively, the "System") in order that the Issuing and Paying Agent may receive electronic instructions for the issuance of the Commercial Paper Notes. Electronic instructions will be subject to an acceptance of terms issued by the Issuing and Paying Agent if the Commission elects to use the Issuing and Paying Agent's internet-based communications program to access the System. Electronic instructions must be transmitted in accordance with the procedures furnished by the Issuing and Paying Agent to the Commission in connection with the System. These transmissions shall be the equivalent to the giving of a written Issuance Request to the Issuing and Paying Agent. If the System is inoperable at any time, the Designated Representatives may deliver written, telephone or facsimile instructions to the Issuing and Paying Agent, which instructions shall be verified in accordance with any security procedures agreed upon by the parties.

### ARTICLE III

#### FUNDS AND ACCOUNTS; APPLICATION OF NOTE PROCEEDS

##### Section 3.01. Establishment and Designation of Funds and Accounts.

(a) There is hereby established a Construction Fund, with accounts therein for each Series of Commercial Paper Notes designated as the "Series \_\_ Construction Account," which the City Treasurer shall hold in accordance with this Agreement;

(b) There is hereby established hereunder a Debt Service Fund, and the Issuing and Paying Agent shall hold such fund in accordance with this Agreement and within such fund establish and maintain the following accounts:

(i) Debt Service Account, with subaccounts therein for each Series of Commercial Paper Notes designated as the "Series \_\_ Debt Service Account";

(ii) Bank Payment Account, with subaccounts therein for each Series of Commercial Paper Notes designated as the "Series \_\_ Bank Payment Account"; and

(iii) Bank Note Debt Service Account, with subaccounts therein for each Series of Commercial Paper Notes designated as the "Series \_\_ Bank Note Debt Service Account.

Section 3.02. Deposit of Proceeds of Commercial Paper Notes. Immediately upon receipt thereof, the Issuing and Paying Agent shall first deposit the proceeds of the sale of any Commercial Paper Notes into the related subaccount of the Bank Payment Account in an amount equal to the Unpaid Drawings, if any, made on the applicable Letter of Credit to pay principal of and/or interest on such Commercial Paper Notes and unreimbursed Advances under the applicable Reimbursement Agreement; and shall then transfer the remaining proceeds to the City Treasurer for deposit in the related account of the Construction Fund.

##### Section 3.03. Application of Moneys in Construction Fund.

(a) Moneys in the Construction Fund attributable to each Series of Commercial Paper Notes shall be applied to the payment of the Cost of Power Enterprise Projects and to the payment of the administrative costs related to the applicable Series of Commercial Paper Notes, including but not limited to the fees and expenses of the Dealers, the Issuing and Paying Agent, the Rating

Agencies, the applicable Bank and any other attorneys, consultants or service providers, which administrative costs shall be paid by the Commission on or about the last day of March, June, September and December of each year.

(b) The General Manager of the Commission is hereby authorized to disburse from the each account of the Construction Fund the amount required for the payment of the Cost of Power Enterprise Projects and administrative costs and is directed to make such disbursements upon receipt of a warrant drawn by the Controller; *provided* that proceeds of the Series A-1 Notes may be used to finance or refinance all or a portion of the Cost of Power Enterprise Projects and administrative costs funded with proceeds of the Series A-2 Notes; and *provided* further that proceeds of the Series A-2 Notes may be used to finance or refinance all or a portion of the Cost of Power Enterprise Projects and administrative costs funded with proceeds of the Series A-1 Notes.

Section 3.04. Deposits Into and Uses of the Debt Service Account and the Bank Payment Account.

(a) On or before 2:15 p.m., New York City time, on the maturity date of each Commercial Paper Note or on the date on which the applicable Bank honors payment of a Drawing in connection with a Final Drawing Notice, the Commission shall deposit with the Issuing and Paying Agent in immediately available funds from amounts representing proceeds of sale of Commercial Paper Notes or from Available Power Enterprise Revenues (or borrowings secured thereby) for deposit in the related subaccount of the Bank Payment Account, an amount sufficient, together with all other amounts available to the Issuing and Paying Agent, in the related subaccount of the Bank Payment Account, which the Issuing and Paying Agent shall immediately apply to reimburse the applicable Bank in full for the amounts to be drawn under the applicable Letter of Credit to pay principal of and interest due on all Commercial Paper Notes of the applicable Series on such maturity date or on the date on which the applicable Bank honors payment of a Drawing in connection with a Final Drawing Notice and unreimbursed Advances under the respective Reimbursement Agreement. The Issuing and Paying Agent shall make information available to the Commission on or before 5:00 p.m., New York City time, on the Business Day prior to such maturity date of each Commercial Paper Note or the date on which the applicable Bank is to honor payment of a Drawing in connection with a Final Drawing Notice, as the case may be, as to the total amount of principal and interest due on such maturity date or the date on which the applicable Bank is to honor payment of a Drawing in connection with a Final Drawing Notice.

(b) Each Drawing received by the Issuing and Paying Agent as a result of a drawing under a Letter of Credit to pay the principal of and/or interest on maturing Commercial Paper Notes (including a Drawing in connection with a Final Drawing Notice) shall be deposited into the related subaccount of the Debt Service Account and used solely to pay the principal of and interest on such maturing Commercial Paper Notes upon the proper presentment thereof.

(c) Moneys in the Debt Service Account and the Bank Payment Account shall not be invested.

Section 3.05. Drawings under each Letter of Credit. The Issuing and Paying Agent agrees to hold each Letter of Credit in trust for the benefit of the Holders, from time to time, of the



applicable Series of Commercial Paper Notes. On or before each maturity date for any Commercial Paper Note, an authorized officer of the Issuing and Paying Agent shall present all required drawing certificates and accompanying documentation, if required, to the applicable Bank and demand payment be made under the applicable Letter of Credit on such maturity date at such time and in such amount not in excess of the applicable Stated Amount so as to be timely and sufficient to pay the entire amount of principal and interest becoming due on such Commercial Paper Notes on such date; *provided* that, in each case any certificates of the Issuing and Paying Agent shall be signed by one who states therein that such person is a duly authorized officer of the Issuing and Paying Agent. Upon receipt of a Final Drawing Notice from the applicable Bank, the Issuing and Paying Agent shall draw on the applicable Letter of Credit no later than the second Business Day prior to the applicable Termination Date after the receipt of such notice in an amount at least equal to the principal of and interest accrued and to accrue until the scheduled maturity date on all related outstanding Commercial Paper Notes of the applicable Series.

The Issuing and Paying Agent shall not make any Drawing on a Letter of Credit for the purpose of paying any Commercial Paper Notes registered in the name of the Commission or the applicable Bank or its nominee.

Section 3.06. Investments Authorized. Money held by the Issuing and Paying Agent in any fund or account hereunder shall be invested by the Issuing and Paying Agent in Qualified Investments pending application as provided herein solely at the written direction of a Designated Representative, shall be registered in the name of the Issuing and Paying Agent where applicable, as Issuing and Paying Agent, and shall be held by the Issuing and Paying Agent. Money held in any fund, account, or subaccount hereunder (other than the Rebate Fund) may be commingled for purposes of investment only; *provided, however*, that each fund, account, or subaccount held by the Issuing and Paying Agent hereunder shall be accounted for separately and provided, further, that moneys in the Debt Service Account and the Bank Payment Account shall not be invested.

Section 3.07. Moneys Remaining in Funds and Accounts. At any time there are no Commercial Paper Notes Outstanding or any Bank Notes Outstanding, the Commission may withdraw moneys from any fund or account established hereunder by written direction to the Issuing and Paying Agent. Upon receipt of such a written request, the Issuing and Paying Agent shall deliver any amounts so specified to, or upon the order of, the Commission.

## ARTICLE IV

### THE BANK NOTES

#### Section 4.01. Authorization and Terms of Bank Notes.

(a) The Commission hereby authorizes the issuance of one or more series of its Bank Notes, subject to the provisions of this Section 4.01 and as hereinafter provided. Bank Notes shall be issued from time to time as provided herein in the event that any Drawing is not reimbursed on the same Business Day such Drawing is made or, if required by the applicable Bank, shall be issued on the date the applicable Letter of Credit is delivered to evidence the obligation of the Commission to repay any Unpaid Drawings. Any Series A-1 Bank Notes issued shall be designated the "San Francisco Public Utilities Commission Bank Notes (Power Series) Series A-

1” and any Series A-2 Bank Notes issued shall be designated the “San Francisco Public Utilities Commission Bank Notes (Power Series) Series A-2”. Bank Notes shall be issued in consideration of the payment of all applicable Unpaid Drawings and Advances. The aggregate principal amount of any Bank Note that may be Outstanding at any one time hereunder shall not at any time exceed the applicable Stated Amount of the applicable Letter of Credit on its issuance date.

(b) The Bank Notes shall be dated the date of their respective authentication and issuance; shall be issued in registered form only; shall be issued in any denomination and shall bear interest at the Bank Rate (calculated on the basis of the actual number of days elapsed and a year consisting of 365 or 366 days, as applicable); *provided, however*, that the interest payable on the Bank Notes for any given period shall not exceed the Maximum Interest Rate in effect for such period. Bank Notes shall bear interest from their respective dates, payable in accordance with the applicable Reimbursement Agreement. Principal of Bank Notes shall be payable as specified in such Bank Note and the applicable Reimbursement Agreement.

(c) Bank Notes shall be subject to optional prepayment prior to maturity in accordance with, and upon notice as provided by, the applicable Reimbursement Agreement.

(d) Bank Notes shall be numbered consecutively from No. 1 upward. The Issuing and Paying Agent may make additional provision for numbering, including additional prefixes and suffixes, as it may deem appropriate.

Section 4.02. Issuance of Bank Notes. In the event that any Bank shall have made a Drawing that has not been reimbursed on the same Business Day, such Bank shall provide notice in writing to the Commission and the Issuing and Paying Agent requesting the issuance of a Bank Note and stating: (i) the amount of the Drawing that remains unreimbursed; (ii) the final maturity date of such Bank Note; and (iii) the amount of each scheduled principal installment on such Bank Note; *provided, however*, that no such notice need be given if such Bank Note was delivered on the date of issuance of the applicable Letter of Credit as provided in Section 4.01(a) hereof. On the date of issuance of the applicable Letter of Credit or upon receipt of the notice provided in the first sentence of this Section 4.02, the Issuing and Paying Agent shall authenticate a Bank Note and, in accordance with such notice and the certificate of a Designated Representative delivered to the Issuing and Paying Agent pursuant to Section 2.06(c) hereof, shall deliver such Bank Note to or upon the order of the applicable Bank. No approval of the Commission or the City is necessary for the issuance of any Bank Notes.

Section 4.03. Form of Bank Notes and Authentication Certificate. The definitive Bank Notes and the Certificate of Authentication endorsed thereon shall be substantially in the form set forth in Exhibit A to the applicable Reimbursement Agreement, with such appropriate variations, omissions and insertions as shall be necessary or appropriate in order to accomplish the purpose of the transaction authorized by this Agreement.

The Bank Notes may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law or regulation with respect thereto.

Section 4.04. Transfers of Bank Notes. To the extent permitted by applicable law, the Bank Notes shall be negotiable and transferable solely to the extent provided in the applicable Reimbursement Agreement.

Section 4.05. Deposits of Available Power Enterprise Revenues in Bank Note Account.

(a) On or before the Business Day before each Bank Note Payment Date, the General Manager of the Commission shall allocate and transfer to the Issuing and Paying Agent in immediately available funds for deposit in the related subaccount of the Bank Note Debt Service Account amounts from Available Power Enterprise Revenues (or at the Commission's option, the proceeds of any commercial paper or Power Bonds), as follows:

(i) An amount equal to the aggregate amount of interest due and payable on such Bank Note Payment Date on all applicable Bank Notes Outstanding payable from Available Power Enterprise Revenues; and

(ii) An amount equal to the aggregate amount of principal due and payable on such Bank Note Payment Date on all applicable Bank Notes Outstanding payable from Available Power Enterprise Revenues.

(b) Amounts in the Bank Note Debt Service Account shall be invested in Qualified Investments by the Issuing and Paying Agent as directed in writing by a Designated Representative, with the approval of the applicable Bank (which approval shall not be unreasonably withheld).

(c) The Bank Notes shall not be payable from the proceeds of any Drawing or any Advance.

## ARTICLE V

### COVENANTS; REPRESENTATIONS

Section 5.01. No Arbitrage. The Commission shall not take, nor permit to be taken by the Issuing and Paying Agent or otherwise, any action which, if such action had been reasonably expected to have been taken or had been deliberately and intentionally taken on the date of the issuance of any Commercial Paper Notes, would have caused such Commercial Paper Notes to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and Regulations. To that end, the Commission will comply with all requirements of Section 148 of the Code to the extent applicable to the Commercial Paper Notes. In the event that at any time the Commission is of the opinion that for purposes of this Section 5.01 it is necessary to restrict or to limit the yield on the investment of any moneys held by the Issuing and Paying Agent under this Agreement, the Commission shall so instruct the Issuing and Paying Agent in writing, and the Issuing and Paying Agent shall take such action as may be necessary in accordance with such instructions.

Section 5.02. Rebate to United States. The Commission will pay or cause to be paid to the United States Government the amounts required by Section 148(f) of the Code and any Regulations promulgated thereunder at the times required thereby. To further the satisfaction of such rebate requirement, there is hereby created, to be held by the Issuing and Paying Agent as a

separate fund for the Commercial Paper Notes distinct from all other funds and accounts held by the Issuing and Paying Agent under the Agreement, a fund designated as the "Rebate Fund." The Issuing and Paying Agent shall hold any payments received from the Commission for deposit into the Rebate Fund for purposes of ultimate rebate to the United States, all as more particularly described in the Tax Certificate. Pending payment to the United States, moneys held in the Rebate Fund are hereby pledged to secure such payments to the United States as provided herein and in the Tax Certificate, and neither the Commission, the Owners nor any other person shall have any rights in or claim to such moneys. The Issuing and Paying Agent shall invest all amounts held in the Rebate Fund as directed in writing by a Designated Representative in No purpose Investments (as defined in the Tax Certificate), as directed by the Commission in the Tax Certificate.

Computations of the rebate amount and all calculations under this Section and the Tax Certificate shall be furnished by or on behalf of the Commission. The Issuing and Paying Agent shall be deemed conclusively to have complied with the provisions of this Section if it follows the payment directions of the Designated Representative. The Issuing and Paying Agent shall have no liability or responsibility to enforce compliance by the Commission with the Tax Certificate. The Issuing and Paying Agent shall have no obligation to pay any amounts required to be rebated pursuant to this Section, other than from moneys required to be held in the funds and accounts created under this Agreement, including the Rebate Fund, or from other moneys provided to it by the Commission.

The Commission and the Issuing and Paying Agent shall keep and retain, for a period of two (2) years following the retirement of the Commercial Paper Notes, records of the determinations made pursuant to this Section 5.02.

In order to provide for the administration of this Section 5.02, the Commission may provide for the employment of independent attorneys, accountants and consultants, who shall be selected by the Commission with reasonable care and compensated on such reasonable basis as the Commission may deem appropriate, and the Issuing and Paying Agent may rely conclusively upon the opinions, calculations, determinations and advice of such attorneys, accountants and consultants employed hereunder.

Section 5.03. Tax Covenant. The Commission shall not use or knowingly permit the use of any proceeds of the Commercial Paper Notes or any other funds of the Commission, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Commercial Paper Notes being treated as an obligation not described in Section 103(a) of the Code. Without limiting the generality of the foregoing, the Commission will comply with all the requirements and covenants contained in the Tax Certificate. This covenant shall survive the payment in full or defeasance of the Commercial Paper Notes.

Section 5.04. [Reserved].

Section 5.05. Letter of Credit. For each Series of Commercial Paper Notes, the Commission hereby covenants to maintain in effect the applicable Letter of Credit or an Alternate Facility meeting the requirements hereof at all times that applicable Commercial Paper Notes are Outstanding hereunder. The Commission further covenants that if it is unable to obtain a commitment for an Alternate Facility at least 90 days prior to the Expiration Date of such Letter

of Credit, it shall use its best efforts, to the extent permitted by law, to endeavor to refinance such outstanding Commercial Paper Notes or Bank Notes, as the case may be.

Section 5.06. Amounts of Rates and Charges. The Commission covenants to establish, maintain and collect rates and charges with respect to the Power Enterprise sufficient (after giving effect to the expected receipt of refinancing proceeds from the sale of Commercial Paper Notes or Power Bonds) to pay the Commercial Paper Notes, the Parity Notes, the Bank Notes, all other amounts due and owing under the Series A-1 Reimbursement Agreement, the Series A-2 Reimbursement Agreement and all other obligations payable from the Power Enterprise.

Section 5.07. Limitation on Additional Debt. The Commission will not issue any additional Parity Notes, bonds, notes or other obligations for borrowed money payable from revenues of the Power Enterprise, including without limitation any additional Series of Commercial Paper Notes, unless the Commission provides a certificate of a Designated Representative of the Commission to the effect that (i) actual revenues of such enterprise for the most recently completed Fiscal Year, or (ii) projected revenues for the next three Fiscal Years following the issuance of such Parity Notes, additional bonds, notes, additional Series of Commercial Paper Notes, or other indebtedness are or will be sufficient to satisfy Section 5.06 hereof, assuming the issuance of such Parity Notes, bonds, notes, additional Series of Commercial Paper Notes, or other indebtedness and repayment, if any, from the proceeds thereof of maturing Commercial Paper Notes, the Bank Notes and all other amounts due and owing under the Series A-1 Reimbursement Agreement and the Series A-2 Reimbursement Agreement pursuant to the terms of such financing.

Section 5.08. Financial Statements. The Commission will keep proper books of records and accounts of the Power Enterprise, separate and apart from all other records and accounts of the Commission, in which complete and correct entries shall be made of all transactions relating to the Power Enterprise. Such books and records shall at all times during regular business hours be available to the Banks and to the Holders of the Commercial Paper Notes or their representatives authorized (at the cost of such Holders as the Commission may charge) in writing, at reasonable hours and upon prior written notice to the Commission and under reasonable conditions. The Commission shall be entitled to charge the cost of copying any such records to the Banks or the Holders of Commercial Paper Notes, or their representatives, as the case may be.

## ARTICLE VI

### PLEDGE OF AVAILABLE REVENUES; LIMITED LIABILITY OF THE COMMISSION

Section 6.01. Available Power Enterprise Revenues. The Commercial Paper Notes and the Bank Notes are revenue obligations, are not secured by the taxing power of the Commission or the City and shall be payable as to both principal and interest from, and shall be secured solely by a pledge as hereinafter provided of, the Available Power Enterprise Revenues, and, as set forth below, funds and accounts created hereunder.

The Available Power Enterprise Revenues (on a parity with the pledge securing any Parity Notes) and the Construction Fund and the accounts therein are hereby pledged to the payment of the Commercial Paper Notes, the Bank Notes and all obligations of the Commission relating to

such Commercial Paper Notes hereunder and under the Series A-1 Reimbursement Agreement and the Series A-2 Reimbursement Agreement without priority or distinction of one over the other, except as expressly provided hereunder. In addition, (i) the Series A-1 Debt Service Account is hereby pledged to secure the payment of the interest on and principal of the Series A-1 Notes, (ii) the Series A-1 Bank Payment Account and the Series A-1 Bank Note Debt Service Account are hereby pledged to secure the payment of the interest on and principal of the Series A-1 Bank Notes and obligations under the Series A-1 Reimbursement Agreement, (iii) the Series A-2 Debt Service Account is hereby pledged to secure the payment of the interest on and principal of the Series A-2 Notes, and (iv) the Series A-2 Bank Payment Account and the Series A-2 Bank Note Debt Service Account are hereby pledged to secure the payment of the interest on and principal of the Series A-2 Bank Notes and obligations under the Series A-2 Reimbursement Agreement.

The Available Power Enterprise Revenues and the funds and accounts pledged hereunder constitute a trust fund for the security and payment of the interest on and principal of the Commercial Paper Notes and the Bank Notes and all obligations of the Commission relating to such Commercial Paper Notes hereunder and under the Series A-1 Reimbursement Agreement and the Series A-2 Reimbursement Agreement, as provided hereunder, and shall be irrevocable until all of the Commercial Paper Notes and the Bank Notes secured by Available Power Enterprise Revenues have been paid and retired and any related obligations of the Commission under the Series A-1 Reimbursement Agreement and the Series A-2 Reimbursement Agreement have been satisfied.

Section 6.02. Limited Obligations. The obligation of the Commission to pay the Holders from time to time of Commercial Paper Notes shall be only from Available Power Enterprise Revenues. No Holder of any Commercial Paper Note shall ever have the right to compel any exercise of the taxing power of the City to pay any Commercial Paper Note or the interest thereon. The credit of the City is not pledged for the payment of the principal or interest on any Commercial Paper Note or any Bank Note, and the general fund of the City is not liable for the payment of the Commercial Paper Notes or the Bank Notes. The Holder of the Commercial Paper Notes shall not be entitled to compel the forfeiture of any property of the Commission or the City.

Neither the Commission nor any officer or employee thereof shall be liable or obligated for the payment of the principal of or interest on any Commercial Paper Notes or Bank Notes or for any payment agreed to be made or contemplated pursuant to the terms of this Agreement, save and except from Available Power Enterprise Revenues, and the other moneys pledged thereto under the terms of this Agreement.

## ARTICLE VII

### ISSUING AND PAYING AGENT; DEALER

Section 7.01. Appointment of Issuing and Paying Agent. The Commission hereby appoints U.S. Bank National Association to serve as Issuing and Paying Agent hereunder. The Issuing and Paying Agent hereby accepts such appointment and hereby agrees to hold such funds, and fulfill such other duties of the Issuing and Paying Agent as more fully set forth in this Agreement. The Commission acknowledges that (i) the Issuing and Paying Agent has previously entered into a commercial paper certificate agreement (the "Certificate Agreement") with DTC, a

copy of which is on file with the Commission and the Issuing and Paying Agent, and (ii) the continuing effectiveness of the Certificate Agreement is a necessary prerequisite to the Issuing and Paying Agent's providing services related to the issuance and payment of the Commercial Paper Notes while the Commercial Paper Notes are in book-entry only form and DTC is the Note Depository.

Section 7.02. Reports, Records and Accounts.

(a) The Issuing and Paying Agent shall at all times keep or cause to be kept proper books and records, as shall be consistent with prudent industry practice, in which complete and accurate entries shall be made of all transactions, including without limitation a complete record of all Issuance Requests, made by it relating to the proceeds of the Commercial Paper Notes and all funds and accounts established and maintained by the Issuing and Paying Agent hereunder. Such records shall be available for inspection by the Commission, the City and the Banks on each Business Day upon reasonable notice during reasonable business hours and by any Commercial Paper Noteholder or its agent or representative duly authorized in writing at reasonable hours upon reasonable notice.

(b) The Issuing and Paying Agent shall provide to the Commission each month a report of the amounts deposited in each fund and account held by it under this Agreement and the amount disbursed from such funds and accounts, the earnings thereon, if any, the ending balance in each such fund and account, and the investments in each such fund and account. The Issuing and Paying Agent shall also make available to the Commission such information regarding the issuance of Commercial Paper Notes during the subject month as the Commission shall reasonably request.

(c) The Issuing and Paying Agent shall maintain such books, records, and accounts as may be necessary to evidence the obligations of the Commission resulting from the Commercial Paper Notes, the principal amounts owing thereunder, the maturity schedules therefor, the respective rates of interest thereon and the principal and interest paid from time to time thereunder. So long as the Commercial Paper Notes are in book-entry form, in any legal action or proceeding with respect to a master note, the entries made in such books, records or accounts shall be, absent manifest error, conclusive evidence of the existence and the amounts of the obligations of the Commission therein recorded.

Section 7.03. Duties. The Issuing and Paying Agent's duties and responsibilities in connection with the payment of the Commercial Paper Notes shall include:

(a) upon presentment at maturity of a Commercial Paper Note, to pay the principal of and interest on the Commercial Paper Note to the Holder thereof;

(b) to make the necessary and timely drawings under each Letter of Credit in accordance with the terms and provisions thereof in order to effectuate the timely payment of principal of and interest on the Commercial Paper Notes as the same becomes due;

(c) to credit amounts received from the Commission for the payment of the principal of or interest on the Commercial Paper Notes to the related subaccount of the Bank Payment Account;

(d) to credit amounts received from a Bank as a result of drawings under the applicable Letter of Credit to the related subaccount of the Debt Service Account;

(e) to keep amounts on deposit in the related subaccount of the Debt Service Account separate from all other funds and accounts of the Issuing and Paying Agent and to utilize such amounts in accordance with the terms hereof; and

(f) the Issuing and Paying Agent agrees that it will not reduce, or consent to the reduction of, the applicable Stated Amount of a Letter of Credit below the amount of the applicable Series of Commercial Paper Notes outstanding, together with interest to accrue thereon.

In requesting Advances under each Reimbursement Agreement, the Issuing and Paying Agent shall be acting solely on behalf and for the benefit of the Owners of the respective Series of Commercial Paper Notes, and not as agent of the Commission.

The Issuing and Paying Agent acknowledges that, prior to the issuance of any Series of Commercial Paper Notes, it shall accept delivery of the applicable Letter of Credit. In making Drawings on the applicable Letter of Credit, the Issuing and Paying Agent shall be acting solely on behalf and for the benefit of the Owners of the applicable Series of Commercial Paper Notes, and not as agent of the Commission.

Section 7.04. Compensation. The Commission agrees to pay compensation for the Issuing and Paying Agent's services hereunder in accordance with the Issuing and Paying Agent's fee schedule, as amended from time to time (with notice to and the consent of the Commission), and to reimburse the Issuing and Paying Agent for such disbursements (including the reasonable fees and expenses of counsel). The Issuing and Paying Agent's fee schedule is attached hereto as Exhibit D. The Commission shall also reimburse the Issuing and Paying Agent for any fees and charges imposed by the Note Depository with respect to Commercial Paper Notes issued in book-entry form as set forth in the fee schedule. The Issuing and Paying Agent shall have no lien on Note Proceeds or on any Drawing under any Letter of Credit for payment of its compensation hereunder.

Section 7.05. Liability. The Commission agrees that the Issuing and Paying Agent shall not be liable for any losses, damages, liabilities or costs suffered or incurred by the Commission as a result of (a) the Issuing and Paying Agent's having duly executed Issuance Requests in good faith in accordance therewith and with this Agreement; (b) the Issuing and Paying Agent's improperly executing or failing to execute any Issuance Requests because of erroneous Issuance Requests, failure of communications media, or any other circumstances beyond the Issuing and Paying Agent's control; (c) the actions or inactions of DTC or any broker, dealer, consignee or agent not selected by the Issuing and Paying Agent; or (d) any other acts or omissions of the Issuing and Paying Agent (or of any of its agents, directors, officers, employees or correspondents) relating to this Agreement or the transactions or activities contemplated hereby except to the extent, if any, that such other acts or omissions constitute negligence or willful misconduct by the Issuing and Paying Agent (or by any of its agents, directors, officers, employees or correspondents). This Section 7.05 shall survive any termination of this Agreement and the issuance and payment of any Commercial Paper Notes.



Section 7.06. Additional Information. Upon the reasonable written request of the Commission, the City or the Banks, as applicable, the Issuing and Paying Agent agrees promptly to provide the Commission, the City or the Banks, as applicable, with information with respect to the Commercial Paper Notes, including without limitation the applicable Bank Notes, issued and paid hereunder. Such request shall be in written form and shall include the principal amount, date of issue, maturity date, interest rate and amount of interest, as applicable, of each Commercial Paper Note which has been issued or paid by the Issuing and Paying Agent and for which the request is being made.

Section 7.07. Resignation and Replacement of Issuing and Paying Agent. The Issuing and Paying Agent may at any time resign and be discharged of the duties and obligations created by this Agreement by giving at least 30 days' written notice to the Banks, the City and the Commission. The Issuing and Paying Agent may be removed, with the written consent of the Banks, which consent shall not be unreasonably withheld, at any time by an instrument signed by a Designated Representative and filed with the Issuing and Paying Agent and the Banks. No such resignation or removal shall become effective, however, until a successor Issuing and Paying Agent has been selected and assumed the duties of the Issuing and Paying Agent hereunder and each Letter of Credit has been transferred to the successor Issuing and Paying Agent in accordance with its terms.

In the event of the resignation or removal of the Issuing and Paying Agent, the Issuing and Paying Agent shall pay over, assign and deliver to the Commission any moneys held by it in such capacity to its successor.

The Issuing and Paying Agent shall, at all times, be a bank or trust company having an office in New York, New York and shall at all times be a corporation or a national banking association organized and doing business under the laws of the United States of America or of any state with a combined capital and surplus of at least \$50,000,000 and authorized under such laws to exercise corporate trust powers and be subject to supervision or examination by federal or state authority. If such corporation or national banking association publishes reports of condition at least annually pursuant to law or the requirements of such authority, then for the purposes of this section, the combined capital and surplus of such corporation or national banking association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any corporation or national banking association into which any Issuing and Paying Agent may be merged or converted or with which it may be consolidated, or any corporation or national banking association resulting from any merger, consolidation or conversion to which any Issuing and Paying Agent shall be a party, or any corporation or national banking association succeeding to the corporate trust business of any Issuing and Paying Agent shall be the successor of the Issuing and Paying Agent if such successor corporation or national banking association is otherwise eligible under this Section, without the execution or filing of any further act on the part of the Issuing and Paying Agent or such successor corporation or national banking association.

Section 7.08. Dealers. The Commission hereby agrees that, at or prior to the time of issuance of any Commercial Paper Notes, the Commission will enter into a Dealer Agreement with each Dealer. The Commission covenants that at all times after the initial issuance of any

Commercial Paper Notes of a Series and prior to the Termination Date, it will maintain in effect one or more Dealer Agreements, pursuant to which each Dealer will agree to fulfill the duties and obligations of the Dealer as set forth in this Agreement and its Dealer Agreement.

Section 7.09. Compliance with City Requirements. The Issuing and Paying Agent hereby agrees to comply with Section 9.23 hereof.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES OF COMMERCIAL PAPER NOTEHOLDERS

Section 8.01. Events of Default. If one or more of the following events (herein called "Events of Default") shall happen, that is to say --

(a) if default shall be made in the due and punctual payment of the principal of any Series of Commercial Paper Notes when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Series of Commercial Paper Notes when and as such interest installment shall become due and payable; or

(c) if the principal of any Series of Commercial Paper Note or any Bank Note shall be declared due and payable prior to the maturity thereof pursuant to the applicable Commercial Paper Note or any Bank Note or this Agreement or the applicable Reimbursement Agreement, as the case may be;

then, and in every such event, (i) if the applicable Bank is insolvent or has failed to honor a properly presented and conforming Drawing under the applicable Letter of Credit, any Holder of the applicable Series of Commercial Paper Notes at the time outstanding may, by notice to the Commission, declare the principal of such Holder's Commercial Paper Notes, and the interest accrued thereon, to be due and payable immediately, whereupon the same shall become and shall be immediately due and payable, anything in this Agreement or in the applicable Series of Commercial Paper Notes contained to the contrary notwithstanding, and (ii)(A) so long as such Bank is not insolvent and has not failed to honor a properly presented and conforming Drawing under the applicable Letter of Credit, such Bank, on behalf of the Holders of the applicable Series of Commercial Paper Notes at the time outstanding, by notice to the Commission, may declare the principal of all outstanding Commercial Paper Notes of such Series, and the interest accrued thereon, to be due and payable immediately, whereupon the same shall become and shall be immediately due and payable, anything in this Agreement or in such Commercial Paper Notes contained to the contrary notwithstanding, and the Issuing and Paying Agent shall, to the extent the applicable Letter of Credit so provides, immediately make thereafter a Drawing under such Letter of Credit to pay the amount of interest and principal then due on the applicable Series of Commercial Paper Notes and (B) such Bank may, by notice to the Commission, declare the principal of the applicable Bank Notes, and the interest accrued thereon (and the Unpaid Drawings and Advances evidenced thereby), to be due and payable immediately, whereupon the same shall become and shall be immediately due and payable, anything in this Agreement or in the applicable

Series of Commercial Paper Notes or in the applicable Reimbursement Agreement contained to the contrary notwithstanding, *provided however*, this clause (ii) shall be of no effect if said Event of Default was caused by a failure of such Bank to honor a properly presented and conforming Drawing made on the applicable Letter of Credit in conformance with the terms hereof.

Section 8.02. Suits at Law or in Equity and Mandamus. In case one or more Events of Default shall occur, then and in every such case any Holder of any Commercial Paper Note at the time outstanding and any Bank shall be entitled to proceed to protect and enforce such Holder's rights or such Bank's rights, as the case may be, by such appropriate judicial proceeding as such enforcer shall deem most effectual to protect and enforce any such right, whether by mandamus or other suit or proceeding at law or in equity, for the specific performance of any covenant or agreement contained in this Agreement, or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right. The provisions of this Agreement shall be a contract with each Bank and with each and every Holder of Commercial Paper Notes, and the duties of the Commission and of the Board shall be enforceable by any Bank (subject to Section 8.04 hereof) or any Commercial Paper Noteholder by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

Section 8.03. Remedies Not Exclusive. No remedy herein conferred upon a Bank or the Holders of Commercial Paper Notes is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by such Bank (subject to Section 8.04 hereof) or the Holder of any one or more of the Commercial Paper Notes.

Section 8.04. Banks to Control Remedies. So long as the applicable Bank is not insolvent and has not failed to honor a properly presented and conforming Drawing under the applicable Letter of Credit, no remedy (other than the right of the Issuing and Paying Agent to make a Drawing under the applicable Letter of Credit) under this Agreement with respect to a Series of Commercial Paper Notes may be pursued without the prior written consent of the applicable Bank. The applicable Bank shall have the right to direct the Issuing and Paying Agent to pursue any right, power, or remedy available under this Agreement. If, at any time, more than one Bank is eligible to exercise the powers provided in this Section 8.04, the Issuing and Paying Agent must obtain the consent of all eligible Banks when the consent of a Bank is required, and the Issuing and Paying Agent need not follow any direction in accordance with the preceding sentence unless such direction is approved in writing by all eligible Banks.

Section 8.05. Waiver of Events of Default. No Event of Default with respect to the Commercial Paper Notes or the Bank Notes shall be waived pursuant to Section 8.04 unless after such waiver the Issuing and Paying Agent shall have received written confirmation from the applicable Bank both that the applicable Letter of Credit shall have been reinstated and shall be in full force and effect and that the Event of Default and the notice of Event of Default shall have been rescinded by the applicable Bank.

## ARTICLE IX

### MISCELLANEOUS

Section 9.01. Supplemental Agreements. The Commission may modify or amend this Agreement and the rights and obligations of the Banks and the Holders of Commercial Paper Notes and the Commission hereunder at any time by a Supplemental Agreement, without notice to or the consent of any Bank or any Commercial Paper Noteholder, but only to make such provisions for the purpose of (i) curing any ambiguity or formal defect or omission herein, (ii) curing, correcting or supplementing any defective provision contained in this Agreement which may be inconsistent with any provision herein, or to make any other provisions with respect to matters or questions arising hereunder which shall not have a material adverse effect on the Holders or the Banks; (iii) granting or conferring upon the Holders and the Banks any additional rights, remedies, powers or authority that may be lawfully granted or conferred; (iv) securing additional revenues or providing additional security for the payment of any Commercial Paper Notes and the Bank Notes; (v) complying with requirements of the Code, in order to satisfy the covenants of Section 5.01 hereof; (vi) adding requirements the compliance of which is required by a Rating Agency in connection with issuing or maintaining a rating on the Commercial Paper Notes and (vii) making any other change or addition hereto which, in the opinion of Bond Counsel, including a change in the definition of Power Enterprise Projects, shall not have a material adverse effect on the interests of the Holders or the Banks. The Commission shall provide a copy of any such amendment to the Banks and the City promptly upon its execution.

Section 9.02. Alternate Facility. Notwithstanding anything herein to the contrary, the Commission may obtain an Alternate Facility to replace any Letter of Credit or Alternate Facility then in effect (the "Then Current Facility") hereunder so long as said Alternate Facility shall go into effect at least one Business Day prior to the termination of the Then Current Facility, and the Expiration Date with respect to such Alternate Facility shall be no earlier than the earlier of (i) six (6) months after its date or (ii) the Expiration Date set forth in the Then Current Facility. The Alternate Facility shall have a Stated Amount (as such term is used in the applicable Letter of Credit) at least as great as the Then Current Facility being replaced. The following are further conditions to the Issuing and Paying Agent's ability to release a Then Current Facility and accept an Alternate Facility:

(a) The Commission shall deliver written notice of the proposed Alternate Facility to the Issuing and Paying Agent, the applicable Bank, the City and each Dealer not less than 45 days prior to the substitution date.

(b) At least one day prior to the substitution date, there shall be delivered to the Commission and/or the Issuing and Paying Agent written evidence from each Rating Agency then maintaining a rating on the Commercial Paper Notes, that such substitution will not, in and of itself, result in any rating then assigned to the Commercial Paper Notes being suspended, reduced or withdrawn.

(c) At the time of the substitution, no Commercial Paper Notes shall be outstanding.

(d) An opinion or opinions of counsel to the successor Bank shall be delivered to the effect that the Alternate Facility is a legal, valid and binding obligation of the issuing Bank and is enforceable against the Bank in accordance with its terms.

(e) An opinion of Bond Counsel shall be delivered to the Issuing and Paying Agent to the effect that the substitution is authorized hereunder and will not, in and of itself, adversely affect the exclusion from gross income for federal tax purposes of interest on the Commercial Paper Notes.

Section 9.03. Amendments to Power Bonds Indenture. The Commission hereby covenants not to make any amendment to the Power Bonds Indenture which would materially adversely affect the interest of the Holders from time to time of the Commercial Paper Notes or the Banks, unless the Commission shall have first obtained the consents to such amendments by the Banks. Upon the execution of any such amendment without the consents of the Banks, the Commission shall be required to certify that such amendment to the Power Bonds Indenture; will not have such effect.

Section 9.04. Timeliness of Deposits. Funds shall be deemed transferred for purposes of timeliness of receipt under this Agreement when transfer instructions for transfer by federal reserve wire have been given and a federal wire number confirmation has been received; *provided that* the party to receive such funds shall not be required to take any action required to be taken hereunder with respect to such funds until it has confirmation of actual receipt of such funds.

Section 9.05. Defeasance of Commercial Paper Notes. A Series of Commercial Paper Notes shall not be deemed to have been paid in full, and the obligation of the Commission thereunder to have ceased, terminated and become void and completely discharged and satisfied, unless payment of the principal of, and interest on such Series of Commercial Paper Notes either (a) shall have been made or caused to be made in accordance with the terms of such Series of Commercial Paper Notes and this Agreement or (b) shall have been provided for by irrevocably depositing with the Issuing and Paying Agent in trust and irrevocably setting aside exclusively for such payment (i) Available Moneys sufficient to make such payment and/or (ii) noncallable obligations backed by the full faith and credit of the United States Government ("Government Obligations") purchased with Available Moneys, in each case, in an amount sufficient, with reinvestment, to pay when due the principal amount of such Series of Commercial Paper Notes, including accrued interest thereon; *provided that* if payment of the principal of, and interest on such Series of Commercial Paper Notes is paid pursuant to (b) above, the Issuing and Paying Agent shall have received (x) a verification report from an independent firm of certified public accountants addressed to the Commission and the Issuing and Paying Agent, acceptable in form and substance to the Commission and the Issuing and Paying Agent verifying the sufficiency of the escrow established to pay such Series of Commercial Paper Notes in full on the maturity date, (y) an opinion of Bond Counsel addressed to the Commission and the Issuing and Paying Agent acceptable in form and substance to the Commission and the Issuing and Paying Agent to the effect that such Series of Commercial Paper Notes are no longer Outstanding under this Issuing and Paying Agent Agreement, a copy of which opinion shall be provided to each Rating Agency then maintaining a rating on such Series of Commercial Paper Notes and (z) at least one day prior to the date of such deposit, written evidence from each Rating Agency then maintaining a rating on such Series of Commercial Paper Notes, that such defeasance will not, in and of itself, result in

any rating then assigned to such Series of Commercial Paper Notes being suspended, reduced or withdrawn.

Section 9.06. Payments or Actions Occurring on Non-Business Days. If a payment date is not a Business Day at the place of payment or if any action required hereunder is required on a date that is not a Business Day, then payment may be made at that place on the next Business Day or such action may be taken on the next Business Day with the same effect as if payment were made on the action taken on the stated date, and no interest shall accrue for the intervening period; *provided, however*, that this Section 9.06 shall not apply to Bank Notes.

Section 9.07. Notices to Rating Agencies. The Commission shall provide each Rating Agency, with a copy to the City, with written notice of the occurrence of the following events: (i) removal or appointment of any Dealer (ii) the appointment of a successor Issuing and Paying Agent, (iii) amendments to this Agreement or any Letter of Credit, (iv) the expiration, termination, substitution or extension of any Letter of Credit or Alternate Facility, and (v) the defeasance or acceleration of all Outstanding Commercial Paper Notes. Notice to Moody's shall be addressed as follows (or as provided in any subsequent notice to the Commission) Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Attention: Public Finance Group; notice to S&P shall be addressed as follows (or as provided in any subsequent notice to the Commission) Standard and Poor's, 55 Water Street, New York, New York 10041, Attention: Public Finance Structured Group; and notice to Fitch shall be addressed as follows: Fitch Ratings, One State Street Plaza, New York, New York, 10004, Attention: Structured Finance.

Section 9.08. Issuance Requests; Addresses. Issuance Requests hereunder shall be (a) mailed, (b) telephoned, (c) transmitted by facsimile device, and/or (d) transmitted via the System described in Section 2.13 hereof to the Issuing and Paying Agent at the address, telephone number, facsimile number or through the System specified below or through the System and shall be deemed delivered upon receipt by the Issuing and Paying Agent at the address, telephone number, and/or facsimile number specified below or through the System.

U.S. Bank National Association  
Attention: Millie Rolla, Assistant Vice President  
100 Wall Street, 16th Floor  
New York, New York 10005  
Telephone: (212) 361-6153  
Facsimile: (212) 951-8512

All notices, requests, demands, including any No-Issuance Notices, Acceleration Notices, Final Drawing Notices and other communications hereunder (excluding Issuance Requests) shall be in writing and shall be deemed to have been duly given (a) upon delivery by hand (against receipt), or (b) three days after such notice, request, demand, or other communication is delivered to a United States Post Office certified mail (against receipt) or by regular mail (upon receipt) to the party and at the address set forth below or at such other address as a party may designate by written notice:

(a) If to the Commission:

City and County of San Francisco  
Public Utilities Commission  
Attention: Chief Financial Officer & Assistant General Manager,  
Business Services  
525 Golden Gate Avenue, 13th Floor  
San Francisco, California 94102  
Telephone: (415) 554-3155  
Facsimile: (415) 554-3161

(b) If to the City:

City and County of San Francisco  
Office of Public Finance  
Attention: Director of Public Finance  
City Hall, Room 336  
San Francisco, California 94102  
Telephone: (415) 554-4862  
Facsimile: (415) 554-4864

With copies to:

City and County of San Francisco  
Office of the Treasurer  
Attention: Treasurer  
City Hall, Room 140  
San Francisco, California 94102  
Telephone: (415) 554-4476  
Facsimile: (415) 554-4672

City and County of San Francisco  
Office of the Controller  
Attention: Controller  
City Hall, Room 316  
San Francisco, California 94102  
Telephone: (415) 554-7500  
Facsimile: (415) 554-7466

(c) If to the Dealers:

As set forth in the Dealer Agreements.

(d) If to the Issuing and Paying Agent:

U.S. Bank National Association  
Attention: Millie Rolla, Assistant Vice President  
100 Wall Street, 16th Floor  
New York, New York 10005  
Telephone: (212) 361-2892  
Facsimile: (212) 514-6841

(e) If to S&P

Email: [pubfin\\_structured@standardandpoors.com](mailto:pubfin_structured@standardandpoors.com).

(f) If to any Bank:

As set forth in the applicable Reimbursement Agreement.

or such other account as such Bank may from time to time designate in writing to the Commission. Notwithstanding the foregoing, any notices required to be sent or received under any Reimbursement Agreement shall be sent and received as provided therein.

Section 9.09. Reserved.

Section 9.10. Governing Law. This Agreement shall be governed and interpreted in accordance with the laws of the State of California.

Section 9.11. Assignment; Issuing and Paying Agent's Successor in Interest. This Agreement may not be assigned by either the Commission or the Issuing and Paying Agent except by a writing or writings duly executed by the duly authorized representatives of the Commission and the Issuing and Paying Agent and approved in writing by the Bank (which approval shall not be unreasonable withheld). Anything in this Agreement to the contrary notwithstanding, any corporation or national banking association into which the Issuing and Paying Agent may be merged or converted or with which it may be consolidated, or any corporation or national banking association resulting from any merger, consolidation or conversion to which the Issuing and Paying Agent shall be a party, or any corporation or national banking association succeeding to the corporate trust business of the Issuing and Paying Agent shall be the successor of the Issuing and Paying Agent if such successor corporation or national banking association is otherwise eligible under Section 7.07 hereof, without the execution or filing of any document or any further act on the part of the Issuing and Paying Agent or such successor corporation or national banking association.

Section 9.12. Complete Agreement. This Agreement contains the entire understanding and agreement between the parties with respect to the subject matter hereof and all prior agreements, understandings, representations, statements, promises, inducements, negotiations and undertakings between the parties with respect to said subject matter are superseded hereby.



Section 9.13. Counterparts. This Agreement may be executed in counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.

Section 9.14. Section Headings. Section headings in this Agreement are for convenience of reference only, shall not constitute part of this Agreement and shall not be used to continue the meaning or intent of the provisions hereof.

Section 9.15. Waiver of Set-Off, Offset Lien or Counterclaims. The Issuing and Paying Agent hereby waives to the fullest extent possible under applicable law any and all rights of setoff, offset, lien or counterclaim it may have with respect to any amounts held by it in any subaccount of the Bank Payment Account and any subaccount of the Debt Service Account by reason of any claim it may have against the Commission, the applicable Bank or any other person.

Section 9.16. Benefit of Agreement. This Agreement is solely for the benefit of the parties hereto and the owners of the Commercial Paper Notes and the Bank Notes, and no other person shall acquire or have any right under or by virtue hereof.

Section 9.17. Covenant of Further Assurances. It is hereby covenanted and warranted by the Commission that all representations and recitals contained in this Agreement are true and correct and that the Commission, and their appropriate officials, have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for collection of Available Power Enterprise Revenues in accordance with law and for carrying out the provisions of this Agreement.

Section 9.18. Waiver of Personal Liability. No officer or employee of the Commission shall be individually or personally liable for the payment of the Commercial Paper Notes or the Bank Notes, but nothing contained herein shall relieve any officer or employee of the Commission from the performance of any official duty provided by any applicable provision of law or hereby.

Section 9.19. Acquisition of the Commercial Paper Notes by the Commission. All Commercial Paper Notes acquired by the Commission, whether by purchase or gift or otherwise, shall be surrendered to the Issuing and Paying Agent for cancellation.

Section 9.20. Notice by Mail. With respect to Commercial Paper Notes, any notice required to be given hereunder by mail to the Holders shall be given by mailing a copy of such notice, first-class postage prepaid, to the Holders of all the Commercial Paper Notes at their addresses appearing in the books required to be kept by the Issuing and Paying Agent pursuant to the provisions of this Agreement.

Section 9.21. Partial Invalidity. If any one or more of the conditions, covenants or terms contained herein or required herein to be observed or performed by or on the part of the Commission, the Issuing and Paying Agent or the Banks shall be contrary to law, then such condition or conditions, such covenant or covenants, or such term or terms shall be null and void and shall be deemed separable from the remaining conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Commercial Paper Notes, and the Holders and the Banks shall retain all the benefit, protection and security afforded to them hereunder and under all provisions of applicable law. The Commission declares that it would have executed and delivered this Agreement and each and every other article, section, paragraph, subdivision,

sentence, clause and phrase hereof and would have authorized the execution and delivery of the Commercial Paper Notes pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 9.22. Reference to the Banks. Notwithstanding any provisions contained herein to the contrary, after the expiration or termination of any Letter of Credit or Alternate Facility, by its terms (or if any Bank shall have failed to honor a properly presented and conforming Drawing under the applicable Letter of Credit or Alternate Facility), and after all obligations owed to the applicable Bank pursuant to the applicable Letter of Credit or Alternate Facility and the applicable Reimbursement Agreement (other than the right to indemnification and other rights which purport to survive satisfaction of present payment obligations) have been paid in full or discharged, all references to the applicable Bank contained herein shall be null and void and of no further force and effect.

Section 9.23. City Requirements. Each Bank hereby agrees to the City's requirements, as provided in Exhibit E attached hereto and incorporated hereby by this reference.

(Remainder of Page Intentionally Left Blank)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION, as  
Issuing and Paying Agent

By: \_\_\_\_\_  
Authorized Officer

PUBLIC UTILITIES COMMISSION OF THE  
CITY AND COUNTY OF SAN FRANCISCO

By: \_\_\_\_\_  
Harlan L. Kelly, Jr.  
General Manager

Approved as to Form:

DENNIS J. HERRERA  
City Attorney of the City and  
County of San Francisco

By: \_\_\_\_\_  
Mark D. Blake  
Deputy City Attorney

Acknowledged:  
ANNA VAN DEGNA  
Director of Public Finance of the City  
and County of San Francisco

By: \_\_\_\_\_  
Director of Public Finance

BENJAMIN ROSENFELD  
Controller of the City and  
County of San Francisco

By: \_\_\_\_\_  
Controller

## EXHIBIT A

### FORM OF POWER ENTERPRISE SERIES [A-1][A-2] MASTER NOTE

Unless this certificate is presented by an authorized representative of The Depository Trust Company ("DTC") to the Commission or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of CEDE & CO. or such other name as requested by an authorized representative of DTC (and any payment is made to CEDE & CO. or to such other entity as is requested by an authorized officer of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, since the Registered Owner hereof, CEDE & CO., has an interest herein.

PUBLIC UTILITIES COMMISSION  
OF THE CITY AND COUNTY OF SAN FRANCISCO  
COMMERCIAL PAPER NOTES  
(POWER SERIES)  
SERIES [A-1][A-2] (TAX-EXEMPT)

No. DTC Master Note 1

Registered Owner: CEDE & CO.

Principal Sum: Not to Exceed \$125,000,000 Outstanding

The PUBLIC UTILITIES COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO, a commission duly organized and existing under and pursuant to the Charter of the City and County of San Francisco and the laws of the State of California (hereinafter called the "Commission"), for value received, hereby promises to pay (but only out of the Available Power Enterprise Revenues hereinafter referred to) to the registered owner hereinabove named or registered assigns, the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date of each obligation identified on the records of Commission (the "Underlying Records") as being evidenced by this Master Commercial Paper Note, which Underlying Records are maintained by U.S. Bank National Association, as Issuing and Paying Agent (the "Issuing and Paying Agent"). Interest shall be calculated on the basis of the actual number of days elapsed and a year consisting of 365 or 366 days, as applicable, at the rate specified on the Underlying Records. Payments shall be made solely from Available Power Enterprise Revenues (as defined in the Agreement referred to hereinafter) and payments of Drawings under an irrevocable direct pay Letter of Credit of [Bank of America, N.A.][Sumitomo Mitsui Banking Corporation, acting through its New York Branch,][Alternate Facility Bank] to the registered owner stated hereinabove from the Issuing and Paying Agent without the necessity of presentation and surrender of this Master Commercial Paper Note.

This Master Commercial Paper Note is one of a duly authorized issue of San Francisco Public Utilities Commercial Paper Notes (hereinafter called the "Obligations") of the series and designation indicated on the face hereof. Said authorized issue of Obligations is not limited in aggregate principal amount and consists of varying denominations, dates, maturities, interest rates

and other provisions, as in the Agreement hereinafter mentioned provided, all obligations issued and to be issued pursuant to the provisions of the Charter of the City and County of San Francisco, and all laws of the State of California supplemental thereto.

This Master Commercial Paper Note evidences a series of Commercial Paper Notes designated as the "Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series [A-1][A-2] (Tax-Exempt)" which is limited to \$125,000,000 in aggregate principal amount. This Master Commercial Paper Note has been issued pursuant to the First Amended and Restated Issuing and Paying Agent Agreement (the "Agreement"), dated as of December 1, 2018, by and between the Commission and the Issuing and Paying Agent, which Agreement provides for the issuance of the Obligations.

Reference is hereby made to the Agreement for a description of the terms on which the Obligations are issued and to be issued, the provisions with regard to the nature and extent of the Available Power Enterprise Revenues, as that term is defined in the Agreement, and the rights of the registered owners of the Obligations; and all the terms of the Agreement are hereby incorporated herein and made a contract between the Commission and the registered owner from time to time of this Master Commercial Paper Note, and to all the provisions thereof the registered owner of this Master Commercial Paper Note, by its acceptance hereof, consents and agrees.

This Master Commercial Paper Note, including the interest hereon, together with all other Obligations, and the interest thereon, issued under the Agreement (and to the extent set forth in the Agreement), is payable from, and is secured by a charge and lien on, the Available Power Enterprise Revenues and the funds and accounts pledged under the Agreement derived by the Commission from the Power Enterprise (as those terms are defined in the Agreement).

The obligation of the Commission to pay the registered owners from time to time of Commercial Paper Notes shall be only from Available Power Enterprise Revenues and the funds and accounts pledged under the Agreement. No holder of this Master Commercial Paper Note shall ever have the right to compel any exercise of the taxing power of the City and County of San Francisco to pay this Master Commercial Paper Note or the interest hereon.

At the request of the registered owner, the Commission shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Commercial Paper Note. As of the date any such note certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Master Commercial Paper Note. This Commercial Paper Note is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at the principal office of the Issuing and Paying Agent in New York, New York, but only in the manner, subject to the limitations and upon payment of the charges provided in the Agreement, and upon surrender and cancellation of this Master Commercial Paper Note. Upon such transfer a new fully registered Master Commercial Paper Note without coupons, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The Commission and the Issuing and Paying Agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the Commission and the Issuing and Paying Agent shall not be affected by any notice to the contrary.

The rights and obligations of the Commission and of the registered owners of the Obligations may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Agreement.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Master Commercial Paper Note, and in the issuing of this Master Commercial Paper Note, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California and the Charter of the City and County of San Francisco, and that this Master Commercial Paper Note, together with all other indebtedness of the Commission pertaining to the Power Enterprise, is within every debt limitation and other limit prescribed by the Constitution and statutes of the State of California and said Charter, and is not in excess of the amount of Obligations permitted to be issued under the Agreement.

This Master Commercial Paper Note shall not be entitled to any benefit under the Agreement, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Issuing and Paying Agent. This Master Commercial Paper Note is a valid and binding obligation of Commission.

Capitalized terms used herein but not otherwise defined shall have the meaning ascribed to such terms in the Agreement.

IN WITNESS WHEREOF, the PUBLIC UTILITIES COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO has caused this Master Commercial Paper Note to be executed in its name and on its behalf by its General Manager and countersigned by its Secretary, and the seal of said Public Utilities Commission of the City and County to be imprinted or reproduced by facsimile hereon, and this Master Commercial Paper Note to be dated as of the [ ] day of December, 2018.

PUBLIC UTILITIES COMMISSION OF THE  
CITY AND COUNTY OF SAN FRANCISCO

By \_\_\_\_\_  
Harlan L. Kelly, Jr.  
General Manager

[SEAL]

Countersigned

By \_\_\_\_\_  
Secretary

**CERTIFICATE OF AUTHENTICATION**

This is the Master Commercial Paper Note described in the within-mentioned Agreement.

Dated: December [\_\_], 2018

U.S. BANK NATIONAL ASSOCIATION, as  
Issuing and Paying Agent

By \_\_\_\_\_  
Authorized Officer

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

\_\_\_\_\_  
(Name, address, and Taxpayer Identification Number of Assignee)

this Master Commercial Paper Note and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_ attorney to transfer said Master Commercial Paper Note on the books of the Commission with full power of substitution in the premises.

Dated:  
Signature(s). Guaranteed

Notice: The signature on this assignment must correspond with the name as written upon the face of this Master Commercial Paper Note, in every particular, without alteration or enlargement or any change whatsoever.

Unless this Master Commercial Paper Note is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Commission or its agent for registration of transfer, exchange, or payment, and any Master Commercial Paper Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.



## EXHIBIT B

### CERTIFICATE OF DESIGNATED REPRESENTATIVES

I am the General Manager of the Public Utilities Commission of the City and County of San Francisco (the "Commission") duly authorized pursuant to the First Amended and Restated Issuing and Paying Agent Agreement, dated as of December 1, 2018 (the "First Amended and Restated Issuing and Paying Agent Agreement"), between the Commission and U.S. Bank National Association relating to the Public Utilities Commission of the \$125,000,000 City and County of San Francisco Commercial Paper Notes (Power Series) Series A-1 (the "Series A-1 Notes"), and the \$125,000,000 City and County of San Francisco Commercial Paper Notes (Power Series) Series A-2 (the "Series A-2 Notes" and, together with the Series A-1 Notes, the "Commercial Paper Notes"), to appoint Designated Representatives of the Commission in connection with the issuance, from time to time, by the Commission of the Commercial Paper Notes in accordance with the First Amended and Restated Issuing and Paying Agent Agreement.

I hereby designate the following persons to act on my behalf in accordance with the First Amended and Restated Issuing and Paying Agent Agreement and with respect to actions taken under the following agreements relating to the Commercial Paper Notes, the signatures of which persons are set forth beside their names: (i) the First Amendment to Reimbursement Agreement relating to the Series A-1 Notes, dated December [\_\_\_], 2018, by and between the Commission and Bank of America, N.A., (ii) the Fee Letter relating to the Series A-1 Notes, dated December [\_\_\_], 2018, by and between the Commission and Bank of America, N.A., (iii) the Reimbursement Agreement relating to the Series A-2 Notes, dated December [\_\_\_], 2018, by and between the Commission and Sumitomo Mitsui Banking Corporation, acting through its New York Branch ("SMBC"), (iv) the Fee Letter relating to the Series A-2 Notes, dated December [\_\_\_], 2018, by and between the Commission and SMBC, and (v) the Amended Dealer Agreements, each dated as of December 1, 2018, by and between the Commission and each of RBC Capital Markets, LLC, Goldman, Sachs & Co. and Barclays Capital Inc.

Designated Persons

Title

Specimen Signature

Eric Sandler

Chief Financial Officer and  
Assistant General Manager,  
Business Services

\_\_\_\_\_

Charles Perl

Deputy Chief Financial  
Officer, Financial Services

\_\_\_\_\_

Richard Morales

Debt Manager, Financial  
Planning

\_\_\_\_\_

Michael Brown

Utility Specialist, Financial  
Planning

\_\_\_\_\_

Benjamin Rosenfield

Controller of the City and  
County of San Francisco

\_\_\_\_\_

Anna Van Degna

Director of Public Finance

\_\_\_\_\_

EXECUTED THIS DECEMBER [ ], 2018.

PUBLIC UTILITIES COMMISSION  
OF THE CITY AND COUNTY OF  
SAN FRANCISCO

By: \_\_\_\_\_  
Harlan L. Kelly, Jr.  
General Manager

**EXHIBIT C**

**FORM OF ISSUANCE REQUEST**

Date: \_\_\_\_\_

Request Number: \_\_\_\_\_

The undersigned, a Designated Representative of the Public Utilities Commission of the City and County of San Francisco (the "Commission") does hereby request U.S. Bank National Association as Issuing and Paying Agent (the "Issuing and Paying Agent") under the First Amended and Restated Issuing and Paying Agent Agreement, dated as of December 1, 2018 (the "Agreement") between the Commission and the Issuing and Paying Agent, to issue the Commission's Commercial Paper Notes, as follows:

1. Series Designation:
2. Date of Issuance:
3. Principal Amount: \$
4. Purchase Price for Commercial Paper Notes (not less than par): \$
5. Term of Commercial Paper Notes:
6. Rate of Interest:
7. Amount of Interest payable through maturity:
8. Maturity (specified actual date and number of days):
9. Total principal amount of Commercial Paper Notes outstanding (including this request and excluding any Commercial Paper Notes maturing as of even date hereof) not to exceed \$125,000,000:
10. Amount of Principal Portion of then available under the Letter of Credit (excluding this request):
11. Stated Expiration Date of the Letter of Credit:
12. Is this issuance authorized pursuant to Section 8B.124 of the Charter of the City and County of San Francisco (the "City")?  Yes  No

If yes, the following box must be checked:

- All required certifications pursuant to Section 8B.124 of the Charter of the City have been filed with the Clerk of the Board of Supervisors of the City.

The delivery of this Issuance Request constitutes a certification and representation of the Commission as of the date hereof as to the matters set forth in Section 2.06(b) of the Agreement, and reproduced on Attachment A hereto.

All capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Agreement.

PUBLIC UTILITIES COMMISSION OF THE  
CITY AND COUNTY OF SAN FRANCISCO

By: \_\_\_\_\_  
Designated Representative

ACKNOWLEDGED:

Director of Public Finance of the City and  
County of San Francisco

\_\_\_\_\_

## ATTACHMENT A

### COMMISSION CERTIFICATIONS

- (i) the Letter of Credit is in full force and effect;
- (ii) after the issuance of such Commercial Paper Notes and the application of the proceeds thereof, the aggregate principal amount of Commercial Paper Notes Outstanding will not exceed the amount that at the time is authorized to be Outstanding as provided in Section 2.01(b) of the Agreement;
- (iii) the interest rates borne by the Commercial Paper Notes to be delivered on such date do not exceed the lesser of the Maximum Interest Rate or the rate used in calculating the applicable Interest Portion of the Letter of Credit;
- (iv) the facts, estimates, circumstances and representations set forth or made (as the case may be) in the Tax Certificate continue to exist and are reaffirmed on such date;
- (v) the terms of the Commercial Paper Notes do not exceed 270 days and the maturity dates of such Commercial Paper Notes set forth in the Issuance Request do not extend beyond the Business Day immediately preceding the Stated Expiration Date of the Letter of Credit or the latest maturity date allowed by the Ordinances;
- (vi) the Commission has not been notified by Bond Counsel that their opinion with respect to the validity of the Commercial Paper Notes and the tax treatment of the interest thereof delivered prior to the initial issuance of the Commercial Paper Notes has been revised or withdrawn or, if any such revisions or withdrawal has occurred, the revised opinion or a substitute opinion acceptable to the Dealers has been delivered;
- (vii) no Event of Default has occurred and is then continuing; and
- (viii) all of the conditions precedent to the issuance of such Commercial Paper Notes, including the consent of the Director of Public Finance, or his or her designee, to the delivery of such Issuance Request, set forth in Section 2.06 of the Agreement have been satisfied.

**EXHIBIT D**

**SCHEDULE OF FEES AND EXPENSES FOR  
ISSUING AND PAYING AGENT SERVICES**





U.S. BANK NATIONAL ASSOCIATION

Schedule of Fees  
for Services as  
Issuing and Paying Agent  
for

The Public Utilities Commission of the City and County of San Francisco  
Commercial Paper Notes (Power Series A-1 and A-2)

**Initial Acceptance Fee Per Series:**

WAIVED

To cover the acceptance of appointment as Issuing and Paying Agent for the Commercial Paper Notes, the study and consideration of the various drafts of the documents related to the execution and delivery thereof, communication and coordination with the Issuer, Dealers, Depository Trust Company and other agents and members of the working group, establishing the account on the corporate trust records of the Issuing and Paying Agent and related Depository Trust Company fees. Payable at the closing.

**Annual Administration Fee Per Series:**

\$1,980.00

To cover the normal administrative functions of the Issuing Agent and Paying Agent for the Notes, including maintenance of the record of Notes issued, and continuing communication with the Issuer, Dealers and the Depository Trust Company. The administration fee is payable annually in advance.

**Transaction Fees**

\$19.00

Payable quarterly in arrears.

Book Entry Issuance, per trade...

Includes:

- Wire charges (proceeds and payments)
- Current DTC charges
- Computer maintenance fees
- Collateral charges
- Periodic reports
- Tax reporting

**Out-of-Pocket Expenses:**

AT COST

Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial close, travel expenses and Cusip Bureau fees

**NOTE: No minimum fees apply.**

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the above fee schedule, including agreement to any subsequent changes upon proper written notice. In the event your transaction is not finalized, any related out-of-pocket expenses will be billed to the client directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a Trust, or other legal entity, we ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

**ACKNOWLEDGEMENT:**

Please sign below to acknowledge our agreement that all fees concerning the various duties of U.S. Bank National Association, listed above, will be governed by this schedule.

## EXHIBIT E

### CITY REQUIREMENTS

(a) *Tropical Hardwood and Virgin Redwood Ban.* The City urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

(b) *Nondiscrimination: Penalties.*

(i) *Issuing and Paying Agent Shall Not Discriminate.* In the performance of this Agreement, the Issuing and Paying Agent agrees not to discriminate against any employee, City and County employee working with the Issuing and Paying Agent or subcontractor, applicant for employment with the Issuing and Paying Agent or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status, or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(ii) *Subcontracts.* The Issuing and Paying Agent shall incorporate by reference in all subcontracts made in fulfillment of its obligations hereunder the provisions of Sections 12B.2(a), 12B.2(c)-(k) and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. The Issuing and Paying Agent's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(iii) *Non-Discrimination in Benefits.* The Issuing and Paying Agent does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(iv) *HRC Form.* The Issuing and Paying Agent shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

(v) *Incorporation of Administrative Code Provisions by Reference.* The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. The Issuing and Paying Agent shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the San Francisco Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the Issuing and Paying Agent understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against the Issuing and Paying Agent and/or deducted from any payments due the Issuing and Paying Agent; *provided, however*, that such damages shall not be set off against the payment of rental or other contract related to Commercial Paper Notes or other debt obligations of the City.

(c) *Limitations on Contributions.* Through execution of this Agreement, the Issuing and Paying Agent acknowledges that it is familiar with Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City, including the Commission, for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (A) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (B) a candidate for the office held by such individual, or (C) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The Issuing and Paying Agent acknowledges that the foregoing restriction applies only if the contract or combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. The Issuing and Paying Agent further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of the Issuing and Paying Agent's board of directors; the Issuing and Paying Agent's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in the Issuing and Paying Agent; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Issuing and Paying Agent. Additionally, the Issuing and Paying Agent acknowledges that the Issuing and Paying Agent must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126 of the City's Campaign and Governmental Conduct Code.

(d) *MacBride Principles - Northern Ireland.* Pursuant to San Francisco Administrative Code Section 12F.5, the City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this Agreement on behalf of the Issuing and Paying Agent acknowledges and agrees that he or she has read and understood this section.

(e) *Conflict of Interest.* Through its execution of this Agreement, the Issuing and Paying Agent hereby acknowledges that it is familiar with the provision of Section 15.103 of the

City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 *et seq.* and Section 1090 *et seq.* of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

(f) *Earned Income Credit ("EIC") Forms.* San Francisco Administrative Code section 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found.

(i) The Issuing and Paying Agent shall provide EIC Forms to each Eligible Employee at each of the following times: (A) within thirty days following the date on which this Agreement becomes effective (unless the Issuing and Paying Agent has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (B) promptly after any Eligible Employee is hired by the Issuing and Paying Agent; and (C) annually between January 1 and January 31 of each calendar year during the term of this Agreement.

(ii) Failure to comply with any requirement contained in the immediately preceding paragraph shall constitute a material breach by the Issuing and Paying Agent of the terms of this Agreement. If, within thirty days after the Issuing and Paying Agent receives written notice of such a breach, the Issuing and Paying Agent fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, the Issuing and Paying Agent fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Agreement or under applicable law.

(iii) Any subcontract entered into by the Issuing and Paying Agent shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this Section.

(iv) Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

(g) *Local Business Enterprise Utilization; Liquidated Damages.*

(i) *The LBE Ordinance.* The Issuing and Paying Agent shall comply with all the requirements of the Disadvantaged Business Enterprise Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "LBE Ordinance"), provided such amendments do not materially increase the Issuing and Paying Agent's obligations or liabilities, or materially diminish the Issuing and Paying Agent's rights, under this Agreement. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Agreement as though fully set forth in this section. The Issuing and Paying Agent's willful

failure to comply with any applicable provisions of the LBE Ordinance is a material breach of the Issuing and Paying Agent's obligations under this Agreement and shall entitle City, subject to any applicable notice and cure provisions set forth in this Agreement, to exercise any of the remedies provided for under this Agreement, under the LBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Agreement expressly provides that any remedy is exclusive. In addition, the Issuing and Paying Agent shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

(ii) *Compliance and Enforcement.* If the Issuing and Paying Agent willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Agreement pertaining to LBE participation, the Issuing and Paying Agent shall be liable for liquidated damages in an amount equal to the Issuing and Paying Agent's net profit on this Agreement, or 10% of the total amount of this Agreement, or \$1,000, whichever is greatest. The Director of the City's Human Rights Commission or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the "Director of HRC") may also impose other sanctions against the Issuing and Paying Agent authorized in the LBE Ordinance, including declaring the Issuing and Paying Agent to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Issuing and Paying Agent's LBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to the San Francisco Administrative Code Section 14B.17.

By entering into this Agreement, the Issuing and Paying Agent acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to City upon demand. The Issuing and Paying Agent further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to the Issuing and Paying Agent on any contract with City.

The Issuing and Paying Agent agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Agreement, and shall make such records available for audit and inspection by the Director of HRC or the Controller upon request.

(h) *Drug-Free Workplace Policy.* The Issuing and Paying Agent acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on Commission or City premises. The Issuing and Paying Agent agrees that any violation of this prohibition by the Issuing and Paying Agent, its employees, agents or assigns will be deemed a material breach of this Agreement.

(i) *Compliance with Americans with Disabilities Act.* The Issuing and Paying Agent acknowledges that, pursuant to the Americans with Disabilities Act ("ADA"), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. The Issuing and Paying Agent shall provide

the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. The Issuing and Paying Agent agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of the Issuing and Paying Agent, its employees, agents or assigns will constitute a material breach of this Agreement.

(j) *Sunshine Ordinance.* In accordance with San Francisco Administrative Code Section 67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between the Commission or the City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

(k) *Requiring Minimum Compensation for Covered Employees.*

(i) The Issuing and Paying Agent agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance ("MCO"), as set forth in San Francisco Administrative Code Chapter 12P ("Chapter 12P"), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at [www.sfgov.org/olse/mco](http://www.sfgov.org/olse/mco). A partial listing of some of the Issuing and Paying Agent's obligations under the MCO is set forth in this Section. The Issuing and Paying Agent is required to comply with all the provisions of the MCO, irrespective of this listing of obligations in this Section.

(ii) The MCO requires the Issuing and Paying Agent to pay the Issuing and Paying Agent's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and the Issuing and Paying Agent is obligated to keep informed of the then-current requirements. Any subcontract entered into by the Issuing and Paying Agent shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is the Issuing and Paying Agent's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against the Issuing and Paying Agent.

(iii) The Issuing and Paying Agent shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

(iv) The Issuing and Paying Agent shall maintain employee and payroll records as required by the MCO. If the Issuing and Paying Agent fails to do so, it shall be presumed that the Issuing and Paying Agent paid no more than the minimum wage required under State law.

(v) The City is authorized to inspect the Issuing and Paying Agent's job sites and conduct interviews with employees and conduct audits of the Issuing and Paying Agent.

(vi) The Issuing and Paying Agent's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Issuing and Paying Agent fails to comply with these requirements. The Issuing and Paying Agent agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for the Issuing and Paying Agent's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

(vii) The Issuing and Paying Agent understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, the Issuing and Paying Agent fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Issuing and Paying Agent fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(viii) The Issuing and Paying Agent represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

(ix) The City may conduct random audits of the Issuing and Paying Agent. Random audits shall be (A) noticed in advance in writing; (B) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (C) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten days of the written notice; and (D) limited to one audit of the Issuing and Paying Agent every two years for the duration of this Agreement. Nothing in this Agreement is intended to preclude the City from investigating any report of an alleged violation of the MCO.

(l) *Requiring Health Benefits for Covered Employees.* Unless exempt, the Issuing and Paying Agent agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance ("HCAO"), as set forth in San Francisco Administrative Code Chapter

12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at <http://www.sfgov.org/lwlh.htm>. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

(i) For each Covered Employee, the Issuing and Paying Agent shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If the Issuing and Paying Agent chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(ii) Notwithstanding the above, if the Issuing and Paying Agent is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with part (i) above.

(iii) The Issuing and Paying Agent's failure to comply with the HCAO shall constitute a material breach of this Agreement. The City shall notify the Issuing and Paying Agent if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, the Issuing and Paying Agent fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Issuing and Paying Agent fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

(iv) Any subcontract entered into by the Issuing and Paying Agent shall require the subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. The Issuing and Paying Agent shall notify City's Office of Contract Administration when it enters into such a subcontract and shall certify to the Office of Contract Administration that it has notified the subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on subcontractor through the subcontract. The Issuing and Paying Agent shall be responsible for its subcontractors' compliance with this Chapter. If a subcontractor fails to comply, the City may pursue the remedies set forth in this Section against the Issuing and Paying Agent based on the subcontractor's failure to comply, *provided* that City has first provided the Issuing and Paying Agent with notice and an opportunity to obtain a cure of the violation.

(v) The Issuing and Paying Agent shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to the Issuing and Paying Agent's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.



(vi) The Issuing and Paying Agent represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(vii) The Issuing and Paying Agent shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.

(viii) The Issuing and Paying Agent shall keep itself informed of the current requirements of the HCAO.

(ix) The Issuing and Paying Agent shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on subcontractors and subtenants, as applicable.

(x) The Issuing and Paying Agent shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten business days to respond.

(xi) The Issuing and Paying Agent shall allow City to inspect the Issuing and Paying Agent's job sites and have access to the Issuing and Paying Agent's employees in order to monitor and determine compliance with HCAO.

(xii) The City may conduct random audits of the Issuing and Paying Agent to ascertain its compliance with HCAO. The Issuing and Paying Agent agrees to cooperate with City when it conducts such audits.

(xiii) If the Issuing and Paying Agent is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but the Issuing and Paying Agent later enters into an agreement or agreements that cause the Issuing and Paying Agent's aggregate amount of all agreements with City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Issuing and Paying Agent and the City to be equal to or greater than \$75,000 in the fiscal year.

(m) *Prohibition on Political Activity with City Funds.* In accordance with San Francisco Administrative Code Chapter 12.G, the Issuing and Paying Agent may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Agreement. The Issuing and Paying Agent agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event the Issuing and Paying Agent violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit the Issuing and Paying Agent from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider the Issuing and Paying Agent's use of profit as a violation of this section.

(n) *Graffiti Removal.* Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and its residents, and to prevent the further spread of graffiti.

The Issuing and Paying Agent shall remove all graffiti from any real property owned or leased by such Issuing and Paying Agent in the City and County of San Francisco within forty eight (48) hours of the earlier of such Issuing and Paying Agent's (i) discovery or notification of the graffiti or (ii) receipt of notification of the graffiti from the Department of Public Works. This Section is not intended to require any Issuing and Paying Agent to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (A) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (B) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. Section 101 et seq.).

Any failure of the Issuing and Paying Agent to comply with this Section of this Agreement shall constitute a material breach of this Agreement.

(o) *Food Service Waste Reduction Requirements.* The Issuing and Paying Agent agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, the Issuing and Paying Agent agrees that if it breaches this provision, the City will suffer actual damages that will be impractical or extremely difficult to determine; further, the Issuing and Paying Agent agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that the City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by the City because of such Issuing and Paying Agent's failure to comply with this provision.

(p) *Preservative-treated Wood Containing Arsenic.* The Issuing and Paying Agent may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. The Issuing and Paying Agent may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude the Issuing and Paying Agent from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

(q) *Nondisclosure of Private Information.* The Issuing and Paying Agent agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "*Nondisclosure of Private Information Ordinance*"), including the remedies provided. The provisions of the Nondisclosure of Private Information Ordinance are incorporated herein by reference and made a part of this Agreement as though fully set forth. Capitalized terms used in this section and not defined in this Agreement shall have the meanings assigned to such terms in the Nondisclosure of Private Information Ordinance. Consistent with the requirements of the Nondisclosure of Private Information Ordinance, the Issuing and Paying Agent agrees to all of the following:

(i) Neither the Issuing and Paying Agent nor any of its Subcontractors shall disclose Private Information obtained from the City in the performance of this Agreement to any other Subcontractor, person, or other entity, unless one of the following is true:

- (1) the disclosure is authorized by this Agreement;
- (2) the Issuing and Paying Agent received advance written approval from the Contracting Department to disclose the information; or
- (3) the disclosure is required by law or judicial order.

(ii) Any disclosure or use of Private Information authorized by this Agreement shall be in accordance with any conditions or restrictions stated in this Agreement. Any disclosure or use of Private Information authorized by a Contracting Department shall be in accordance with any conditions or restrictions stated in the approval.

(iii) Private Information shall mean any information that: (1) could be used to identify an individual, including without limitation, name, address, social security number, medical information, financial information, date and location of birth, and names of relatives; or (2) the law forbids any person from disclosing.

(iv) Any failure of the Bark to comply with the Nondisclosure of Private Information Ordinance shall be a material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Agreement, debar the Issuing and Paying Agent, or bring a false claim action against the Issuing and Paying Agent.

(r) *Proprietary or Confidential Information of City.* The Issuing and Paying Agent agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the City and its obligations, (g) with the consent of the City or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Issuing and Paying Agent on a nonconfidential basis from a source other than the City. For the purposes of this Section, "Information" means all information received from the City relating to the City or its business, other than any such information that is available to the Issuing and Paying Agent on a nonconfidential basis prior to disclosure by the City; *provided* that, in the case of information received from the City after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

(s) *Submitting False Claims; Monetary Penalties.* Pursuant to San Francisco Administrative Code Section 21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for three times the amount of damages which the City sustains because of the false claim. A contractor, subcontractor or consultant who submits a false claim shall also be liable to the City for the costs, including attorneys' fees, of a civil action brought to recover any of those penalties or damages, and may be liable to the City for a civil penalty of up to \$10,000 for each false claim. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (i) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (ii) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (iii) conspires to defraud the City by getting a false claim allowed or paid by the City; (iv) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (v) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

(t) *Subcontracting.* Except as otherwise provided in this Agreement, the Issuing and Paying Agent is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by City in writing. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

(u) *Non-Waiver of Rights.* The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

(v) *City a Third Party Beneficiary.* The City is hereby designated as a third party beneficiary for the purpose of enforcing all of the obligations of the Issuing and Paying Agent contained in this Exhibit E to this Agreement.

**FIRST AMENDMENT TO  
REIMBURSEMENT AGREEMENT**

**BY AND BETWEEN**

**PUBLIC UTILITIES COMMISSION  
OF THE CITY AND COUNTY OF SAN FRANCISCO**

**AND**

**BANK OF AMERICA, N. A**

**DATED: December \_\_, 2018**

## FIRST AMENDMENT TO REIMBURSEMENT AGREEMENT

This **FIRST AMENDMENT to REIMBURSEMENT AGREEMENT**, dated December \_\_, 2018 (this "*Amendment*"), is by and between the PUBLIC UTILITIES COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO (the "*Commission*") and BANK OF AMERICA, N.A. (the "*Bank*"). Terms used herein with initial capital letters and not otherwise defined shall have the respective meanings attributed thereto in the Agreement (as defined below).

### RECITALS

WHEREAS, the Commission and the Bank entered into the Reimbursement Agreement, dated as of December 1, 2015 (the "*Original Agreement*") and a Fee Agreement dated December 17, 2015 (the "*2015 Fee Agreement*") pursuant to which the Bank agreed to provide support for the payment of and interest on the Commission's Commercial Paper Notes (Power Revenues) Series A-1 (the "*Notes*"), by issuing a letter of credit (the "*2015 Letter of Credit*"); and

WHEREAS, on June 5, 2018, the voters of the City and County of San Francisco (the "*City*") approved Proposition A, which among other things, authorized the Commission to issue revenue bonds, including notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors of the City for the purpose of reconstructing, replacing, expanding, repairing or improving power facilities under the jurisdiction of the Commission; and

WHEREAS, the Stated Expiration Date of the 2015 Letter of Credit is currently December 18, 2018, and the Commission has requested that the Bank extend the term of the Original Agreement and make other changes to the Original Agreement; and

WHEREAS, the Commission and the Bank now desire to, among other things, (i) extend the Stated Expiration Date from December 17, 2018 to December 17, 2021, (ii) make certain additional amendments to the Original Agreement, including increasing the Stated Amount from \$97,989,042 to \$136,095,891, (iii) issue a new letter of credit (the "*New Letter of Credit*") to increase the Stated Amount from \$97,989,042 to \$136,095,891 and extend the Stated Expiration Date, (iv) execute a new Bank Note to reflect the increase in the Stated Amount, and (v) execute a new fee agreement to document certain pricing changes (the "*New Fee Agreement*"); and

NOW, THEREFORE, in consideration of the respective agreements contained herein and in the Original Agreement, and intending to be legally bound, the Commission and the Bank hereby agree as follows.

### **ARTICLE I. INTENTION OF PARTIES, AGREEMENT PROVISIONS.**

The Commission and the Bank have entered into this Amendment pursuant to Section 2.12 and Section 7.1 of the Original Agreement and the New Fee Agreement to, among other things, extend the Stated Expiration Date and change other terms set forth in the Original Agreement to, among other things, extend the Stated Expiration Date and amend other terms set

forth in the Original Agreement, to reflect the delivery of the New Fee Agreement to replace the 2015 Fee Agreement and to reflect the delivery of the New Letter of Credit to replace the 2015 Letter of Credit. The terms of the Original Agreement, as amended by this Amendment (as so amended, the “*Agreement*”), shall govern the rights and obligations of the Commission, and the Bank in connection with the transactions contemplated by the Agreement.

**ARTICLE II. AMENDMENTS.** The Original Agreement is hereby amended as follows:

- (a) The definition of “Fee Agreement” in Section 1.1 of the Original Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

“ ‘Fee Agreement’ means that certain Fee Agreement dated the First Amendment Effective Date, between the Commission and the Bank, as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof and thereof.”

- (b) The definition of “Program Size” in Section 1.1 of the Original Agreement is hereby amended by deleting the “\$90,000,000” therein and replacing it with “\$125,000,000”.

- (c) There is hereby added to Section 1.1 of the Original Agreement each of the following definitions, each of which is to be situated alphabetically:

“ ‘First Amendment’ means that certain First Amendment to the Reimbursement Agreement, dated December \_\_, 2018, between the Commission and the Bank.”

“ ‘First Amendment Effective Date’ means December \_\_, 2018.”

- (d) The amount of “\$97,989,042” shall be changed to “\$136,095,891” in every place it appears.

- (e) Section 7.2 is hereby amended by deleting the information regarding the Bank after “In the case of communications to the Bank with respect to drawings under the Letter of Credit” and replacing it with the following:

“Bank of America, N.A  
WA1-501-34-03  
800 5<sup>th</sup> Ave  
Seattle, WA 98104  
Attention: Satinder Parwana  
Telephone: 206-358-6055  
Email: [satinder.parwana@baml.com](mailto:satinder.parwana@baml.com)”

- (f) “Schedule I – Form of Letter of Credit” of the Original Agreement is hereby deleted in its entirety and replaced with “Schedule I – Form of Letter of Credit” attached to this Amendment.



- (g) "Exhibit A – Form of Bank Note" of the Original Agreement is hereby deleted in its entirety and replaced with "Exhibit A – Form of Bank Note" attached to this Amendment.

**ARTICLE III. CONDITIONS TO DELIVERY OF THIS AMENDMENT.**

The amendments to the Original Agreement provided for in Article II hereof shall become effective on the First Amendment Effective Date; *provided* that each of the following conditions shall be fulfilled to the satisfaction of the Bank:

(a) Documentation:

- (i) An executed counterpart of this Amendment, each signed by the Commission and the Bank;
- (ii) A new Bank Note substantially in the form of Exhibit A hereto and confirmation that the CUSIP number remains the same and the rating of the Bank Note has been updated;
- (iii) Confirmation that the Issuing and Paying Agent has received the New Letter of Credit;
- (iv) Authorization of the Commission with respect to this Amendment and the related documents hereto;
- (v) Opinion of counsel to the Commission regarding due authorization and execution of this Amendment in form and substance acceptable to the Bank and that the Agreement, Bank Note and the New Fee Agreement constitute the legal, valid and binding obligations of the Commission and each such document is enforceable against the Commission in accordance with its terms;
- (vi) The Commission shall have paid or made arrangements for payment of all costs and expenses incurred by the Bank in connection with this transaction, including without limitation reasonable attorney's fees; provided, that the Commission shall pay the Bank's attorney's fees (which shall not exceed \$15,000) within 30 days following its receipt of an invoice from such counsel; and
- (vii) All other legal matters pertaining to the execution and delivery of this Amendment shall be satisfactory to the Bank and the execution and delivery hereof by the Bank shall constitute conclusive evidence that all such legal matters have been completed to the satisfaction of the Bank.

(b) Representations and Warranties True.

- (A) The representations and warranties of the Commission contained in Article 4 of the Original Agreement and in this Amendment shall be true

and correct with the same effect as though made on and as of the First Amendment Effective Date, except to the extent a representation or warranty relates specifically to an earlier date (in which case, such representation and warranty shall be true and correct as of such date) and except that the representations in Section 4.6 of the Original Agreement refers to the Commission's 20[17] financial statements (instead of the 2014 financial statements) which has been previously provided to the Bank.

(ii) In addition to the foregoing representations, the Commission hereby represents and warrants as follows:

(A) The execution, delivery and performance by the Commission of this Amendment are within its powers, have been duly authorized by all necessary actions and do not contravene any law or any contractual restriction binding on the Commission;

(B) No further authorization, approval or other action by, and no notice or filing, is required for the due execution, delivery and performance by the Commission of this Amendment that has not been received as of the First Amendment Effective Date; and

(C) The Commission has provided, or will cause to have provided, written notice of this Amendment to the Issuing and Paying Agent, the Dealers and the Rating Agencies.

(c) Absence of Certain Events. (i) On or prior to the First Amendment Effective Date, there shall not have occurred any material adverse change in the affairs, condition and/or operations, financial or otherwise, of the Commission since the date of the Commission's fiscal year ended 20[17] audited financial statements; (ii) on or prior to the First Amendment Effective Date, no change shall have occurred in any law, rule or regulation or in any interpretation thereof that, in the opinion of the Bank, would make it illegal for the Bank to execute and deliver this Amendment; and (iii) no event has occurred which constitutes an Event of Default under the Original Agreement.

(d) Bank Representations and Acknowledgements. (i) The Bank hereby represents that, as of the First Amendment Effective Date, it has no knowledge of any Change in Law that would result in increased costs; (ii) the Bank hereby acknowledges that the Commission is executing a Reimbursement Agreement, dated December [\_\_\_], 2018, as amended, supplemented, modified and restated from time to time, in accordance with the provisions thereof, together with the Fee Agreement, dated December [\_\_\_], 2018, between the Commission and Sumitomo, as amended, supplemented, modified and restated from time to time, and any similar document entered into with respect to an Alternate Facility supporting the Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-2 (the "Series A-2 Notes"); (iii) the Bank hereby acknowledges that in connection with this Amendment and the Series A-2, the Commission, the Dealers and the Issuing and Paying

Agent are executing amendments and restatements to the Dealer Agreement and the Issuing and Paying Agent Agreement.

ARTICLE IV. MISCELLANEOUS.

(a) The parties hereto acknowledge and confirm that, from and after the First Amendment Effective Date, any reference in the Original Agreement or in the other Related Documents to the "Agreement" shall mean and refer to the Original Agreement as amended hereby.

(b) Except as provided herein, the Original Agreement shall remain in full force and effect and unaffected hereby except, as set forth herein, from and after the First Amendment Effective Date.

(c) This Amendment and the Original Agreement, as amended hereby, shall be subject to Section 7.14 of the Agreement. In case any one or more of the provisions contained herein should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired hereby.

(d) This Amendment may be executed in one or more counterparts, each of which taken together shall constitute one original and all of which shall constitute one and the same instrument.

*[Remainder of page intentionally left blank; signature pages to follow.]*

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the day and year first above written.

**PUBLIC UTILITIES COMMISSION OF THE  
CITY AND COUNTY OF SAN FRANCISCO**

By: \_\_\_\_\_  
Name:  
Title:

APPROVED AS TO FORM:

[\_\_\_\_\_]   
[City Attorney of the City and  
County of San Francisco]

By: \_\_\_\_\_  
Name:  
Title:

ACKNOWLEDGED:

By: \_\_\_\_\_  
Name:  
Title:

**BANK OF AMERICA, N.A.**

By: \_\_\_\_\_  
Name:  
Title:

APPENDIX I

FORM OF LETTER OF CREDIT

APPENDIX I

IRREVOCABLE TRANSFERABLE LETTER OF CREDIT

BANK OF AMERICA, N.A.  
1 FLEET WAY  
PA6-580-02-30  
SCRANTON, PENNSYLVANIA 18507

December \_\_, 2018

U.S. \$136,095,891

No. 68122730

U.S. Bank National Association,  
as Issuing and Paying Agent  
100 Wall Street, 16<sup>th</sup> Floor  
New York, New York 10005  
Attention: Millie Rolla

Ladies and Gentlemen:

We hereby establish in your favor as issuing and paying agent (the "*Issuing and Paying Agent*") under that certain First Amended and Restated Issuing and Paying Agent Agreement, dated as of December 1, 2018 (as amended, supplemented, restated or otherwise modified from time to time, the "*Issuing and Paying Agent Agreement*"), between the Public Utilities Commission of the City and County of San Francisco (the "*Commission*") and the Issuing and Paying Agent for the benefit of the holders of the Series A-1 Notes (as hereinafter defined) our Irrevocable Transferable Letter of Credit No. 68122730 (as amended, supplemented, restated or otherwise modified from time to time, this "*Letter of Credit*") for the account of the Commission, whereby we hereby irrevocably authorize you to draw on us from time to time, from and after the date hereof to and including the earliest to occur of our close of business on: (i) December \_\_, 2021, (as extended from time to time, the "*Stated Expiration Date*"), (ii) the later of the date on which we receive a written certificate from you in the form of Annex C attached hereto that an Alternate Facility has been substituted for this Letter of Credit in accordance with the Issuing and Paying Agent Agreement and the effective date of any such Alternate Facility as specified in such notice (after we honor any properly presented and conforming Drawing (as defined below) on such date), (iii) the date on which we receive a written certificate from you in the form of Annex F attached hereto that there are no longer any Series A-1 Notes Outstanding within the meaning of the Issuing and Paying Agent Agreement and that you elect to terminate this Letter of Credit, (iv) the earlier of (a) the fifteenth (15th) calendar day after the date on which you receive notice from us in the form of Annex H (the "*Final Drawing Notice*"), and (v) the earlier of (a) the third (3rd) Business Day after the date on which you receive notice from us in the form of Annex I (the "*Acceleration Notice*") and (b) the date on which the Drawing resulting from the delivery of the Acceleration Notice is honored hereunder (the earliest of the foregoing dates herein referred to

as the "*Termination Date*"), a maximum aggregate amount not exceeding \$136,095,891 (the "*Original Stated Amount*") to pay the unpaid principal amount of, and accrued interest on, the Commission's Commercial Paper Notes (Power Series) Series A-1 (Tax-Exempt) (the "*Series A-1 Notes*"), in accordance with the terms hereof (said \$136,095,891 having been calculated to be equal to (A) \$90,000,000, the maximum aggregate principal amount of the Series A-1 Notes which may be issued pursuant to the Issuing and Paying Agent Agreement, plus (B) \$7,989,042 which is 270 days' accrued interest on said principal amount of the Series A-1 Notes at the rate of 12% per annum (the "*Cap Interest Rate*") and assuming a year of 365 days and rounded up to the nearest dollar. This credit is available to you against presentation of the following documents (the "*Payment Documents*") presented to the Bank:

A certificate (with all blanks appropriately completed) (i) in the form attached as Annex A hereto with respect to the payment at maturity of the principal of and interest at maturity on Series A-1 Notes, and (ii) in the form attached as Annex B hereto with respect to the payment at maturity of the principal of and interest to maturity on Series A-1 Notes and that otherwise mature on or after the date that you receive the Final Drawing Notice, each certificate to state therein that it is given by your duly authorized officer and dated the date such certificate is presented hereunder (each such completed and executed certificate, a "*Drawing*"). No Drawings shall be made under this Letter of Credit for (i) Series A-1 Notes bearing registered in the name of the Bank or its nominee or (ii) Series A-1 Notes owned by or on behalf of the Commission ("*Ineligible Series A-1 Notes*").

All drawings shall be made by presentation of each Payment Document at Bank of America, N.A., Scranton, at telecopier number (800) 755-8743, Attention: Standby Letter of Credit Department, without further need of documentation, including the original of this Letter of Credit, it being understood that each Payment Document so submitted is to be the sole operative instrument of a Drawing. You shall use your best efforts to give telephonic notice of a drawing to the Bank at (800) 370-7519 OPT 1 on the Business Day preceding the day of such drawing (but such notice shall not be a condition to drawing hereunder and you shall have no liability for not doing so).

We agree to honor and pay the amount of any Drawing if presented in compliance with all of the terms of this Letter of Credit to the following account: U.S. Bank National Association, ABA # 091-000-022, A/C# 1731-0185-1827, A/C NAME: U.S. Trust, Attn: Rosalyn Callender, Reference: Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-1 (Tax-Exempt) (such account, the "*Beneficiary Payment Account*"). If any such Drawing is presented at or prior to 11:30 A.M., New York time, on a Business Day, payment shall be made, in immediately available funds, by 2:30 P.M., New York time, on the same Business Day. If any such Drawing is presented after 11:30 A.M., New York time, on a Business Day, payment shall be made, in immediately available funds, by 2:30 P.M., New York time, on the next succeeding Business Day. "*Business Day*" shall mean any day other than (a) a Saturday or Sunday, (b) a day on which banks located in the cities in which the designated office of the Issuing and Paying Agent or the Bank (initially, Scranton, Pennsylvania) is located are required or authorized to close, or (c) a day on which the New York Stock Exchange is required or authorized to close.

The Stated Amount (as hereinafter defined) of this Letter of Credit will be reduced automatically by the amount of any drawing hereunder. In connection therewith (except in the case of

a Drawing resulting from the delivery of a Final Drawing Notice or the Acceleration Notice), the Stated Amount will be increased when and to the extent, but only when and to the extent, (i) (A) of transfer by you to us on the date such Drawing is honored of proceeds of Commercial Paper Notes issued on such date or (B) you receive written notice from us in the form of Annex K hereto that we have been reimbursed by or on behalf of the Commission for the amount of any Drawing honored hereunder, and (ii) that you have not received notice from us in the form of Annex J hereto (a "No-Issuance Notice"). The Stated Amount under this Letter of Credit will be reduced automatically upon our receipt of Annex G to the amount stated in paragraph 2 therein.

The "Stated Amount" shall mean the Original Stated Amount (i) less the amount of all prior reductions pursuant to Drawings, (ii) less the amount of any reduction thereof pursuant to a reduction certificate in the form of Annex G hereto, (iii) plus the amount of all reinstatements as above provided.

Prior to the Termination Date, we may extend the Stated Expiration Date from time to time at the request of the Commission by delivering to you an amendment to this Letter of Credit in the form of Annex E hereto designating the date to which the Stated Expiration Date is being extended, and thereafter all references in this Letter of Credit to the Stated Expiration Date shall be deemed to be references to the date designated as such in such notice. Any date to which the Stated Expiration Date has been extended as herein provided may be extended in a like manner.

Upon the Termination Date this Letter of Credit shall automatically terminate.

This Letter of Credit is transferable to any transferee whom has succeeded you as Issuing and Paying Agent under the Issuing and Paying Agent Agreement, and may be successively transferred in its entirety. Transfer of the available balance under this Letter of Credit to such transferee shall be effected by the presentation to us of a Transfer Certificate in the form of Annex D attached hereto signed by the transferor and acknowledged by the transferee (each a "Transfer") together with the original Letter of Credit.

Other than the provisions for communication by facsimile copy, communications with respect to this Letter of Credit shall be addressed to us at Bank of America, N.A., 1 Fleet Way, PA6-580-02-30, Scranton, Pennsylvania 18507, Attention: Standby Letter of Credit Department, specifically referring to the number of this Letter of Credit.

To the extent not inconsistent with the express terms hereof, this Letter of Credit shall be governed by, and construed in accordance with, the terms of the International Standby Practices 1998, International Chamber of Commerce-Publication No. 590 ("ISP98"). As to matters not governed by the ISP98, this Letter of Credit shall be governed by and construed in accordance with Article 5 of the Uniform Commercial Code of the State of New York, without regard to conflict of laws.

All payments made by us hereunder shall be made from our funds and not with the funds of any other person.

This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified or amended by reference to any other document whatsoever.

BANK OF AMERICA, N.A.

By: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_



ANNEX A  
TO  
BANK OF AMERICA, N.A.  
LETTER OF CREDIT NO. 68122730

PRINCIPAL AND INTEREST DRAWING CERTIFICATE  
PRIOR TO FINAL DRAWING CERTIFICATE

Bank of America, N.A.  
1 Fleet Way  
PA6-580-02-30  
Scranton, Pennsylvania 18507

Attention: Standby Letter of Credit Department

Ladies and Gentlemen:

The undersigned individual, a duly authorized officer of \_\_\_\_\_ (the "Beneficiary"), hereby certifies on behalf of the Beneficiary as follows with respect to (i) that certain Irrevocable Transferable Letter of Credit No. 68122730 dated December \_\_, 2018 (as amended, the "Letter of Credit"), issued by Bank of America, N.A. (the "Bank") in favor of the Beneficiary; (ii) those certain Series A-1 Notes (as defined in the Letter of Credit); and (iii) that certain Issuing and Paying Agent Agreement (as defined in the Letter of Credit):

1. The Beneficiary is the Issuing and Paying Agent (as defined in the Letter of Credit) under the Issuing and Paying Agent Agreement.
2. The Beneficiary is entitled to make this Drawing in the amount of \$\_\_\_\_\_ under the Letter of Credit pursuant to the Issuing and Paying Agent Agreement, of which \$\_\_\_\_\_ is being drawn with respect to the payment of principal of maturing Series A-1 Notes, other than Ineligible Series A-1 Notes (as defined in the Letter of Credit), and \$\_\_\_\_\_ is being drawn in respect of \_\_\_\_\_ days of interest thereon.
3. The amount of the Drawing is equal to the amount required to be drawn by the Issuing and Paying Agent pursuant to the Issuing and Paying Agent Agreement.
4. The amount of the drawing made by this Certificate was computed in compliance with the terms of the Issuing and Paying Agent Agreement and does not exceed the Stated Amount (as defined in the Letter of Credit).
5. Payment by the Bank pursuant to this Drawing should be made to the Beneficiary Payment Account (as defined in the Letter of Credit) in accordance with the terms the Letter of Credit.
6. Upon receipt by the Beneficiary of the amount demanded hereby, (a) the Beneficiary will deposit the same directly into the Debt Service Account maintained by

the Beneficiary pursuant to the Issuing and Paying Agent Agreement and apply the same directly to the payment when due of the principal amount of Series A-1 Notes and the interest amount owing on account of the Series A-1 Notes pursuant to the Issuing and Paying Agent Agreement, (b) no portion of said amount will be applied by the Beneficiary for any other purpose, (c) no portion of said amount will be commingled with other funds held by the Beneficiary, except for other funds drawn under the Letter of Credit, and (d) when such Series A-1 Notes have been presented for payment and paid by the Beneficiary, the Beneficiary will cancel such matured Series A-1 Notes.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
as Issuing and Paying Agent

By \_\_\_\_\_  
[Title of Authorized Officer]

ANNEX B  
TO  
BANK OF AMERICA, N.A.  
LETTER OF CREDIT NO. 68122730

PRINCIPAL AND INTEREST DRAWING CERTIFICATE  
AFTER FINAL DRAWING CERTIFICATE

Bank of America, N.A.  
1 Fleet Way  
PA6-580-02-30  
Scranton, Pennsylvania 18507

Attention: Standby Letter of Credit Department

Ladies and Gentlemen:

The undersigned individual, a duly authorized officer of \_\_\_\_\_ (the "*Beneficiary*"), hereby certifies on behalf of the Beneficiary as follows with respect to (i) that certain Irrevocable Transferable Letter of Credit No. 68122730 dated December \_\_, 2018 (as amended, the "*Letter of Credit*"), issued by Bank of America, N.A. (the "*Bank*") in favor of the Beneficiary; (ii) those certain Series A-1 Notes (as defined in the Letter of Credit); and (iii) that certain Issuing and Paying Agent Agreement (as defined in the Letter of Credit):

1. The Beneficiary is the Issuing and Paying Agent (as defined in the Letter of Credit) under the Issuing and Paying Agent Agreement.
2. The Issuing and Paying Agent has received the Final Drawing Notice.
3. The Beneficiary is entitled to make this Drawing in the amount of \$\_\_\_\_\_ under the Letter of Credit pursuant to the Issuing and Paying Agent Agreement, of which \$\_\_\_\_\_ is being drawn with respect to the payment of principal of Series A-1 Notes maturing on or after the Final Drawing Notice, other than Ineligible Series A-1 Notes (as defined in the Letter of Credit), and \$\_\_\_\_\_ is being drawn in respect of \_\_\_\_\_ days of interest thereon.
4. The amount of the Drawing is equal to the amount required to be drawn by the Issuing and Paying Agent pursuant to the Issuing and Paying Agent Agreement.
5. The amount of the drawing made by this Certificate was computed in compliance with the terms of the Issuing and Paying Agent Agreement and does not exceed the Stated Amount (as defined in the Letter of Credit).
6. This Payment Document is being presented to the Bank on a date which is no later than the fifteenth (15<sup>th</sup>) calendar day after receipt by the Beneficiary of the Final Drawing Notice.

7. Payment by the Bank pursuant to this Drawing should be made to the Beneficiary Payment Account (as defined in the Letter of Credit) in accordance with the terms the Letter of Credit.

8. Upon receipt by the Beneficiary of the amount demanded hereby, (a) the Beneficiary will deposit the same directly into the Debt Service Account maintained by the Beneficiary pursuant to the Issuing and Paying Agent Agreement and apply the same directly to the payment when due of the principal amount of Series A-1 Notes and the interest amount owing on account of the Series A-1 Notes pursuant to the Issuing and Paying Agent Agreement, (b) no portion of said amount will be applied by the Beneficiary for any other purpose, (c) no portion of said amount will be commingled with other funds held by the Beneficiary, except for other funds drawn under the Letter of Credit, and (d) when such Series A-1 Notes have been presented for payment and paid by the Beneficiary, the Beneficiary will cancel such matured Series A-1 Notes.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
as Issuing and Paying Agent

By \_\_\_\_\_  
[Title of Authorized Officer]

**ANNEX C  
TO  
BANK OF AMERICA, N.A.  
LETTER OF CREDIT NO. 68122730**

**CERTIFICATE REGARDING ALTERNATE FACILITY**

Bank of America, N.A.  
1 Fleet Way  
PA6-580-02-30  
Scranton, Pennsylvania 18507

Attention: Standby Letter of Credit Department

Ladies and Gentlemen:

The undersigned individual, a duly authorized officer of \_\_\_\_\_ (the "*Beneficiary*"), hereby certifies on behalf of the Beneficiary as follows with respect to (i) that certain Irrevocable Transferable Letter of Credit No. 68122730 dated December \_\_, 2018 (as amended, the "*Letter of Credit*"), issued by Bank of America, N.A. (the "*Bank*") in favor of the Beneficiary; (ii) those certain Series A-1 Notes (as defined in the Letter of Credit); and (iii) that certain Issuing and Paying Agent Agreement (as defined in the Letter of Credit):

1. The Beneficiary is the Issuing and Paying Agent (as defined in the Letter of Credit) under the Issuing and Paying Agent Agreement.
2. The conditions precedent to the acceptance of an Alternate Facility set forth in the Issuing and Paying Agent Agreement have been satisfied.
3. An Alternate Facility in full and complete substitution for the Letter of Credit has been accepted by the Issuing and Paying Agent and is or will be in effect as of \_\_\_\_\_, 20\_\_.
4. There will be no further Drawings requested from the Bank under the Letter of Credit.
5. Upon receipt by the Bank of this Certificate, the Letter of Credit will terminate with respect to all outstanding Series A-1 Notes, and the Letter of Credit (and any amendments thereto) is returned to you herewith for cancellation.
6. No payment is demanded of you in connection with this Certificate.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_\_ day of

\_\_\_\_\_

\_\_\_\_\_  
as Issuing and Paying Agent

By \_\_\_\_\_  
[Title of Authorized Officer]

ANNEX D  
TO  
BANK OF AMERICA, N.A.  
LETTER OF CREDIT NO. 68122730

TRANSFER CERTIFICATE

[Date]

Bank of America, N.A.  
1 Fleet Way  
PA6-580-02-30  
Scranton, Pennsylvania 18507

Attention: Standby Letter of Credit Department

Re: Irrevocable Transferable Letter of Credit No. 68122730 dated December \_\_, 2018

We, the undersigned "*Transferor*", hereby irrevocably transfer all of our rights to draw under the above referenced Letter of Credit (as amended, the "*Letter of Credit*") in its entirety to:

NAME OF TRANSFEREE

---

Print Name and complete address of the Transferee) "Transferee"

---

ADDRESS OF TRANSFEREE

---

CITY/STATE/COUNTRY ZIP

(the "*Transferee*") all rights of the Transferor with respect to the above-referenced Letter of Credit, including the right to draw under said Letter of Credit in the amount of the full unutilized balance thereof. Said Transferee has succeeded the Transferor as Issuing and Paying Agent under that certain First Amended and Restated Issuing and Paying Agent Agreement, dated as of December 1, 2018 (as amended, supplemented, restated or otherwise modified from time to time, the "*Issuing and Paying Agent Agreement*"), between the Public Utilities Commission of the City and County of San Francisco (the "*Commission*") and U.S. Bank National Association as the initial Issuing and Paying Agent with respect to the Commission's Commercial Paper Notes (Power Series) Series A-1 (Tax-Exempt).

By virtue of this transfer, the Transferee shall have the sole rights as beneficiary of said Letter of Credit, including sole rights relating to any past or future amendments thereof, whether increases or extensions or otherwise. All amendments are to be advised directly to the Transferee without necessity of any consent of or notice to the Transferor.

By its signature below, the Transferee acknowledges that it has duly succeeded the Transferor as Issuing and Paying Agent under the Issuing and Paying Agent Agreement, and agrees to be bound

by the terms of the Issuing and Paying Agent Agreement as if it were the original Issuing and Paying Agent thereunder.

The Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof and to forward it directly to the Transferee with your customary notice of transfer.

Very truly yours,

[Insert Name of Issuing and Paying Agent], as Issuing and Paying Agent

By: \_\_\_\_\_  
[Insert name and title of authorized officer]

SIGNATURE OF THE ABOVE OFFICER, DULY AUTHORIZED TO ACT ON BEHALF OF [insert name of Issuing and Paying Agent],

AUTHENTICATED BY:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged by  
[insert name of Transferee]  
as Transferee and successor Issuing and Paying Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SIGNATURE OF THE ABOVE OFFICER  
DULY AUTHORIZED TO ACT ON BEHALF  
OF [insert name of Transferee], AUTHENTICATED BY:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



ANNEX E  
TO  
BANK OF AMERICA, N.A.  
LETTER OF CREDIT NO. 68122730

NOTICE OF EXTENSION

\_\_\_\_\_

[ISSUING AND PAYING AGENT]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. 68122730 dated December \_\_, 2018 (as amended, the "*Letter of Credit*"), established by us in your favor as Beneficiary. We hereby notify you that, in accordance with the terms of the Letter of Credit, the Stated Expiration Date (as defined in the Letter of Credit) has been extended to \_\_\_\_\_.

This letter shall be attached to the Letter of Credit and made a part thereof.

BANK OF AMERICA, N.A.

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ANNEX F  
TO  
BANK OF AMERICA, N.A.  
LETTER OF CREDIT NO. 68122730

CERTIFICATE REGARDING NO OUTSTANDING NOTES

Bank of America, N.A.  
1 Fleet Way  
PA6-580-02-30  
Scranton, Pennsylvania 18507

Attention: Standby Letter of Credit Department

Ladies and Gentlemen:

The undersigned, a duly authorized officer of \_\_\_\_\_ [insert name of Issuing and Paying Agent] (the "*Beneficiary*"), hereby notifies Bank of America, N.A. (the "*Bank*"), with reference to that certain Irrevocable Transferable Letter of Credit No. 68122730 dated December \_\_, 2018 (as amended, the "*Letter of Credit*"; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit) issued by the Bank in favor of the Beneficiary as follows:

1. The Beneficiary is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement for the holders of the Series A-1 Notes.
2. No Series A-1 Notes (other than Series A-1 Notes with respect to which an Alternate Facility is in effect) remain outstanding under the Issuing and Paying Agent Agreement, nor does the Commission intend to issue any additional Series A-1 Notes under the Issuing and Paying Agent Agreement.
3. There will be no further Drawings requested from the Bank under the Letter of Credit, and the Beneficiary hereby elects to terminate the Letter of Credit, and returns such Letter of Credit (along with any amendments thereto) to you herewith for cancellation.
4. No payment is demanded of you in connection with this Certificate.

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this Certificate as of this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[INSERT NAME OF ISSUING AND PAYING AGENT], as Issuing and Paying Agent

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ANNEX G  
TO  
BANK OF AMERICA, N.A.  
LETTER OF CREDIT NO. 68122730**

**NOTICE OF REDUCTION**

Bank of America, N.A.  
1 Fleet Way  
PA6-580-02-30  
Scranton, Pennsylvania 18507

Attention: Standby Letter of Credit Department

Ladies and Gentlemen:

The undersigned, a duly authorized officer of \_\_\_\_\_ [insert name of Issuing and Paying Agent] (the "*Beneficiary*"), hereby notifies Bank of America, N.A. (the "*Bank*"), with reference to that certain Irrevocable Transferable Letter of Credit No. 68122730 dated December \_\_, 2018 (as amended, the "*Letter of Credit*"; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit) issued by the Bank in favor of the Beneficiary as follows:

1. The Beneficiary is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement for the holders of the Series A-1 Notes.
2. The Stated Amount of the Letter of Credit will be decreased by the amount of \$ \_\_\_\_\_ (\$ \_\_\_\_\_ applicable to principal and \$ \_\_\_\_\_ applicable to interest), effective on \_\_\_\_\_ (the "*Decrease Date*").
3. The new Stated Amount of the Letter of Credit is \$ \_\_\_\_\_, of which \$ \_\_\_\_\_ is applicable to principal and \$ \_\_\_\_\_ is applicable to interest, which amounts are not less than the outstanding principal amount of Series A-1 Notes on the Decrease Date and interest thereon at the Cap Interest Rate for a period of two hundred seventy (270) days, calculated on the basis of a year of 365 days on the Decrease Date.
4. You are required to attach this Notice of Reduction to the Letter of Credit and to treat this Notice of Reduction as an amendment to the Letter of Credit.

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this Certificate as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[INSERT NAME OF ISSUING AND PAYING AGENT], as Issuing and Paying Agent

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ANNEX H  
TO  
BANK OF AMERICA, N.A.  
LETTER OF CREDIT NO. 68122730**

**FINAL DRAWING NOTICE**

[DATE]

[ISSUING AND PAYING AGENT]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. 68122730 dated December \_\_, 2018 (as amended, the "*Letter of Credit*,"; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit), established by us in your favor as Issuing and Paying Agent.

Please be advised that:

1. An Event of Default under and as defined in the Amended and Restated Reimbursement Agreement, dated as of December 1, 2018, between the undersigned and the Public Utilities Commission of the City and County of San Francisco, pursuant to which the Letter of Credit was issued, has occurred and is continuing.
2. The undersigned instructs the Issuing and Paying Agent, effective upon receipt of this Final Drawing Notice, to cease issuing Series A-1 Notes.
3. The undersigned hereby notifies you as Issuing and Paying Agent that (i) effective upon receipt of this Final Drawing Notice, the Stated Amount available to be drawn under the Letter of Credit will not be reinstated in accordance with the Letter of Credit, (ii) the Issuing and Paying Agent is instructed to make the final Drawing under the Letter of Credit to provide for the payment of Series A-1 Notes issued in accordance with the Issuing and Paying Agent Agreement which are outstanding and are maturing or are hereafter to mature, and (iii) the Termination Date of the Letter of Credit will occur and the Letter of Credit will terminate on the earlier of (a) date which is the fifteenth (15th) calendar day after the date of receipt by the Issuing and Paying Agent of this Final Drawing Notice and (b) the date on which the Drawing resulting from the delivery of this Final Drawing Notice is honored by the undersigned.

BANK OF AMERICA, N.A.

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ANNEX I  
TO  
BANK OF AMERICA, N.A.  
LETTER OF CREDIT NO. 68122730**

**ACCELERATION NOTICE**

[DATE]

[ISSUING AND PAYING AGENT]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. 68122730 dated December \_\_, 2018 (as amended, the "*Letter of Credit*"; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit), established by us in your favor as Issuing and Paying Agent.

Please be advised that:

1. An "event of default" under and as defined in the First Amended and Restated Issuing and Paying Agent Agreement, dated as of December 1, 2018 (the "*IPAA*"), between the Issuing and Paying Agent and the Public Utilities Commission of the City and County of San Francisco, has occurred.
2. Pursuant to Section 8.01 of the IPAA, the undersigned notifies the Issuing and Paying Agent that is has declared the principal of all outstanding Series A-1 Notes, and the interest accrued thereon, to be due and payable immediately.
3. The undersigned hereby notifies you as Issuing and Paying Agent that (i) effective upon receipt of this Acceleration Notice, the Stated Amount available to be drawn under the Letter of Credit will not be reinstated in accordance with the Letter of Credit, (ii) the Issuing and Paying Agent is instructed to make the final Drawing under the Letter of Credit to provide for the payment of the principal of and interest on Series A-1 Notes issued in accordance with the Issuing and Paying Agent Agreement which are outstanding and which have been accelerated, and (iii) the Termination Date of the Letter of Credit will occur and the Letter of Credit will terminate on the earlier of (a) date which is the third (3rd) Business Day after the date of receipt by the Issuing and Paying Agent of this Acceleration Notice and (b) the date on which the Drawing resulting from the delivery of this Acceleration Notice is honored by the undersigned.



BANK OF AMERICA, N.A.

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CC: PUBLIC UTILITIES COMMISSION OF THE  
CITY AND COUNTY OF SAN FRANCISCO  
Attention: Chief Financial Officer  
525 Golden Gate Avenue, 13<sup>th</sup> Floor  
San Francisco, California 94102

**ANNEX J  
TO  
BANK OF AMERICA, N.A.  
LETTER OF CREDIT NO. 68122730**

**NO-ISSUANCE NOTICE**

[DATE]

[ISSUING AND PAYING AGENT]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. 68122730 dated December \_\_, 2018 (as amended, the "*Letter of Credit*"; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit), established by us in your favor as Issuing and Paying Agent.

Please be advised that:

1. A Default or an Event of Default under and as defined in the Amended and Restated Reimbursement Agreement, dated as of December 1, 2018, between the undersigned and the Public Utilities Commission of the City and County of San Francisco, pursuant to which the Letter of Credit was issued, has occurred and is continuing.
2. Subject to the following sentence, you shall cease authenticating and issuing Series A-1 Notes, as provided in the Issuing and Paying Agent Agreement, unless and until we rescind this No-Issuance Notice. If you receive this No-Issuance Notice after 2:00 p.m., New York City time, on a Business Day, you shall cease authenticating Series A-1 Notes on the next Business Day.
3. This No-Issuance Notice will not affect our obligation to honor demands for payment under the Letter of Credit with respect to Series A-1 Notes authenticated and issued prior to your receipt of this No-Issuance Notice (or, as provided in paragraph 2 above, on the same Business Day that you receive this No-Issuance Notice), and you will continue to have the right to draw under the Letter of Credit to pay the principal of and accrued interest on maturing Series A-1 Notes authenticated and issued prior to your receipt of this No-Issuance Notice (or, as provided in paragraph 2 above, authenticated and issued on the same Business Day that you receive this No-Issuance Notice).

BANK OF AMERICA, N.A.

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ANNEX K  
TO  
BANK OF AMERICA, N.A.  
LETTER OF CREDIT NO. 68122730

NOTICE OF REIMBURSEMENT

[DATE]

[ISSUING AND PAYING AGENT]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. 68122730 dated December \_\_, 2018 (as amended, the "*Letter of Credit*"; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit), established by us in your favor as Issuing and Paying Agent.

Please be advised that:

1. The Bank has been reimbursed by or on behalf of the Commission for an amount drawn and honored by the Bank under the Letter of Credit and that the Stated Amount of the Letter of Credit will be increased by the amount of \$\_\_\_\_\_, of which \$\_\_\_\_\_ is applicable to principal and \$\_\_\_\_\_ is applicable to interest, effective as of \_\_\_\_\_ (the "*Increase Date*").

2. The new Stated Amount of the Letter of Credit is \$\_\_\_\_\_, of which \$\_\_\_\_\_ is applicable to principal and \$\_\_\_\_\_ is applicable to interest. You are authorized and directed to attach this Notice of Reimbursement to the Letter of Credit and to treat this Notice of Reimbursement as an amendment to the Letter of Credit.

BANK OF AMERICA, N.A.

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT A

### FORM OF BANK NOTE

#### SAN FRANCISCO PUBLIC UTILITIES COMMISSION BANK NOTE (POWER SERIES) BANK OF AMERICA, N.A.

CUSIP No. [79773D AD2]

December \_\_, 2018

\$136,095,891

San Francisco, California

For value received, PUBLIC UTILITIES COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO (the "*Commission*") promises to pay to the order of BANK OF AMERICA N.A. (the "*Bank*"), by wire transfer to the payment account specified in the Agreement referred to below, or such other account as the Bank may specify to the Commission in writing, the principal sum of One Hundred Thirty-Six Million Ninety-Five Thousand and Eight Hundred Ninety-One Dollars (\$136,095,891) or, if less, the aggregate outstanding principal amount of the Reimbursement Obligations from time to time owing to the Bank pursuant to the Reimbursement Agreement, dated as of December 1, 2015, between the Commission and the Bank (as amended and supplemented from time to time, including as amended by the First Amendment to Reimbursement Agreement, dated as of December \_\_, 2018, the "*Agreement*"), on the dates and in the amounts provided for in the Agreement.

The Commission promises to pay interest on the unpaid principal amount of such Reimbursement Obligations on the dates and at the rates provided for in the Agreement. All payments of principal and interest must be made in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein have the meanings specified in the Agreement.

This Bank Note is the Bank Note referred to in the Agreement and is entitled to the benefits thereof and of the other Basic Documents referred to therein. As provided in the Agreement, this Bank Note is subject to prepayment, in whole or in part. In case an Event of Default occurs and is continuing, the principal of and accrued interest on this Bank Note may be declared due and payable in the manner and with the effect provided in the Agreement.

The Bank agrees, by acceptance of this Bank Note, that, before disposing of this Bank Note, it will make a notation on the schedule attached hereto of all Reimbursement Obligations evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; *provided, however*, that the failure to make any such notation will not limit or otherwise affect the obligation of the Commission hereunder with respect to payments of principal of and interest on this Bank Note.

Notwithstanding any other provision hereof or of the Agreement to the contrary, the obligations of the Commission hereunder are payable from the Available Power Enterprise Revenues. This Bank Note constitutes a valid and binding obligation of the Commission issued under the Issuing and Paying Agent Agreement and is secured by, and payable from, the Available Power Enterprise Revenues and from the proceeds of subsequent borrowings by the Commission, including but not limited to additional or rollover Commercial Paper Notes authorized thereunder.

The undersigned maker and all guarantors, endorsers and pledgors that may exist at any time with respect hereto hereby waive presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Bank Note and assent to extensions of the time of payment or forbearance or other indulgence without notice.

THIS BANK NOTE IS GOVERNED BY, AND TO BE CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS.

IN WITNESS WHEREOF, the Public Utilities Commission of the City and County of San Francisco has caused this Bank Note to be signed in its corporate name as an instrument under seal by its duly authorized officer on the date and in the year first above written.

PUBLIC UTILITIES COMMISSION OF THE CITY AND  
COUNTY OF SAN FRANCISCO

By: \_\_\_\_\_  
Name:  
Title:

Approved as to Form:

[\_\_\_\_\_]   
[City Attorney of the City and  
County of San Francisco]

By: \_\_\_\_\_  
Name:  
Title:

Acknowledged:

By: \_\_\_\_\_  
Name:  
Title:

TRANSACTIONS ON BANK NOTE

<u>Date</u>	<u>Principal Amount of Reimbursement Obligation</u>	<u>Amount of Principal Paid</u>	<u>Date to Which Interest Paid</u>	<u>Notation Made By</u>
-------------	---	-------------------------------------	--	-------------------------



## FEE AGREEMENT

December \_\_, 2018

Public Utilities Commission of the City  
and County of San Francisco  
525 Golden Gate Avenue  
San Francisco, CA 94102

Ladies and Gentlemen:

Reference is hereby made to that certain Reimbursement Agreement dated as of December 1, 2015, as amended by that certain First Amendment to Reimbursement Agreement dated as of December \_\_, 2018 (as further amended, supplemented, restated or otherwise modified from time to time, the "Agreement"), between the Public Utilities Commission of the City and County of San Francisco (the "Commission") and Bank of America, N.A. (the "Bank"), relating to the Commission's Commercial Paper Notes (Power Revenues) Series A-1 Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

The purpose of this Fee Agreement is to replace the Fee Agreement dated December 17, 2015 between the Bank and the Commission (the "2015 Fee Agreement") and to confirm the agreement between the Bank and the Commission with respect to the Commitment Fees (as defined below) and certain other fees payable by the Commission to the Bank. This Fee Agreement is the Fee Agreement referenced in the Agreement, and the terms hereof are incorporated by reference into the Agreement. For the avoidance of doubt, this Fee Agreement replaces in its entirety that certain Fee Agreement dated December 17, 2015 between the Bank and the Commission, and the parties hereby agree and confirm that the such fee letter is no longer in force and effect.

In order to induce the Bank to enter into the Agreement and to issue the irrevocable Letter of Credit to provide liquidity for the Notes, the Commission agrees to make the following payments to the Bank at the following times:

(1) A commitment fee (the "**Commitment Fee**") which shall be determined on a daily basis by multiplying (a) the Stated Amount at 5:00 p.m., Eastern time, on each day, by (b) the applicable Commitment Fee Rate (as defined below) in effect for such day, expressed as a decimal, and by (c) a fraction equal to 1/360. As used herein, "**Commitment Fee Rate**" means, initially, 0.35%, provided that in the event that any Rating (as defined below) is downgraded below "A+" by S&P or below "A+" by Fitch to a level included in the grid below, the Commitment Fee Rate shall be equal to the per annum percentage set forth in the grid below, expressed as a decimal, opposite the level that contains the lowest Rating (it being understood that Level 1 contains the highest Ratings and Level 6 contains the lowest Ratings):

LEVEL	S&P RATING	FITCH RATING	COMMITMENT FEE RATE
Level 1:	A+ or above	A+ or above	0.35%
Level 2:	A	A	0.55%
Level 3:	A-	A-	0.75%
Level 4:	BBB+	BBB+	0.95%
Level 5:	BBB	BBB	1.15%
Level 6:	BBB- or below	BBB- or below	2.85%

As used herein, the "*Rating*" means, with respect to S&P or Fitch, the lowest long-term, unenhanced rating assigned by such Rating Agency to any Bonds. Notwithstanding the foregoing, (a) in the event that the Rating is withdrawn, suspended or otherwise unavailable from S&P or Fitch for credit related reasons and/or (b) upon the occurrence and during the continuance of an Event of Default, the Commitment Fee Rate shall be increased in both cases by 1.50% per annum from the Commitment Fee Rate in effect immediately prior thereto. Any change in the Commitment Fee Rate resulting from a change in the Rating shall be and become effective as of and on the date of the announcement of the change in the Rating. References to the Rating above is a reference to the rating category of S&P and Fitch as presently determined by S&P and Fitch and in the event of adoption of any new or changed rating system by S&P or Fitch, the Ratings from S&P or Fitch, as applicable, shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect.

In connection with the Commitment Fees payable pursuant to this Section 1.1 for any fee period, the Bank hereby agrees to use its best efforts to deliver an invoice to the Commission for such Commitment Fees at least thirty (30) days in advance of the payment due date; *provided, however,* that the failure to provide any such invoice shall not limit or otherwise affect the obligation of the Commission to pay such Commitment Fees when due.

The Commitment Fee shall be payable in immediately available funds quarterly in arrears commencing on the first Business Day of December 2018; *provided, however,* that in connection with the payment due on the first Business Day of December 2018, the Commitment Fee shall be computed as follows: (X) at a rate equal to 0.35% per annum for the period from and including October 1, 2018 to but not including the First Amendment Effective Date (subject to any adjustments as set forth in the 2015 Fee Letter), and (Y) at a rate equal to 0.35% per annum for the period from and including the First Amendment Effective Date through and including November 30, 2018; and, thereafter, on the first Business Day of each March, June, September and December and thereafter to the Commitment Termination Date, and on the Commitment Termination Date, in all cases, covering the period from the date of the immediately preceding payment to such Business Day. The Bank's determination of the Commitment Fee pursuant hereto shall be conclusive absent manifest error.

(2) In the event the Commission terminates or permanently reduces the Letter of Credit (other than as a result of the refunding of the Notes with Bonds or Parity Debt that are not enhanced with a credit facility or a liquidity facility or sold in a private placement transaction), whether by replacement or otherwise, prior to the first anniversary of the Closing Date (the "*Anniversary*

*Date*"), the Commission shall pay or cause to be paid to the Bank a non-refundable termination/reduction fee (the "*Termination/Reduction Fee*") equal to the Commitment Fee that would have been payable to the Bank pursuant to this Fee Agreement but for the termination or permanent reduction of the Letter of Credit for the period from and including the date on which the Letter of Credit is terminated or permanently reduced to and including the Anniversary Date assuming (i) a rate per annum equal to the rate per annum at which the Commitment Fee is calculated immediately prior to the termination or permanent reduction of the Letter of Credit and (ii) a Stated Amount equal to the Stated Amount in effect immediately prior to the termination or permanent reduction of the Letter of Credit; *provided, however*, that if the Letter of Credit is terminated at time when the Bank's short-term debt rating is below "P1" by Moody's or below "A-1" by S&P or if the Notes are redeemed, refunded or the rate of interest on the Notes is converted to a fixed rate or another interest mode that does not involve a credit facility or liquidity facility or a direct purchase or loan by a bank or a bank affiliate, then the Commission shall not be required to pay the Termination/Reduction Fee.

(3) A fee of \$250 plus the Bank's customary wire transfer and courier costs in respect of each drawing made under the Letter of Credit and honored by the Bank, which fee, wire transfer and courier cost shall be earned on the date such drawing is honored by the Bank and, unless paid to the Bank at the time each Drawing is reimbursed, shall be paid in arrears on the first Payment Date that occurs after the date such drawing is honored by the Bank.

(4) A transfer fee equal to \$3,000 upon each transfer of the Letter of Credit in accordance with its terms. A transfer shall be deemed to have occurred whenever the Issuing and Paying Agent is replaced, substituted or changed as a result of sale, assignment, merger, consolidation, reorganization or an act of law. A transfer shall not be deemed to have occurred solely as a result of a change in the legal name of the Issuing and Paying Agent.

(5) At the time any amendment, modification, waiver, supplement or restatement of or consent sought in respect of, the Agreement, the Basic Documents and any other documents delivered under the Agreement is sought by any person other than the Bank, a fee of \$3,000 plus attorneys' fees and expenses, which fee shall be earned and payable whether or not any such amendment, modification, waiver, supplement or restatement is executed or consent granted. Fees for complex amendments, modifications, waivers, supplements, restatements or consents shall be negotiated on a case-by-case basis.

All amounts paid pursuant to this Fee Agreement shall be non-refundable and payable in immediately available funds. Computations of the Commitment Fee and the Termination/Reduction Fee shall be made on the basis of a 360 day year and actual days elapsed. All amounts paid pursuant to this Fee Agreement shall be paid in the manner and to the account set forth in the Agreement.

This Fee Agreement may not be amended or waived except by an instrument in writing signed by the Bank and the Commission.

The provisions of Section 7.14 of the Agreement shall be incorporated by this reference into this Fee Agreement as if such provisions were set forth in their entirety except that references to "this Agreement" shall mean this Fee Agreement and references to "hereunder" or "hereof" shall mean under this Fee Agreement or of this Fee Agreement.

This Fee Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Fee Agreement by electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

This Fee Agreement is delivered to the Commission on the understanding that neither this Fee Agreement nor any of its terms shall be disclosed, directly or indirectly, to any financial institution other than the Issuing and Paying Agent unless such disclosure is made to such financial institution in accordance with the terms of the California Public Records Act.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Agreement to be duly executed and delivered by their respective officers thereunto duly authorized on the date first set forth above.

**PUBLIC UTILITIES COMMISSION OF THE  
CITY AND COUNTY OF SAN FRANCISCO**

By: \_\_\_\_\_  
Name:  
Title:

**BANK OF AMERICA, N.A .**

By: \_\_\_\_\_  
Name:  
Title:

---

REIMBURSEMENT AGREEMENT

Dated as of December 1, 2018

between

PUBLIC UTILITIES COMMISSION OF  
THE CITY AND COUNTY OF SAN FRANCISCO

and

SUMITOMO MITSUI BANKING CORPORATION,  
acting through its New York Branch

relating to:

\$125,000,000  
PUBLIC UTILITIES COMMISSION  
OF THE CITY AND COUNTY OF SAN FRANCISCO  
COMMERCIAL PAPER NOTES  
(POWER SERIES)  
SERIES A-2 (TAX-EXEMPT)

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## REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT dated as of December 1, 2018 (together with any amendments or supplements hereto, this "Agreement"), is between the PUBLIC UTILITIES COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO (together with its successors and assigns, the "Commission") and SUMITOMO MITSUI BANKING CORPORATION, acting through its New York Branch (together with its successors and assigns, the "Bank").

### WITNESSETH:

WHEREAS, on June 5, 2018, the voters of the City approved Proposition A, which among other things, authorized the Commission to issue revenue bonds, including notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors of the City (the "Board"), for the purpose of reconstructing, replacing, expanding, repairing or improving power facilities under the jurisdiction of this Commission (the "Power Enterprise," as further defined herein); and

WHEREAS, pursuant to Section 43.5 of the San Francisco Administrative Code ("Article V"), 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, as amended by Ordinance No. 270-06, adopted on October 24, 2006 by the Board and signed by the Mayor on October 31, 2006 (as amended, the "Procedural Ordinance"), the Board established a procedure pursuant to which the Commission may issue short-term indebtedness, including commercial paper notes in anticipation of the issuance of its revenue bonds; and

WHEREAS, as of December 1, 2018, \$39,555,000 aggregate principal amount of power revenue bonds have been issued pursuant to Sections 9.107(6) and 9.107(8) of the Charter of the City (the "Charter"), Ordinance No. 40-15, adopted by the Board on March 24, 2015, and signed by the Mayor on April 2, 2015, Ordinance No. 41-15, adopted by the Board on March 24, 2015, and signed by the Mayor on April 2, 2015, and Resolution No. 14-0197, adopted by the Commission on December 9, 2014; and

WHEREAS, the Commission has authorized, pursuant to Resolution No. 15-0183 adopted by the Commission on September 8, 2015 ("Resolution No. 15-0183"), and the Board, pursuant to Resolution No. 427-15 adopted by the Board on November 17, 2015 and signed by the Mayor on November 25, 2015 (the "Resolution No. 427-15"), the establishment of a commercial paper program (the "Power CP Program") for the City's Power Enterprise; and

WHEREAS, pursuant to Resolution No. 18-[\_\_\_\_], adopted by the Commission on [\_\_\_\_], 2018 ("Resolution No. 18-[\_\_\_\_]") and together with Resolution No. 15-183, the "Commission Resolutions") and Ordinance No. [\_\_\_\_], adopted by the Board on [\_\_\_\_], 2018 and signed by the Mayor on [\_\_\_\_], 2018 ("Ordinance No. [\_\_\_\_]") and together with Resolution No. 427-15, the "Board Proceedings"), the issuance of up to \$250,000,000 in principal amount of commercial paper notes payable from Available Power Enterprise Revenues on a parity with certain Parity Notes (as defined herein); and

WHEREAS, the Commission is authorized to issue, sell and deliver bonds, additional bonds, refunding bonds and other evidences of indebtedness in order to effect its purposes pursuant to the [Commission Resolutions and the Board Proceedings], including the financing and refinancing of the Series A-2 Commercial Paper Notes and the Bank Note (as each such term is hereinafter defined); and

WHEREAS, pursuant to Resolution No. 18-[\_\_\_\_], the Commission has authorized, executed and delivered that certain First Amended and Restated Issuing and Paying Agent Agreement, dated as of December 1, 2018 (the "Issuing and Paying Agent Agreement"), with U.S. Bank National Association, as issuing and paying agent (the "Issuing and Paying Agent"), pursuant to which the Commission has authorized the issuance of the Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-2 (Tax-Exempt) (the "Series A-2 Commercial Paper Notes"); and

WHEREAS, the Commission has requested the Bank to issue a letter of credit in the original stated amount of \$136,095,891 (representing an amount supporting the total aggregate principal amount of the Series A-2 Commercial Paper Notes in a principal amount \$125,000,000 plus an amount equal to 270 days interest on such principal amount at the rate per annum of twelve percent (12%) computed on the basis of a 365 day year) for the payment by the Issuing and Paying Agent, when and as due, of the principal of and interest on the Series A-2 Commercial Paper Notes; and

WHEREAS, the Bank is willing to issue such letter of credit upon the terms and conditions provided herein.

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained, the Commission and the Bank agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1.1. Definitions. As used in this Agreement:

"Acceleration Notice" – has the meaning set forth in Section 6.2 hereof.

"Advance" - has the meaning set forth in Section 2.4(a) hereof.

"Agreement" - has the meaning set forth in the introductory paragraph hereof.

"Alternate Facility" - has the meaning set forth in the Issuing and Paying Agent Agreement.

"Annual Budget" - means the budget or budgets prepared by the Commission in substantially the form that has been previously presented to the Bank.

"Annual Debt Service" - has the meaning set forth in the Master Trust Indenture.

“Applicable Law” - means (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, rules, regulations and orders of all governmental and non-governmental bodies, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts (whether at law or in equity) and arbitrators.

“Authorized Representative” – means each of the General Manager of the Commission, Assistant General Manager, Business Services of the Commission and Chief Financial Officer of the Commission, Deputy Chief Financial Officer, Financial Services of the Commission, and Debt Manager, Financial Planning of the Commission, Utility Specialist, Financial Planning of the Commission, Controller of the City and County of San Francisco, Director of Finance of the City and County of San Francisco, and any other individual designated from time to time as a “Designated Representative” in a certificate executed by the General Manager of the Commission delivered to the Bank.

“Available Funds” – means any unencumbered amounts, including non-appropriated fund balances and reserves, and cash and the book value of investments held by the Treasurer of the City for the Power Enterprise, that the Commission reasonably expects would be available, as of any date of calculation, to pay Principal of and interest on Bonds when due.

“Available Power Enterprise Revenues” - has the meaning set forth in the Issuing and Paying Agent Agreement.

“Bank” - has the meaning set forth in the introductory paragraph hereof.

“Bank Agreement” - means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) under which, directly or indirectly, any Person or Persons undertake(s) to make or provide funds to make payment of, or to purchase or provide credit enhancement for bonds or notes of the Commission secured by or payable from Power Enterprise Revenues.

“Bank Note” - has the meaning set forth in Section 2.6 hereof.

“Bank Rate” - means, subject to the terms of Section 2.16 hereof, a rate of interest per annum (i) with respect to an Advance, for any day commencing on the date such Advance is made up to and including the thirtieth (30th) day next succeeding the date such Advance is made, equal to the Base Rate from time to time in effect, (ii) with respect to an Advance, for any day commencing on the thirty-first (31st) day next succeeding the date such Advance is made up to and including the ninetieth (90th) day next succeeding the date such Advance is made, equal to the Base Rate from time to time in effect plus one percent (1.0%); (iii) with respect to an Advance if not converted to a Term Loan, for any day commencing on the ninety-first (91st) day next succeeding the date the related Advance is made and thereafter, equal to the Default Rate; and (iv) with respect to a Term Loan, equal to the Base Rate from time to time in effect plus two percent (2.0%); *provided, however*, that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, “Bank Rate” shall mean the Default Rate.

“Base Rate” - means, for any day, a rate per annum equal to the greatest of (i) the sum of the Prime Rate in effect on such day plus two percent (2.0%), (ii) the sum of the Federal Funds Rate in effect on such day plus three percent (3.0%), (iii) the sum of the SIFMA Rate in effect on such day plus three percent (3.00%), and (iv) seven and one-half of one percent (7.50%). Each determination of the Base Rate by the Bank shall be conclusive and binding on the Commission absent manifest error. Each change in the Base Rate will take effect simultaneously with the corresponding change or changes in the Prime Rate, the Federal Funds Rate or the SIFMA Rate, as the case may be.

“Basic Documents” - means, at any time, each of the following documents or agreements as in effect or as outstanding, as the case may be, at such time: (a) the Series A-2 Commercial Paper Notes, (b) the [Commission Resolutions], (c) the [Board Proceedings], (d) the Offering Memorandum, (e) the Dealer Agreements, (f) the Issuing and Paying Agent Agreement, (g) the Bank Note, (h) the Fee Agreement, and (i) this Agreement, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

“Board” - has the meaning set forth in the recitals hereof.

“Board Proceedings” - has the meaning set forth in the recitals hereof.

“Bond Counsel” - has the meaning set forth in the Issuing and Paying Agent Agreement.

“Bond Coverage Ratio” - for any Fiscal Year means the ratio of (a) Net Revenues in such Fiscal Year to (b) Annual Debt Service on the Outstanding Bonds in such Fiscal Year.

“Bonds” - has the meaning ascribed to the term “Bonds” in the Master Trust Indenture.

“Business Day” - has the same meaning set forth in the Letter of Credit.

“Change in Law” - means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Law, including, without limitation any Risk-Based Capital Guidelines, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, rulings, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Charter” - has the meaning set forth in the Issuing and Paying Agent Agreement.

“City” - has the meaning set forth in the Issuing and Paying Agent Agreement.

“Closing Date” - means December 27, 2018, which, subject to the satisfaction of the conditions precedent set forth in Section 3.1 hereof, is the date on which the Letter of Credit shall be issued.

“Code” - means the Internal Revenue Code of 1986, as amended from time to time, including regulations, rulings and judicial decisions promulgated thereunder.

“Commercial Paper Notes” - means the Series A-1 Commercial Paper Notes and the Series A-2 Commercial Paper Notes.

“Commission” - has the meaning set forth in the introductory paragraph hereof, and includes any successor or assign permitted hereby.

“Commission Resolutions” - has the meaning set forth in the recitals hereof.

“Consulting Engineer” - has the meaning set forth in the Master Trust Indenture.

“Dealers” - means the dealer or dealers selected from time to time by the Commission (and acceptable to the Bank) to market the Series A-2 Commercial Paper Notes pursuant to the terms of any applicable Dealer Agreement, and any permitted assigns and successors thereto.

“Dealer Agreement” - means each dealer agreement, by and between the Commission and a Dealer, in form and substance acceptable to the Bank, as may be amended and supplemented from time to time in accordance with the terms hereof.

“Debt” - of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all Debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person, (f) all Guarantees by such Person of Debt of other Persons, (g) all obligations of such Person under any Swap Contract and (h) all obligations of such Person to reimburse or repay any bank or other Person in respect of amounts paid or advanced under a letter of credit, credit agreement, liquidity facility or other instrument.

“Debt Service” - has the meaning set forth in the Master Trust Indenture.

“Default” - means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

“Default Rate” - subject to the terms of Section 2.16 hereof, means, for any day, a per annum rate of interest equal to the sum of the Base Rate from time to time in effect plus four percent (4.0%).

“Designated Jurisdiction” - means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

“Drawing” - has the meaning set forth in Section 2.3 hereof.

“DTC” - means The Depository Trust Company, New York, New York, and any successor securities depository.

“Employee Plan” - means an employee benefit plan covered by Title IV of ERISA and maintained for employees of the Commission.

“Environmental Laws” - means any and all Federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean-up or other remediation thereof.

“ERISA” - means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto.

“Event of Default” - has the meaning set forth in Section 6.1 hereof.

“Excluded Taxes” - means, with respect to the Bank or any Participant, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which the Bank or such Participant is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which the Commission is located.

“Federal Funds Rate” - means, for any day, a fluctuating interest rate per annum equal to the weighted average (rounded to the next higher 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average (rounded to the next higher 1/100 of 1%) of the quotations for such day on such transactions received by the Bank from three Federal funds brokers of recognized standing selected by the Bank. Each determination of the Federal Funds Rate by the Bank shall be conclusive and binding on the Commission.

“Fee Agreement” - means that certain Fee Agreement dated the Closing Date between the Commission and the Bank, as supplemented and amended from time to time.

“Final Drawing Notice” - has the meaning set forth in the Letter of Credit.

“Fiscal Year” - has the meaning set forth in the Issuing and Paying Agent Agreement.

“Fitch” - means Fitch Ratings, Inc., and its successors and assigns.

“GAAP” - means generally accepted accounting principles in the United States as in effect from time to time, applied by the Commission on a basis consistent with the Commission’s most recent financial statements furnished to the Bank.

“Governmental Approvals” - means an authorization, consent, approval, license or exemption of, registration or filing with, or report to, any Governmental Authority.

“Governmental Authority” - means the government of the United States or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

“Guarantees” - means, for any Person, all guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations of such Person to purchase, to provide funds for payment, to supply funds to invest in any other Person or otherwise to assure a creditor of another Person against loss.

“Indemnified Taxes” - means Taxes other than Excluded Taxes.

“Investment Policy and Guidelines” - means the investment guidelines of the City as in effect on the date hereof, as such investment guidelines may be amended from time to time in accordance with the Issuing and Paying Agent Agreement, the Resolutions, and State laws, as applicable.

“Issuing and Paying Agent” - has the meaning set forth in the recitals to this Agreement and includes any successors and assigns.

“Issuing and Paying Agent Agreement” - has the meaning set forth in the recitals to this Agreement and including as supplemented and amended from time to time in accordance with the terms hereof.

“Law” - means any treaty or any Federal, regional, state and local law, statute, rule, ordinance, regulation, code, license, authorization, decision, injunction, interpretation, policy, guideline, supervisory standard, order or decree of any court or other Governmental Authority.

“Letter of Credit” - means the irrevocable letter of credit issued by the Bank for the account of the Commission in favor of the Issuing and Paying Agent supporting the Series A-2 Commercial Paper Notes, in the form of Exhibit A hereto, with appropriate insertions, as amended.

“Lien” - means, with respect to any asset, (a) any lien, charge, claim, mortgage, security interest, pledge or assignment of revenues of any kind in respect of such asset or (b) the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.



“Master Trust Indenture” - means the Master Trust Indenture, dated as of May 1, 2015, between the Commission and U.S. Bank National Association, as trustee for the holders from time to time of the Bonds and including as supplemented and amended from time to time.

“Maximum Rate” - means the lesser of (a) the maximum non-usurious interest rate that may, under applicable Federal law and applicable state law, be contracted for, charged or received under such laws and (b) 12% per annum; provided, however, that if the City or the Commission increases the maximum rate allowable, which currently is set forth in clause (b) of this definition, at any time during the term hereof, then such increased rate shall be the Maximum Rate.

“Net Revenues” - has the meaning set forth in the Master Trust Indenture.

“No-Issuance Notice” - has the meaning set forth in the Letter of Credit.

“Obligations” - means the Reimbursement Obligations (which includes amounts owing to the Bank evidenced by the Bank Note) and all other obligations of the Commission to the Bank arising under or in relation to this Agreement (including the Fee Agreement).

“Offering Memorandum” - means any offering memorandum or similar disclosure documents relating to the Series A-2 Commercial Paper Notes and the Commission as may be prepared by or on behalf of the Commission or the Dealers from time to time in connection with the offering and sale of Series A-2 Commercial Paper Notes.

“Operation and Maintenance Expenses” - has the meaning set forth in the Master Trust Indenture.

“Ordinance” - has the meaning set forth in the recitals hereof.

“Original Stated Amount” - has the meaning set forth in Section 2.1 hereof.

“Other Debt Documents” - has the meaning set forth in Section 5.1(c)(i) hereof.

“Other Taxes” - means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Basic Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Basic Document.

“Parity Debt” - means the Commercial Paper Notes, the Bank Note, the Series A-1 Bank Note and all obligations of the Commission relating to the Commercial Paper Notes under the Issuing and Paying Agent Agreement and under this Agreement and the Series A-1 Reimbursement Agreement and all other Parity Notes secured by Available Power Enterprise Revenues and any other bonds, notes or other obligations of the Commission for borrowed money payable from and secured by a pledge of and lien and charge on revenues of the Power Enterprise on a parity with the lien on Available Power Enterprise Revenues securing the payment of the Series A-2 Commercial Paper Notes or the Obligations.

“Parity Notes” - has the meaning set forth in the Issuing and Paying Agent Agreement. As of the Closing Date, the only Parity Notes outstanding are (i) the clean renewable energy bonds issued in November 2008 in the original aggregate principal amount \$6,325,000; (ii) the taxable qualified energy conservation bonds issued in October 2011 in the original aggregate principal amount \$8,291,000; (iii) the taxable new clean renewable energy bonds issued in April 2012 in the original aggregate principal amount \$6,600,000; (iv) the new clean renewable energy bonds issued in October 2015 in the original aggregate principal amount of \$4,100,000; and (v) the Commercial Paper Notes.

“Participant” - has the meaning set forth in Section 7.3(b) hereof.

“Participation” - has the meaning set forth in Section 7.3(b) hereof.

“Payment Account” - means the payment account for the Bank set forth in the Fee Agreement.

“Person” - means an individual, a corporation, a partnership, an association, a limited liability company, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

“Power Enterprise” - has the meaning set forth in the Issuing and Paying Agent Agreement.

“Power Enterprise Debt” - means any Debt issued or incurred by the Commission and secured by Power Enterprise Revenues, including any obligations of the Commission under any related reimbursement agreements or liquidity agreements or bank notes secured by or payable from Power Enterprise Revenues.

“Power Enterprise Revenues” - has the meaning ascribed to the term “Revenues” in the Master Trust Indenture.

“Prime Rate” - means the rate of interest announced by the Bank from time to time as its prime commercial rate, or equivalent, as in effect on such day for United States dollar loans, with any change in the Prime Rate resulting from a change in said prime commercial rate to be effective as of the date of the relevant change in said prime commercial rate, it being understood that such rate may not be the Bank’s best or lowest rate. Any change in the Prime Rate announced by the Bank shall take effect at the opening of business on the day specified in the public announcement of such change.

“Project” - has the meaning set forth in the Master Trust Indenture.

“Property” - means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“Quarterly Date” - means the first Business Day of each March, June, September or November.

“Rating Agency” and “Rating Agencies” - means, individually or collectively, as applicable, Fitch and S&P.

“Reimbursement Obligations” - means any and all obligations of the Commission to reimburse the Bank for Drawings under the Letter of Credit and all obligations to repay the Bank for any Advance or Term Loan, including in each instance all interest accrued thereon, which obligations are evidenced and secured by the Bank Note.

“Reserve Fund” - has the meaning set forth in the Master Trust Indenture.

“Resolution No. 15-0183” - has the meaning set forth in the recitals to this Agreement.

“Resolution No. 18-[\_\_\_\_\_]” - has the meaning set forth in the recitals to this Agreement.

“Resolution No. 427-15” - has the meaning set forth in the recitals to this Agreement.

“Resolution No. [\_\_\_\_]-18” - has the meaning set forth in the recitals to this Agreement.

“Risk-Based Capital Guidelines” - means (i) the risk-based capital guidelines in effect in the United States, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations.

“S&P” - means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and its successors and assigns.

“Sanctions” - means any international economic sanction administered or enforced by the United States Government (including, without limitation, OFAC), the United Nations Security Council, the European Union, Her Majesty’s Treasury or other relevant sanctions authority.

“Semi-Annual Date” - means the first Quarterly Date that is at least 180 days following the date of the related Advance and the first Business Day of each sixth (6th) month thereafter.

“Senior Debt” - means any Debt issued or incurred by the Commission and secured by or payable from Power Enterprise Revenues on a basis senior or superior to the Lien in favor of the Commercial Paper Notes and other Parity Notes; the Bank Note and the Series A-1 Bank Note and includes, without limitation, the Bonds.

“Series A-1 Bank Note” - has the meaning set forth in the Issuing and Paying Agent Agreement.

“Series A-1 Commercial Paper Notes” - has the meaning set forth for the term “Series A-1 Notes” in the Issuing and Paying Agent Agreement.

“Series A-1 Reimbursement Agreement” - has the meaning set forth in the Issuing and Paying Agent Agreement.

“Series A-2 Commercial Paper Notes” - has the meaning set forth in the recitals to this Agreement.

“SIFMA Rate” - means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry and Financial Markets Association or any Person acting in cooperation with or under the sponsorship of the Securities Industry and Financial Markets Association and acceptable to the Bank and effective from such date. In the event Municipal Market Data no longer produces an index satisfying the requirements of the preceding sentence, the SIFMA Rate (a/k/a, the “SIFMA Municipal Swap Index”) shall be deemed to be the S&P Weekly High Grade Index, or if either such index is not available, such other similar national index as reasonably designated by the Bank.

“State” - means the State of California.

“Stated Amount” - has the meaning set forth in the Letter of Credit.

“Stated Expiration Date” - has the meaning set forth in the Letter of Credit.

“Subordinate Obligation” - has the meaning set forth in the Master Trust Indenture.

“Swap Contract” - means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Taxes” - means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

“Term Loan” - has the meaning set forth in Section 2.4(e) hereof.

“Term Loan Conversion Date” - has the meaning set forth in Section 2.4(b) hereof.

“Term Loan Maturity Date” - means, with respect to any Term Loan, the earliest to occur of (i) the fifth (5th) anniversary of the date the related Advance was made, (ii) the tenth (10th)

anniversary of the Closing Date, (iii) the date on which an Alternate Facility is substituted for the Letter of Credit, (iv) the date on which the Stated Amount is permanently reduced to zero or the Letter of Credit is otherwise terminated in accordance with its terms (other than as a result of the Letter of Credit expiring on the Stated Expiration Date, including as a result of the occurrence of an Event of Default, and (v) the date on which the Commission issues Series A-2 Commercial Paper Notes or bonds, the proceeds of which could be used to repay such Term Loan.

“Termination Date” - has the meaning set forth in the Letter of Credit.

“2017 Audited Financial Statements” - has the meaning set forth in Section 4.6 hereof.

“Unpaid Drawing” - has the meaning set forth in Section 2.3 hereof.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms. Any capitalized terms used herein which are not specifically defined herein shall have the same meanings herein as in the Ordinance. All references in this Agreement to times of day shall be references to New York City time unless otherwise expressly provided herein. Unless otherwise inconsistent with the terms of this Agreement, all accounting terms shall be interpreted and all accounting determinations hereunder shall be made in accordance with GAAP.

## ARTICLE II

### LETTER OF CREDIT

Section 2.1. Issuance of Letter of Credit. Upon the terms, subject to the conditions and relying upon the representations and warranties set forth in this Agreement or incorporated herein by reference, the Bank agrees to issue the Letter of Credit substantially in the form of Exhibit A hereto. The Letter of Credit shall be in the original stated amount of \$136,095,891 (the “Original Stated Amount”), which is the sum of (i) the total aggregate principal amount of the Series A-2 Commercial Paper Notes authorized to be issued under the Issuing and Paying Agent Agreement, plus (ii) interest thereon at the rate of 12 percent (12%) per annum for a period of two hundred seventy (270) days calculated on the basis of a 365 day year.

Section 2.2. Letter of Credit Drawings. The Issuing and Paying Agent is authorized to make Drawings under the Letter of Credit in accordance with its terms. The Commission hereby directs the Bank to make payments under the Letter of Credit in the manner therein provided. The Commission hereby irrevocably approves reductions and reinstatements of the Stated Amount as provided therein.

Section 2.3. Reimbursement. Subject to the provisions of Section 2.4 hereof, the Commission agrees to pay, or to cause to be paid, to the Bank (i) on each date on which the Bank shall honor any demand for payment under the Letter of Credit (each such payment by the Bank being herein referred to as a “Drawing”) a sum equal to the amount so paid under the Letter of Credit (any amount so paid until reimbursed being herein referred to as an “Unpaid Drawing”), plus (ii) interest on the amount of each such Unpaid Drawing from and including the date such Drawing is paid until the Bank is reimbursed in full for such Drawing equal to the Default Rate. Subject to the provisions of Section 2.4 hereof respecting Advances (each of which Advances

when made shall constitute reimbursement of a Drawing in an amount equal to the amount of such Advance), the Commission shall be obligated, without notice of a Drawing or demand for reimbursement (which notice is hereby waived by the Commission), to reimburse the Bank for all Drawings on the same day as made. For avoidance of doubt, the amount of any Drawing relating to accrued interest on the related Series A-2 Commercial Paper Notes shall be reimbursed by the Commission on the date on which such Drawing is made. The Commission and the Bank agree that the reimbursement in full for each Drawing on the day such Drawing is made is intended to be a contemporaneous exchange for new value given to the Commission by the Bank. If a Drawing is reimbursed at or prior to 4:00 p.m. New York City time, on the same day on which it is made, no interest shall be payable on such Drawing.

Section 2.4. Advances; Term Loans.

(a) Making of Advances. The Bank agrees that if (i) the Bank shall honor any Drawing under the Letter of Credit, (ii) the portion of such Drawing relating to the principal amount of the related Series A-2 Commercial Paper Notes shall not be reimbursed in full on the date of such Drawing by payment to the Bank as provided in Section 2.3 hereof, and (iii) (A) the representations and warranties of the Commission contained in Article IV of this Agreement are true and correct as of the date of such Drawing, and (B) no Default or Event of Default shall have occurred and be continuing on the date of such Drawing, the portion of such Drawing relating to the principal amount of the related Series A-2 Commercial Paper Notes (or the portion thereof) which is not so reimbursed by the Commission to the Bank shall automatically constitute an advance made by the Bank to the Commission on the date and in an amount equal to the amount of such Drawing relating to the principal amount of the related Series A-2 Commercial Paper Notes (or portion thereof) which is not so reimbursed by the Commission to the Bank (individually an "Advance" and, collectively, the "Advances"). For purposes of Section 2.3 hereof, each Advance when made shall constitute reimbursement of the portion of the related Drawing relating to the principal amount of the related Series A-2 Commercial Paper Notes in an amount equal to the amount of such Advance; and each Advance when made shall preclude, to the extent of the amount of such Advance, the portion of the related Drawing relating to the principal amount of the related Series A-2 Commercial Paper Notes from being or constituting an Unpaid Drawing. Unless the Commission shall have otherwise previously advised the Bank in writing, payment by the Bank of any Drawing under the Letter of Credit shall be deemed to constitute a representation and warranty by the Commission that on the date of such Drawing (i) the representations and warranties of the Commission contained in Article IV hereof are true and correct, and (ii) no Default or Event of Default has occurred and is continuing.

(b) Payment of Principal and Interest on Advances. Except as otherwise required or permitted by Section 2.4(c), 2.4(d) or 2.4(e) of this Agreement, the Commission shall repay, or cause to be repaid, the unpaid amount of each Advance on the earlier to occur of (i) the ninetieth (90th) day next following the date such Advance was made and (ii) the Termination Date (with respect to such Advance, the "Term Loan Conversion Date"). The Commission shall pay interest on the unpaid amount of each Advance from the date of such Advance until paid in full at the Bank Rate from time to time in effect; *provided* that from and after the occurrence of an Event of Default, each Advance shall bear interest at the Default Rate. Interest on each Advance shall be payable monthly, in arrears, on the first Business Day of each month

(commencing with the first such date to occur after the making of the related Advance) and upon prepayment or maturity of such Advance.

(c) Mandatory Prepayment of Advances and Term Loans. The Commission shall prepay Advances and Term Loans if the aggregate proceeds of the issuance of Series A-2 Commercial Paper Notes exceed the aggregate principal amount of Series A-2 Commercial Paper Notes maturing on the date of such issuance. On the date of each such prepayment of Advances or Term Loans, as applicable (or portions thereof), the Commission shall pay to the Bank interest accrued and unpaid to the date of such prepayment on the aggregate amount of the Advances and Term Loans (or portions thereof) prepaid. Upon the Bank's receipt of any payment or prepayment of any Advance or Term Loan, the amount of such Advance and/or Term Loan shall be reduced by the amount of such payment or prepayment. Any prepayment pursuant to this clause (c) or clause (d) below shall be applied first to outstanding Term Loans, in the inverse order of maturity, and then to outstanding Advances in the inverse order of maturity.

(d) Optional Prepayment. The Commission may prepay Advances in whole, or in part in a minimum amount of \$500,000 and in integral multiples of \$100,000 in excess thereof, in each case without penalty or premium on one Business Day's prior written notice, such prepayment to be applied as set forth in clause (c) above.

(e) Term Loan Option. On a Term Loan Conversion Date, each Advance maturing on such date shall, if the conditions set forth in Section 2.4(f) hereof have been satisfied, be converted to a term loan (a "Term Loan").

(f) Conditions Precedent to Term Loans. Amounts owed by the Commission for Advances remaining unpaid on their respective Term Loan Conversion Dates shall be converted to Term Loans if and only if:

(i) the representations and warranties of the Commission contained in Article IV of this Agreement are true and correct on and as of the Term Loan Conversion Date as though made on and as of such date;

(ii) no Default or Event of Default has occurred and is continuing or would result from converting the Advance to a Term Loan; and

(iii) neither a No-Issuance Notice nor the Final Drawing Notice shall be in effect and no Acceleration Notice has been delivered to the Commission.

(g) Repayment of Term Loans. The Commission agrees to pay to the Bank an amount equal to the unpaid principal amount of each Term Loan made by the Bank together with interest thereon from and including the Term Loan Conversion Date to but excluding the date the Bank is reimbursed therefor at a rate per annum equal to the Bank Rate; *provided* that from and after the occurrence of an Event of Default, each Term Loan shall bear interest at the Default Rate. Interest on the unpaid balance of each Term Loan shall be paid to the Bank monthly in arrears on the first Business Day of each calendar month during the term of such Term Loan (commencing with the first such date to occur after the Term Loan Conversion Date) and on the Term Loan Maturity Date. Each Term Loan shall be repaid in equal (or as nearly as possible) semi-annual installments (each such installment herein referred to as a "Principal Payment"),

such Principal Payments commence on the first Semi-Annual Date that is at least 180 days following the date of the related Advance and on each Semi-Annual Date thereafter, until paid in full; *provided* that the unpaid amount of each Term Loan shall be paid in full not later than the applicable Term Loan Maturity Date; *provided further*, that if the Commission elects to prepay a Term Loan in part, each such prepayment shall be applied (i) to the Term Loans in inverse order of the Term Loan Conversion Dates of the Term Loans, and (ii) to the remaining Principal Payments relating to each Term Loan prepaid in inverse order of the date of such Principal Payment.

(h) Prepayment of Term Loans. The Commission may prepay any Term Loan in whole, or in part in a minimum amount of \$500,000 and in integral multiples of \$100,000 in excess thereof, in each case without penalty on one Business Day's prior written notice, such prepayment to be applied as set forth in clause (g) above.

Section 2.5. Fees. The Commission hereby agrees to pay and perform its obligations provided for in the Fee Agreement, including the payment of all fees and expenses provided for therein in the amounts and on the dates set forth therein. The terms and provisions of the Fee Agreement are incorporated herein by reference. All references to amounts due hereunder or under this Agreement shall be deemed to include all amounts and obligations due under the Fee Agreement. All fees paid under this Agreement and the Fee Agreement will be fully earned when due and nonrefundable when paid.

Section 2.6. The Bank Note. All Reimbursement Obligations shall be evidenced by one promissory note of the Commission, designated "San Francisco Public Utilities Bank Note, (Power Series A-2 - Sumitomo Mitsui Banking Corporation, New York Branch)," in substantially the form of Exhibit B hereto (the "Bank Note") to be issued on the Closing Date, payable to the Bank in a principal amount equal to the amount of the Original Stated Amount. All Reimbursement Obligations made by the Bank and all payments and prepayments made on account of principal and interest thereof shall be recorded by the Bank on its books and records relating to the Bank Note. The Commission shall pay principal and interest on the Bank Note on the dates and at the rates provided for in Sections 2.3 and 2.4 hereof with respect to Unpaid Drawings, Advances and Term Loans.

Section 2.7. Termination or Replacement of Letter of Credit; Permanent Reduction of Stated Amount.

(a) Notwithstanding any provisions of the Ordinance to the contrary, the Commission agrees not to terminate, replace, or permanently reduce the Stated Amount of the Letter of Credit to zero, nor to direct the Issuing and Paying Agent to take any such action, except upon (i) the surrender (and cancellation) of the Letter of Credit to the Bank, (ii) the payment by the Commission to the Bank of the fees and expenses, if any, in the amount set forth in the Fee Agreement (including any termination fee) and all other Obligations payable hereunder and under the Fee Agreement, including, without limitation, all principal and accrued interest due and owing on any Unpaid Drawing, Advance, Term Loan or any amount due under the Bank Note and (iii) the Commission providing the Bank with thirty (30) days prior written notice of its intent to terminate, replace or permanently reduce the Stated Amount of the Letter of Credit to zero.



(b) Notwithstanding any provisions of the Ordinance to the contrary, the Commission agrees not to permanently reduce the Stated Amount of the Letter of Credit to an amount greater than zero, nor to direct the Issuing and Paying Agent to take any such action, except upon (i) delivery by the Bank to the Issuing and Paying Agent of a Decrease Notice (as defined in the Letter of Credit) which will amend the Letter of Credit to confirm the reduction of the Stated Amount, (ii) the payment by the Commission to the Bank of the fees and expenses, if any, in the amount set forth in the Fee Agreement (including any reduction fee) and (iii) the Commission providing the Bank with thirty (30) days prior written notice of its intent to permanently reduce the Stated Amount of the Letter of Credit to an amount greater than zero.

(c) All payments from the Commission to the Bank referred to in this Section 2.7 shall be made with immediately available funds on or before the date of termination, replacement or permanent reduction.

Section 2.8. Computation of Interest and Fees. Interest and fees payable hereunder and under the Fee Agreement shall be calculated on the basis of a year of 365 days and the actual number of days elapsed. Interest shall accrue during each period during which interest is computed from and including the first day thereof to but excluding the last day thereof.

Section 2.9. Payment Due on Non-Business Day to Be Made on Next Business Day. If any sum becomes payable pursuant to this Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

Section 2.10. Late Payments. If the principal amount of any Obligation is not paid when due, such Obligation shall bear interest until paid in full at a rate per annum equal to the Default Rate, payable on demand.

Section 2.11. Source of Funds. All payments made by the Bank pursuant to the Letter of Credit shall be made from funds of the Bank, and not from the funds of any other Person.

Section 2.12. Extension of Stated Expiration Date. If the Commission on any date which is not more than one hundred twenty (120) days nor less than sixty (60) days prior to the Stated Expiration Date (as the same may be extended from time to time) submits to the Bank a written request for an extension of the Stated Expiration Date for a period as specified in such written request, the Bank will make reasonable efforts to respond to such request within thirty (30) days after receipt of all information necessary, in the Bank's reasonable judgment, to permit the Bank to make an informed credit decision. In the event the Bank fails to definitively respond to such request within such period of time, the Bank shall be deemed to have refused to grant the extension requested. The Bank may, in its sole and absolute discretion, decide to accept or reject any such proposed extension and no extension shall become effective unless the Bank shall have consented thereto in writing. The consent of the Bank, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance satisfactory to the Bank and consistent with this Agreement. If such an extension request is accepted by the Bank in its sole and absolute discretion, the then current Stated Expiration Date for the Letter of Credit shall be extended to the date agreed to by the Commission and the Bank.

Section 2.13. Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Commission hereunder or under the Bank Note or the Fee Agreement shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes; *provided* that if the Commission shall be required by Applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Bank or any Participant receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Commission shall make such deductions and (iii) the Commission shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) Payment of Other Taxes by the Commission. Without limiting the provisions of paragraph (a) above, the Commission shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(c) Indemnification by the Commission. The Commission shall indemnify the Bank and each Participant, within thirty (30) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Bank or any Participant and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate stating the amount of such payment or liability delivered to the Commission by the Bank or any Participant shall be conclusive absent manifest error. In addition, the Commission shall indemnify the Bank and each Participant, within thirty (30) days after demand therefor, for any incremental Taxes that may become payable by the Bank or any Participant as a result of any failure of the Commission to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Bank or any Participant pursuant to clause (d), documentation evidencing the payment of Taxes.

(d) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Commission to a Governmental Authority, the Commission shall deliver to the Bank or such Participant the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Bank or such Participant, as applicable.

(e) Treatment of Certain Refunds. If the Bank or any Participant determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified pursuant to this Section (including additional amounts paid by the Commission pursuant to this Section), it shall pay to the applicable indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Bank or such Participant, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided* that the applicable indemnifying party, upon the request of the Bank, or such Participant, as

applicable, agrees to repay the amount paid over pursuant to this Section (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Bank or such Participant in the event the Bank or such Participant is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (e), in no event will the Bank or any Participant be required to pay any amount to an indemnifying party pursuant to this paragraph (e) the payment of which would place the Bank or such Participant in a less favorable net after-Tax position than the Bank or such Participant would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require the Bank or any Participant to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Commission or any other Person.

(f) Survival. Without prejudice to the survival of any other agreement of the Commission hereunder, the agreements and obligations of the Commission contained in this Section shall survive the termination of this Agreement and the Letter of Credit and the payment in full of the Bank Note and the obligations of the Commission thereunder and hereunder.

Section 2.14. Increased Costs; Capital or Liquidity Requirements.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, the Bank or any Participant or the Bank's or any such Participant's parent or holding company, as the case may be;

(ii) subject to the Bank or any Participant or the Bank's or any such Participant's parent or holding company, as the case may be, to any Tax of any kind whatsoever with respect to this Agreement, the Bank Note, the Fee Agreement or the Letter of Credit, or change the basis of taxation of payments to the Bank or such Participant or the Bank's or any such Participant's parent or holding company, as the case may be, in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 2.13 and the imposition of, or any change in the rate of any Excluded Tax payable by the Bank or any Participant or the Bank's or any such Participant's parent or holding company, as the case may be); or

(iii) impose on the Bank or any Participant or the Bank's or any such Participant's parent or holding company, as the case may be, any other condition, cost or expense affecting this Agreement, the Bank Note, the Fee Agreement or the Letter of Credit;

and the result of any of the foregoing shall be to increase the cost to the Bank or such Participant or the Bank's or any such Participant's parent or holding company, as the case may be, related to issuing, funding or maintaining the Letter of Credit, or to reduce the amount of any sum received or receivable by the Bank or such Participant or the Bank's or any such Participant's parent or holding company, as the case may be, under this Agreement, the Bank Note or the Fee

Agreement (whether of principal, interest or any other amount) then, upon written request of the Bank or such Participant as set forth in clause (c) of this Section, the Commission shall promptly pay to the Bank or such Participant, as the case may be, such additional amount or amounts as will compensate the Bank or such Participant or the Bank's or any such Participant's parent or holding company, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital or Liquidity Requirements. If the Bank or any Participant determines that any Change in Law affecting the Bank or such Participant or the Bank's or such Participant's parent or holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on the Bank's or such Participant's or the Bank's or such Participant's parent or holding company holding, if any, as a consequence of this Agreement, the Bank Note or the Fee Agreement, or for issuing, funding or maintaining the Letter of Credit, to a level below that which the Bank or such Participant or the Bank's or such Participant's parent or holding company could have achieved but for such Change in Law (taking into consideration the Bank's or such Participant's policies and the policies of the Bank's or such Participant's parent or holding company with respect to capital adequacy or liquidity), then from time to time upon written request of the Bank or such Participant as set forth in clause (c) of this Section, the Commission shall promptly pay to the Bank or such Participant, as the case may be, such additional amount or amounts as will compensate the Bank or such Participant or the Bank's or such Participant's parent or holding company for any such reduction suffered. Notwithstanding the foregoing, the amount that any Participant shall be entitled to receive under this Section 2.14(b) shall in no event exceed the amount that the Bank would have been entitled to receive under this Section 2.14(b) had such Participant's funding obligation been a direct obligation of the Bank.

(c) Certificates for Reimbursement. A certificate of the Bank or a Participant setting forth the amount or amounts necessary to compensate the Bank or any such Participant or the Bank's or any such Participant's parent or holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Commission, shall be conclusive absent manifest error. The Commission shall pay the Bank or any such Participant, as the case may be, the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of the Bank or any such Participant to demand compensation pursuant to this Section shall not constitute a waiver of the Bank's or any such Participant's right to demand such compensation; *provided* that the Commission shall not be required to compensate the Bank or any such Participant pursuant to this Section for any increased costs incurred or reductions suffered more than one hundred eighty (180) days prior to the date that the Bank or any such Participant, as the case may be, notifies the Commission of the Change in Law giving rise to such increased costs or reductions, and of the Bank's or any such Participant's intention to claim compensation therefor (except that (i) if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof and (ii) if the Bank or any such Participant had no actual knowledge of the action resulting in such increased costs as of the date six months prior to the date of notice to the Commission, then the six-month period referred to above will not apply). As of the Closing Date, the Bank has no

knowledge of any enacted, adopted or issued Change in Law that would result in the imposition of increased costs pursuant to this Section 2.14.

(e) Survival. Without prejudice to the survival of any other agreement of the Commission hereunder, the agreements and obligations of the Commission contained in this Section shall survive the termination of this Agreement and the Letter of Credit and the payment in full of the Bank Note and the obligations of the Commission thereunder and hereunder.

Section 2.15. Margin Regulations. No portion of the proceeds of any Drawings under the Letter of Credit shall be used by the Commission (or the Issuing and Paying Agent or any other Person on behalf of the Commission) for the purpose of “purchasing” or “carrying” any margin stock or used in any manner which might cause the borrowing or the application of such proceeds to violate Regulation U, Regulation T, or Regulation X of the Board of Governors of the Federal Reserve System or any other regulation of said Board of Governors or to violate the Securities Exchange Act of 1934, as amended, in each case as in effect on the date or dates of such Drawings or Advances and such use of proceeds.

Section 2.16. Maximum Rate; Payment of Fee. Anything in Section 2.3, 2.4 or 2.10 hereof to the contrary notwithstanding, the amount of interest payable hereunder for any interest period shall not exceed the Maximum Rate. If (i) for any interest period the applicable interest rate would exceed the Maximum Rate, then (ii) such interest rate shall not exceed but shall be capped at such Maximum Rate and (iii) in any interest period thereafter that the applicable interest rate is less than the Maximum Rate, any Obligation hereunder shall bear interest at the Maximum Rate until the earlier of (x) payment to the Bank of an amount equal to the amount which would have accrued but for the limitation set forth under clause (i) of this paragraph and (y) the Term Loan Maturity Date. Upon the Term Loan Maturity Date or, if no Term Loan is or could be outstanding on the Termination Date, the Termination Date, in consideration for the limitation of the rate of interest otherwise payable hereunder, to the extent permitted by applicable law the Commission shall pay to the Bank a fee in an amount equal to the amount which would have accrued but for the limitation set forth under clause (i) of this paragraph that has not previously been paid to the Bank in accordance with the immediately preceding sentence.

Section 2.17. Security of Obligations. Notwithstanding any other provision of this Agreement or any other Basic Document to the contrary, all obligations to the Bank under this Agreement, including, without limitation, the Bank Note, are limited obligations of the Commission payable solely from the Available Power Enterprise Revenues and the Funds and Accounts created under the Issuing and Paying Agent Agreement with respect thereto (except the Rebate Fund), as provided in the Issuing and Paying Agent Agreement, and subject to application as set forth in the Master Trust Indenture. The Obligations and the Bank Note are Subordinate Obligations (as defined in the Master Trust Indenture).

Section 2.18. Commercial Paper Operations.

(a) Issuance Generally. The Commission will permit Series A-2 Commercial Paper Notes to be issued, and authorize the Issuing and Paying Agent to issue Series A-2 Commercial Paper Notes, only in accordance with the terms of the Issuing and Paying Agent Agreement and this Agreement.

(b) No-Issuance Notices; Final Drawing Notice; Acceleration Notice. Series A-2 Commercial Paper Notes may be issued from time to time prior to the Stated Expiration Date in accordance herewith and with the Issuing and Paying Agent Agreement so long as (i) the Issuing and Paying Agent is not in receipt of a No-Issuance Notice, and not rescinded, by the Bank not to issue Series A-2 Commercial Paper Notes and (ii) the Issuing and Paying Agent is not in receipt of the Final Drawing Notice or Acceleration Notice. The Bank may deliver a No-Issuance Notice at any time a Default or an Event of Default shall have occurred and be continuing. The Bank may deliver the Final Drawing Notice at any time when an Event of Default shall have occurred and be continuing. The Bank may deliver the Acceleration Notice at any time an "event of default" has occurred and is continuing under the Issuing and Paying Agent Agreement. A No-Issuance Notice, the Final Drawing Notice or the Acceleration Notice (for purposes of this Section 2.18(b)) shall be effective when received by the Issuing and Paying Agent; *provided, however*, that a No-Issuance Notice, the Final Drawing Notice or the Acceleration Notice received by the Issuing and Paying Agent after 10:00 a.m. New York City time, on any Business Day shall be effective on the next succeeding Business Day. A No-Issuance Notice, the Final Drawing Notice or the Acceleration Notice may be given by facsimile or electronic mail transmission, confirmed in writing within 24 hours, but the failure to so confirm such No-Issuance Notice, the Final Drawing Notice or the Acceleration Notice in writing shall not render such No-Issuance Notice, the Final Drawing Notice or the Acceleration Notice ineffective. The Bank will furnish a copy of any No-Issuance Notice, the Final Drawing Notice and the Acceleration Notice to the Commission and the Dealers promptly following delivery thereof to the Issuing and Paying Agent, but the failure to furnish any such copy shall not render ineffective such No-Issuance Notice, the Final Drawing Notice or the Acceleration Notice.

Section 2.19. Method of Payment; Etc. All payments to be made by the Commission under this Agreement, the Bank Note or the Fee Agreement shall be made to the Payment Account not later than 4:00 p.m. New York City time on the date when due and shall be made in lawful money of the United States of America in freely transferable and immediately available funds. Any payment received after such time shall be deemed to be received on the next succeeding Business Day for purposes of calculating any interest payable in respect thereof.

### ARTICLE III

#### CONDITIONS PRECEDENT

Section 3.1. Conditions Precedent to Effectiveness. As conditions precedent to the obligation of the Bank to issue the Letter of Credit, each of the following conditions precedent shall have been fulfilled to the satisfaction of the Bank and its counsel:

(a) Opinions. The Bank shall have received (i) an opinion of the City Attorney of the City dated the Closing Date and addressed to the Bank (or on which the Bank may rely) to the effect that (A) the Commission is duly organized and validly existing as a commission of the City pursuant to the Charter with full legal power and authority to execute this Agreement, the Fee Agreement, the Issuing and Paying Agent Agreement and the other Basic Documents to which it is a party and to issue the Series A-2 Commercial Paper Notes; (B) this Agreement, the Fee Agreement, the Issuing and Paying Agent Agreement and the other Basic

Documents to which it is a party are valid and binding agreements of the Commission enforceable against the Commission in accordance with their respective terms, subject to bankruptcy, insolvency, moratorium or other laws affecting creditors' rights, to general principles of equity and to limitations on remedies against public agencies; (C) no authorization, approval, consent or order of any agency or body having jurisdiction over the Commission is required in connection with the issuance of the Series A-2 Commercial Paper Notes which has not been obtained; (D) the issuance of the Series A-2 Commercial Paper Notes and the execution, delivery and performance of this Agreement, the Fee Agreement, the Issuing and Paying Agent Agreement and the other Basic Documents to which it is a party do not conflict with any material law or agreements to which the Commission is a party, or cause a default under any material documents to which the Commission is a party; and (E) no litigation is pending or, to the best knowledge of the Commission, threatened against the Commission threatening its existence or power, its ability to issue the Series A-2 Commercial Paper Notes or to enter into and perform its obligations under this Agreement, the Fee Agreement, the Issuing and Paying Agent Agreement and the other Basic Documents to which it is a party, or in which a final adverse decision could materially adversely affect the business, operations or financial condition of the Commission, each such opinion (or, in lieu thereof, a reliance letter) to be addressed to the Bank, dated the Closing Date and in form and substance satisfactory to the Bank; and (ii) an opinion of Bond Counsel addressed to the Bank (or on which the Bank may rely) in the form of Appendix B to the Offering Memorandum, dated December [\_\_\_], 2018 and an opinion of Bond Counsel addressed to the Bank with respect to this Agreement, the Fee Agreement, the Bank Note and the Issuing and Paying Agent Agreement.

(b) Documents. The Bank and its counsel shall have had an opportunity to review the Resolutions, the Ordinance, the Offering Memorandum, the Dealer Agreements and the Issuing and Paying Agent Agreement, and such documents shall be in form and substance satisfactory to the Bank. The Bank shall have received executed originals of this Agreement, the Fee Agreement, the Bank Note and the Issuing and Paying Agent Agreement, and certified copies of the Ordinance, the Resolutions, the Dealer Agreements and the Offering Memorandum, including all amendments and supplements, if any, to the foregoing, certified by the Secretary of the Commission or the Board, as applicable, as true, correct and complete copies thereof and being in full force and effect on and as of the Closing Date.

(c) Defaults; Representations and Warranties. On and as of the Closing Date hereof, (i) no Default or Event of Default hereunder and no default or event of default under any of the other Basic Documents shall have occurred and be continuing or would occur upon the issuance of the Letter of Credit or the making of any Advance or Term Loan and (ii) the representations of the Commission set forth in Article IV hereof and in each of the other Basic Documents shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as if made on and as of such date.

(d) No Litigation. No action, suit, investigation or proceeding shall be pending or, to the knowledge of the Commission, threatened (i) in connection with the Series A-2 Commercial Paper Notes or the other Basic Documents or any transactions contemplated thereby or hereby or (ii) against or affecting the Commission, the result of which could have a material adverse effect on the business, operations or condition (financial or otherwise) of the Commission or its ability to perform its obligations hereunder or under the Fee

Agreement, the Series A-2 Commercial Paper Notes or the other Basic Documents to which it is a party.

(e) No Material Adverse Change. Since the date of the Commission's most recent audited financial statements, (i) no material adverse change shall have occurred in the status of the business, operations or condition (financial or otherwise) of the Commission or its ability to perform its obligations hereunder or under the Fee Agreement, the Series A-2 Commercial Paper Notes or the other Basic Documents to which it is a party and (ii) no law, regulation, ruling or other action (or interpretation or administration thereof) of the United States, the State of California or any political subdivision or authority therein or thereof is in effect or has occurred, the effect of which would be to prevent the Bank from fulfilling its obligations hereunder or under the Series A-2 Commercial Paper Notes, this Agreement, the Fee Agreement or the other Basic Documents to which it is a party.

(f) Certificate. The Bank shall have received (i) certified copies of all proceedings of the Commission authorizing the execution, delivery and performance of this Agreement, the Fee Agreement, the Bank Note, the Issuing and Paying Agent Agreement and the other Basic Documents to which it is a party and the transactions contemplated hereby and thereby and (ii) a certificate or certificates of one or more Authorized Representatives dated the Closing Date certifying to the accuracy of the statements made in Section 3.1(c), (d) and (e) hereof and further certifying the name, incumbency and signature of each individual authorized to sign this Agreement, the Fee Agreement, the Bank Note, the Issuing and Paying Agent Agreement and the other documents or certificates to be delivered by the Commission pursuant hereto or thereto, on which the Bank may conclusively rely until a revised certificate is similarly delivered, and that the conditions precedent set forth in this Section 3.1 have been satisfied.

(g) Payment of Fees. The Bank shall have received all fees and expenses due and payable to the Bank or its legal counsel pursuant to the Fee Agreement shall be paid, or alternative arrangements satisfactory therefor have been made with the Bank.

(h) Financial Statements. The Bank shall have received the audited financial statements of the Commission for the Fiscal Year ended June 30, 2017, and internally prepared quarterly budget reports of the Commission for the most recent fiscal quarter end, and a copy of the current quarterly budgeting status report, if not previously provided.

(i) Investment Policy and Guidelines. The Bank shall have received a copy of the current Investment Policy and Guidelines and other permitted investments, certified as of a recent date by an Authorized Representative, which shall be satisfactory to the Bank.

(j) Bank Note. The Bank shall have received written confirmation that (i) a CUSIP number has been obtained from Standard and Poor's CUSIP Services for the Bank Note and (ii) the Bank Note (and its CUSIP number) has been assigned a long term rating of at least investment grade from at least one Rating Agency.

(k) Ratings. The Bank shall have received written confirmation that the Series A-2 Commercial Paper Notes have been rated "F1" by Fitch and "A-1" by Standard &



Poor's and that the underlying long-term credit ratings assigned to the Commission's unenhanced Bonds are rated at least "AA-" by Fitch and "A+" by Standard & Poor's.

(l) Other Matters. The Bank shall have received such other statements, certificates, agreements, documents and information with respect to the Commission and matters contemplated by this Agreement as the Bank may request.

In addition, (A) the Bank shall have made a reasonable determination that, as of the Closing Date, no law, regulation, ruling or other action of the United States of America, the State or any other Governmental Authority or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the Commission, the Issuing and Paying Agent, the Dealers or the Bank from fulfilling their respective obligations under this Agreement and the Basic Documents and (B) no material adverse change in the financial condition of the Commission or in the laws, rules, guidelines, or regulations (or their interpretation or administration) currently in effect and applicable to the parties hereto, the Commission and the transactions contemplated hereby, as reasonably determined by the Bank, shall have occurred. The execution and delivery of this Agreement by the Bank shall signify its having made such determination.

#### ARTICLE IV

#### REPRESENTATIONS AND WARRANTIES

In order to induce the Bank to issue the Letter of Credit, the Commission represents and warrants to the Bank as of the Closing Date and as of the Date of each Drawing under the Letter of Credit, as follows:

Section 4.1. Organization, Powers, Etc. The Commission (a) is a commission of the City and County of San Francisco organized and existing under the Charter and (b) has the full legal right, power and authority to (i) issue and sell the Series A-2 Commercial Paper Notes in accordance with the Issuing and Paying Agent Agreement; (ii) own and operate the Power Enterprise and control its properties and to carry on its business as now conducted and as contemplated to be conducted in connection with the issuance of the Series A-2 Commercial Paper Notes, and the execution, delivery and performance of its obligations under this Agreement, the Fee Agreement, the Bank Note and the other Basic Documents to which it is a party, (iii) execute, deliver and perform its obligations under the Bank Note, the Fee Agreement, the other Basic Documents to which it is a party and this Agreement, and (iv) provide for the security of the Series A-2 Commercial Paper Notes and the Bank Note pursuant to the Charter, the Resolutions, the Issuing and Paying Agent Agreement, the Master Trust Indenture and this Agreement; and (c) has complied with all Laws in all matters related to such actions of the Commission as are contemplated by this Agreement, the Bank Note, the Fee Agreement and the other Basic Documents to which it is a party.

Section 4.2. Authorization, Absence of Conflicts, Etc. The issuance of the Series A-2 Commercial Paper Notes and the execution, delivery and performance by the Commission of this Agreement, the Bank Note, the Fee Agreement and the other Basic Documents to which it is a party (a) have been duly authorized by all necessary action on the part of the Commission, (b) do

not and will not conflict with, or result in a violation of, any Laws, including the Charter, or any order, writ, rule or regulation of any court or governmental agency or instrumentality binding upon or applicable to the Commission which violation would result in a material adverse impact on the Commission and (c) do not and will not conflict with, result in a violation of, or constitute a default under, any resolution, agreement or instrument to which the Commission is a party or by which the Commission or any of its property is bound which in each case would result in a material adverse impact on the Commission.

Section 4.3. Binding Obligations; Security for Bank Note.

(a) This Agreement, the Fee Agreement, the Bank Note and each of the other Basic Documents to which the Commission is a party, when executed by the parties hereto and thereto, will be, valid and binding obligations of the Commission (assuming due authorization and execution by the other parties thereto) enforceable against the Commission in accordance with their respective terms, except to the extent, if any, that the enforceability thereof may be limited by (i) any applicable bankruptcy, insolvency, reorganization, moratorium or other similar law of the State or Federal government affecting the enforcement of creditors' rights heretofore or hereafter enacted, (ii) the fact that enforcement may also be subject to the exercise of judicial discretion in appropriate cases and (iii) the limitations on legal remedies against public agencies of the State, if any.

(b) The obligations hereunder, under the Fee Agreement and under the Bank Note are obligations secured by a first Lien on, and payable from, the Available Power Enterprise Revenues, equally and ratably with, and on a parity with, all other Parity Debt and a first Lien on, and payable from, the Funds and Accounts created under the Issuing and Paying Agent Agreement with respect to the Available Power Enterprise Revenues (except the Rebate Fund), equally and ratably with, the Commercial Paper Notes, the Bank Note, the Series A-1 Bank Note and all obligations of the Commission relating to such Commercial Paper Notes under the Issuing and Paying Agent Agreement and under the Series A-1 Reimbursement Agreement, this Agreement and [all Parity Notes] secured by Available Power Enterprise Revenues.

(c) There is no pledge of or Lien on Power Enterprise Revenues that ranks senior to the obligations hereunder, under the Fee Agreement, the Bank Note, or Parity Notes other than the Bonds.

(d) The Bank is the "Series A-2 Bank" within the meaning of the Issuing and Paying Agent Agreement, the Letter of Credit is the "Series A-2 Letter of Credit" within the meaning of the Issuing and Paying Agent Agreement, and this Agreement is the "Series A-2 Reimbursement Agreement" within the meaning of the Issuing and Paying Agent Agreement.

Section 4.4. Governmental Consent or Approval. No consent, approval, permit, authorization or order of, or registration or filing with, any court or government agency, authority or other instrumentality not already obtained, given or made is required on the part of the Commission for the execution, delivery and performance by the Commission of this Agreement, the Bank Note, the Fee Agreement or any other Basic Document to which it is a party. All consents, approvals, permits, authorizations and orders of, and registrations and filings

with, any court or governmental or public agency, authority or other instrumentality required for the issuance, sale, execution, delivery and performance of this Agreement, the Fee Agreement, the Bank Note or any other Basic Document to which it is a party, have been or will be obtained prior to the delivery thereof.

Section 4.5. Absence of Material Litigation. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the Commission, threatened against or affecting the Commission, questioning the validity of the Charter, the Ordinance or the Resolutions, or any proceeding taken or to be taken by the Commission in connection with the execution, delivery and performance by the Commission of this Agreement, the Bank Note, the Fee Agreement, or any other Basic Document to which it is a party, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the Commission of any of the foregoing, or which, if adversely determined, could reasonably be expected to result in any material adverse change in the financial condition, operations or prospects of the Commission, or wherein an unfavorable decision, ruling or finding would in any way materially adversely affect the transactions contemplated by this Agreement or any of the other Basic Documents.

Section 4.6. Financial Condition. The audited financial statements of the Commission, as at and for the period ended June 30, 2017 (the "2017 Audited Financial Statements"), and all other financial statements of the Commission furnished to the Bank were prepared in accordance with GAAP applied on a consistent basis throughout the periods involved and are subject to certification by independent certified public accountants of nationally recognized standing or by independent certified public accountants otherwise acceptable to the Bank. The 2017 Audited Financial Statements were prepared by KPMG LLP. The audited financial statements of the Commission for fiscal year 2018 will be prepared by KPMG LLP or similar qualified independent auditing firm. The data on which such financial statements and budget reports are based were true and correct. The 2017 Audited Financial Statements and the budget reports present fairly the financial position of the Commission as of the date they purport to represent and the revenues, expenses and changes in fund balances and in financial position for the periods then ended. Since June 30, 2017, no material adverse change has occurred in the business, operations or condition (financial or otherwise) of the Commission.

Section 4.7. Incorporation of Representations and Warranties. The representations and warranties of the Commission set forth in the Basic Documents are true and accurate in all material respects on the Closing Date, as fully as though made on the Closing Date. The Commission makes, as of the Closing Date, each of such representations and warranties to, and for the benefit of, the Bank, as if the same were set forth at length herein together with all applicable definitions thereto. No amendment, modification or termination of any such representations, warranties or definitions contained in the Basic Documents shall be effective to amend, modify or terminate the representations, warranties and definitions incorporated herein by this reference, without the prior written consent of the Bank.

Section 4.8. Accuracy and Completeness of Information. All certificates, financial statements, documents and other written information furnished to the Bank by the Commission on or prior to the Closing Date in connection with the transactions contemplated hereby were, as of their respective dates, complete and correct in all material respects to the extent necessary to

give the Bank true and accurate knowledge of the subject matter thereof and did not contain any untrue statement of a material fact and there are no facts that the Commission has not disclosed in writing to the Bank that, individually or in the aggregate, could materially impair the ability of the Commission to perform its obligations under the Series A-2 Commercial Paper Notes, the Bank Note, this Agreement, the Fee Agreement or the other Basic Documents. To the best knowledge of the Commission, the Offering Memorandum does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, that no representation is made with respect to information included in the Offering Memorandum concerning (i) the Bank, furnished in writing by the Bank expressly for inclusion therein, or (ii) DTC, furnished in writing by DTC expressly for inclusion therein.

Section 4.9. No Default.

(a) No Default or Event of Default under this Agreement has occurred and is continuing that is or would, with the passage of time or the giving of notice, or both, constitute a default by the Commission in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Basic Document to which it is a party.

(b) No "event of default" shall have occurred and be continuing under any other material mortgage, indenture, contract, agreement or undertaking to which the Commission is a party or which purports to be binding on the Commission or on any of its property.

Section 4.10. No Proposed Legal Changes. There is no amendment or, to the knowledge of the Commission, proposed amendment to the Constitution of the State, any State law or the Charter or any administrative interpretation of the Constitution of the State, any State law, or the Charter, or any judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a material adverse effect on the Commission's obligations under this Agreement, the Fee Agreement, the Bank Note or the any of the other Basic Documents to which the Commission is a party or the ability of the Commission to perform its obligations in connection herewith or therewith.

Section 4.11. Compliance with Laws, Etc.. The Commission is in compliance with all Laws applicable to it, non-compliance with which might have a material adverse effect on the security for the Series A-2 Commercial Paper Notes and the obligations under this Agreement, the Fee Agreement, the Bank Note and the validity and enforceability of this Agreement and the other Basic Documents to which the Commission is a party. In addition, no benefit plan maintained by the Commission for its employees is subject to the provisions of ERISA, and the Commission is in compliance with all Laws in respect of each such benefit plan.

Section 4.12. Environmental Matters. In the ordinary course of its business, the Commission conducts an ongoing review of Environmental Laws on the business, operations and the condition of its property, in the course of which it identifies and evaluates associated liabilities and costs (including, without limitation, any capital or operating expenditures required for clean-up or closure of properties presently or previously owned or operated, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any

related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of such review, the Commission does not believe that Environmental Laws are likely to have a material adverse effect on the ability of the Commission to make any payments in respect of the Series A-2 Commercial Paper Notes, the Bank Note or any of its obligations hereunder or under the Fee Agreement.

Section 4.13. Tax Status of Interest on Series A-2 Commercial Paper Notes. The Commission represents to the Bank that it has not taken any action, and knows of no action that any other Person has taken, which would cause interest on the Series A-2 Commercial Paper Notes to be includable in the gross income of the recipients thereof for Federal income tax purposes or State of California income tax purposes.

Section 4.14. Issuing and Paying Agent; Dealers. The Commission represents that U.S. Bank National Association has been appointed the Issuing and Paying Agent for the Series A-2 Commercial Paper Notes and that Barclays Capital Inc., Goldman Sachs & Co. LLC and RBC Capital Markets, LLC, collectively, have each been duly appointed to serve as Dealers for the Series A-2 Commercial Paper Notes under their respective Dealer Agreement and the Resolutions.

Section 4.15. Regulation U. The Commission is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System); and no proceeds of the Series A-2 Commercial Paper Notes, the Advances or the Term Loans will be used to extend credit to others for the purpose of purchasing or carrying any margin stock.

Section 4.16. Liens. The Issuing and Paying Agent Agreement creates a valid lien on and pledge of the Available Power Enterprise Revenues and the Funds and Accounts created under the Issuing and Paying Agent Agreement with respect thereto (except the Rebate Fund), subject only to the provisions of the Issuing and Paying Agent Agreement permitting the application thereof for purposes and on the terms and conditions set forth therein, to provide security for the payment of the principal of and interest on the Series A-2 Commercial Paper Notes and the obligations of the Commission under this Agreement, the Fee Agreement and the Bank Note, and no filings, recordings, registrations or other actions are necessary to create or perfect such lien.

Section 4.17. Sovereign Immunity. The Commission is not entitled to immunity from legal proceedings to enforce this Agreement, the Fee Agreement, the Bank Note, the Series A-2 Commercial Paper Notes or any other Basic Document to which the Commission is a party (including, without limitation, immunity from service of process or immunity from jurisdiction of any court otherwise having jurisdiction) and is subject to claims and suits for damages in connection with its obligations under this Agreement, the Fee Agreement, the Bank Note, the Series A-2 Commercial Paper Notes or any other Basic Document to which the Commission is a party.

Section 4.18. City Business Days. Attached to this Agreement as Exhibit D is a complete and accurate list of the days that are legal holidays of the City for 2019, as well as any other day the City is authorized by law to be closed for official business during 2019.

Section 4.19. Usury. The terms of this Agreement and the Basic Documents to which the Commission is a party regarding the calculation and payment of interest and fees do not violate any applicable usury laws.

Section 4.20. Insurance. As of the Closing Date, the Commission maintains such insurance, including self-insurance, as is required by Section 5.1(l) hereof.

Section 4.21. ERISA. The Commission does not maintain or contribute to, and has not maintained or contributed to, any Employee Plan that is subject to Title IV of ERISA.

Section 4.22. Sanctions Concerns and Anti-Corruption Laws.

(a) Neither the Commission, nor, to the knowledge of the Commission, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction.

(b) The Commission has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977 and other similar anti-corruption legislation in other jurisdictions, and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

Section 4.23. Swap Contracts. The Commission has not entered into any Swap Contract secured by Power Enterprise Revenues (a) wherein any termination payment thereunder is senior to or on a parity with the payment of the Series A-2 Commercial Paper Notes or the Obligations or (b) which requires the Commission to post cash collateral to secure its obligations thereunder.

## ARTICLE V

### COVENANTS

Section 5.1. Affirmative Covenants. So long as any amounts may be drawn under the Letter of Credit or any Obligations remain outstanding under this Agreement, the Commission will perform and observe the covenants set forth below, unless the Bank shall otherwise consent in writing:

(a) Accounting and Reports. The Commission will maintain a standard system of accounting in accordance with GAAP consistently applied and furnish to the Bank:

(i) as soon as practicable and, in any event, within two hundred ten (210) days after the end of each Fiscal Year of the Commission, a balance sheet of the

Commission as at the end of such Fiscal Year and statements of income, changes in fund balances and cash flows for the Fiscal Year then ended, all in reasonable detail prepared in accordance with GAAP consistently applied, accompanied by (A) a report and opinion of the Commission's independent accountants (who shall be of nationally recognized standing or an independent certified public accountant otherwise acceptable to the Bank) which report and opinion shall have been prepared in accordance with generally accepted auditing standards and (B) a compliance certificate, substantially in the form of Exhibit C hereto, signed by an Authorized Representative stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default;

(ii) as soon as practicable but, in any event, within ten (10) days after the issuance thereof, copies of any prospectus, official statement, offering circular, placement memorandum or similar document, and any supplements thereto and updates and amendments thereof (including any filings made pursuant to Rule 15c2-12 under the Securities Act of 1933, as amended), that the Commission makes available in connection with the offering for sale of any bonds or notes of which it is the issuer and copies of any other financial reports or other written information distributed generally to holders of bonds or notes issued by the Commission;

(iii) within sixty (60) days after the first day of the Fiscal Year, a copy of its Annual Budget for such Fiscal Year and such additional period as may be covered by such Annual Budget, which Annual Budget shall include all obligations due hereunder, under the Fee Agreement and in connection with the Series A-2 Commercial Paper Notes and the Bank Note;

(iv) as soon as practicable but, in any event, within ten (10) days after the adoption of any resolution authorizing the issuance of any Parity Debt, notice of the proposed issuance of such Parity Debt and a copy of such resolution; and

(v) with reasonable promptness, such other data regarding the financial position or business of the Commission or its property as the Bank may reasonably request from time to time.

As and to the extent that any financial statement, audit report or other filing described in Section 5.1(a) hereof has been filed in accordance with the terms thereof with any nationally recognized municipal securities information repository and with the Municipal Securities Rulemaking Board, the requirements of Section 5.1(a) hereof with respect thereto shall be deemed satisfied.

(b) Access to Records. At any reasonable time and from time to time, during normal business hours and on at least five (5) Business Days' notice, the Commission will permit the Bank or any of its agents or representatives to visit and inspect any of the properties of the Commission and the other assets of the Commission, to examine the books of account of the Commission (and to make copies thereof and extracts therefrom), and to discuss the affairs,

finances and accounts of the Commission with, and to be advised as to the same by, its officers, all at such reasonable times and intervals as the Bank may reasonably request.

(c) Compliance with Documents and Other Debt Documents; Operation and Maintenance of Power Enterprise.

(i) The Commission will perform and comply with each covenant set forth in the Basic Documents, the Master Trust Indenture and in any other authorizing document that shall be entered into by the Commission and created subsequent to the Closing Date with respect to the Commercial Paper Notes, the Master Trust Indenture or any Parity Debt including, without limitation, each line of credit, letter of credit, bond insurance policy, surety bond or other form of credit or liquidity enhancement the Commission may provide in conjunction with the issuance of any Power Enterprise Debt (the foregoing documents and the Master Trust Indenture (exclusive of the Basic Documents) being referred to herein as "Other Debt Documents"). By the terms of this Agreement, the Bank shall be a third party beneficiary of the covenants set forth in each of the Basic Documents, including each amendment and supplement to the foregoing, and in each Other Debt Document, and each such covenant, together with the related definitions of terms contained therein, is hereby incorporated by reference herein with the same effect as if it were set forth herein in its entirety. Except as otherwise set forth in paragraph (ii) below and in Section 5.2(a) hereof, the Commission will not amend, supplement or otherwise modify (or permit any of the foregoing), or request or agree to any consent or waiver under, or effect or permit the cancellation, acceleration or termination of, or release or permit the release of any collateral held under any of the Basic Documents or any Other Debt Document in any manner without the prior written consent of the Bank, and the Commission will take, or cause to be taken, all such actions as may be reasonably requested by the Bank to strictly enforce the obligations of the other parties to any of the Basic Documents and any Other Debt Documents, as well as each of the covenants set forth therein. The Commission shall give prior written notice to the Bank of any action referred to in this subparagraph (i).

(ii) The Commission covenants that it will maintain and preserve the Power Enterprise in good repair and working order at all times from the Power Enterprise Revenues available for such purposes, in conformity with standards customarily followed for electric power systems of like size and character. The Commission will from time to time make all necessary and proper repairs, renewals, replacements and substitutions to the properties of the Power Enterprise, so that at all times business carried on in connection with the Power Enterprise shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost, and will operate the Power Enterprise in an efficient and economical manner and shall not commit or allow any waste with respect to the Power Enterprise.

(d) Defaults. The Commission will notify the Bank of any Default or Event of Default of which the Commission has knowledge, as soon as possible and, in any event, within three (3) Business Days of acquiring knowledge thereof, setting forth the details of such Default or Event of Default and the action which the Commission has taken and proposes to take with respect thereto.



(e) Compliance with Laws. The Commission will comply in all material respects with all Laws binding upon or applicable to the Commission (including Environmental Laws) and material to this Agreement, the Fee Agreement, the Bank Note or any other Basic Documents.

(f) Series A-2 Commercial Paper Notes. No Series A-2 Commercial Paper Note issued pursuant to the Resolution or the Issuing and Paying Agent Agreement shall have a maturity of greater than two hundred seventy (270) days.

(g) Use of Proceeds of the Series A-2 Commercial Paper Notes. The Commission will use the proceeds derived from the sale of the Series A-2 Commercial Paper Notes only for the purposes set forth in the Basic Documents and for such other purpose or purposes as may be approved by the Bank. In addition, the Commission will not use, nor permit the use of, the proceeds of the Series A-2 Commercial Paper Notes or any Drawing to be applied in violation of Regulation U issued by the Board of Governors of the Federal Reserve System.

(h) Litigation Notice. The Commission covenants that it will promptly give notice to the Bank of any action, suit or proceeding actually known to it at law or in equity or by or before any court, governmental instrumentality or other agency which, if adversely determined, would materially impair the ability of the Commission to perform its obligations under the Series A-2 Commercial Paper Notes, the Bank Note, this Agreement, the Fee Agreement or the other Basic Documents.

(i) Investment Policy and Guidelines. The Commission shall promptly notify the Bank in writing, not less than thirty (30) days after the Commission's formal consideration thereof, of any change proposed to the Investment Policy and Guidelines, which proposed change would increase the types of investments permitted thereby as of the Closing Date; and which notice shall also confirm compliance with State law.

(j) Further Assurances. The Commission shall execute, acknowledge where appropriate, and deliver, and cause to be executed, acknowledged where appropriate, and delivered, from time to time, promptly at the request of the Bank, all such instruments and documents as are usual and customary or advisable to carry out the intent and purpose of this Agreement, the Bank Note and the Basic Documents.

(k) Notices. The Commission will promptly furnish, or cause to be furnished, to the Bank (i) notice of the occurrence of any "event of default" under the Issuing and Paying Agent Agreement, any other Basic Document to which it is a party or any other document pursuant to which Power Enterprise Debt is issued, incurred, enhanced or purchased, (ii) notice of the failure by any Dealer or the Issuing and the Paying Agent to perform any of their respective obligations under the applicable Dealer Agreement or the Issuing and Paying Agent Agreement, as applicable, (iii) notice of the appointment, resignation or proposed removal of any Dealer or the Issuing and Paying Agent, (iv) copies of any communications received from any taxing authority, securities regulatory authority or Rating Agency with respect to the Series A-2 Commercial Paper Notes, the transactions contemplated hereby, or any other Power Enterprise Debt which discloses the occurrence of an event or the existence of a condition which could materially impair the ability of the Commission to perform its obligations under the Series A-2

Commercial Paper Notes, the Bank Note, this Agreement, the Fee Agreement or the other Basic Documents and which are not restricted or prohibited from being shared under the law or the direction of a court of competent jurisdiction or other Governmental Authority or, with respect to Rating Agency reports, which are not confidential draft Rating Agency reports, (v) notice of any proposed substitution of the Letter of Credit, (vi) notice of any proposed amendment to the Issuing and Paying Agent Agreement or the Resolutions or any other Basic Document and copies of all such amendments promptly following the execution thereof and (vii) notice of any change in any material fact or circumstance represented or warranted in this Agreement or in any of the other Basic Documents which could materially impair the ability of the Commission to perform its obligations under the Series A-2 Commercial Paper Notes, the Bank Note, this Agreement, the Fee Agreement or the other Basic Documents.

(l) Maintenance of Insurance.

(i) The Commission shall maintain, or cause to be maintained, at all times, insurance on and with respect to its properties with responsible and reputable insurance companies; *provided, however*, that the Commission may maintain self-insurance general liability on its properties not covered by the PEPiP policy, for worker's compensation and vehicle liability and, with the consent of the Bank, such other self-insurance as it deems prudent. Such insurance shall include casualty, liability and workers' compensation and be in amounts and with deductibles and exclusions customary and reasonable for governmental entities of similar size and with similar operations as the Commission.

(ii) The Commission shall, upon request of the Bank, furnish evidence of such insurance to the Bank. The Commission shall also procure and maintain at all times adequate fidelity insurance or bonds on all officers and employees handling or responsible for any Power Enterprise Revenues or funds of the Power Enterprise, such insurance or bond to be in an aggregate amount at least equal to the maximum amount of such Power Enterprise Revenues or funds at any one time in the custody of all such officers and employees or in the amount of one million dollars (\$1,000,000), whichever is less. The insurance described above may be provided as part of any comprehensive fidelity and other insurance and not separately for the Power Enterprise.

(m) Alternate Facility.

(i) The Commission shall use commercially reasonable efforts to obtain an Alternate Facility to replace the Letter of Credit (or otherwise refinance the Series A-2 Commercial Paper Notes) if (A) the Bank decides not to extend the Stated Expiration Date pursuant to Section 2.12 hereof, (B) an Event of Default has occurred and is continuing, (C) the Commission terminates the Letter Credit pursuant to Section 2.7 hereof or (D) the Bank declares all amounts due hereunder, under the Fee Agreement and under the Bank Note immediately become due and payable.

(ii) The Commission shall not cause an Alternate Facility to become effective with respect to than all the Series A-2 Commercial Paper Notes without the prior written consent of the Bank. The Commission agrees that any termination of this Agreement as a

result of the provision of any Alternate Facility will require, as a condition thereto, that the Commission provide funds on the date of such termination, which funds will be sufficient to pay all amounts due to the Bank hereunder and under the Fee Agreement including, without limitation, the amounts due with respect to the Bank Note together, in each case, with accrued but unpaid interest thereon. On the date of such termination, the Commission shall pay to the Bank an amount equal to the outstanding principal amount, together with any accrued but unpaid interest thereon, of any and all other obligations due and owing hereunder and under the Fee Agreement.

(n) Preservation of Security. The Commission shall take any and all actions necessary or reasonably requested by the Bank to maintain the security pledged in favor of the Bank Note as described in Section 5.1(q) hereof.

(o) City Business Days. During the term of this Agreement, upon learning of any change in the legal holidays of the City or the day or days that the City is authorized by law to be closed for official business, as initially listed on Exhibit D attached hereto, the Commission shall promptly send the Bank written notice of such change(s), in the form of an updated complete list, which shall replace Exhibit D attached hereto.

(p) Preservation of Existence, Etc. The Commission will not take any action pursuant to the Charter to accomplish a merger of the Power Enterprise with any other entity or enterprise, unless and until the Commission shall have provided a method for segregating the Power Enterprise Revenues from the revenues of said other entity or enterprise in a manner that will, or shall otherwise, preserve the lien upon the Available Power Enterprise Revenues for the payment of the Series A-2 Commercial Paper Notes and the obligations of the Commission under this Agreement, the Fee Agreement and the Bank Note described provided in Section 5.1(q) hereof, and shall have obtained an opinion of counsel from a firm nationally recognized in the practice of tax-exempt financing that such merger will not, in and of itself, (i) affect the exclusion from gross income of the interest on the Series A-2 Commercial Paper Notes, and (ii) cause the lien or security interest created by this Agreement to be no longer valid as provided in Section 5.1(q) hereof. In the event the Commission does effect such a merger, the Commission shall provide written notice thereof to the Bank and shall deliver a copy of the aforementioned opinion to the Bank.

(q) Pledge of Available Power Enterprise Revenues. The Series A-2 Commercial Paper Notes and the obligations of the Commission under the Agreement, the Fee Agreement and the Bank Note are revenue obligations, and are not secured by the taxing power of the Commission and shall be payable as to both principal and interest from, and shall be secured by a pledge (which pledge shall be effected in the manner and to the extent hereinafter provided) of, the Available Power Enterprise Revenues. The Available Power Enterprise Revenues and the Funds and Accounts created under the Issuing and Paying Agent Agreement with respect thereto (except the Rebate Fund) constitute a trust fund for the security and payment of the interest on and principal of the Commercial Paper Notes, the Bank Note and the Series A-1 Bank Note and all obligations of the Commission relating to such Commercial Paper Notes under the Issuing and Paying Agent Agreement and under the Series A-1 Reimbursement Agreement, this Agreement and all [Parity Notes] secured by Available Power Enterprise Revenues. The Available Power Enterprise Revenues and the Funds and Accounts created under

the Issuing and Paying Agent Agreement with respect thereto (except the Rebate Fund) are hereby pledged to the payment of the Series A-2 Commercial Paper Notes and the obligations of the Commission under this Agreement, the Fee Agreement and the Bank Note on a parity with the pledge set forth in Section 6.01 of the Issuing and Paying Agent Agreement without priority or distinction of one over the other. The pledge of Available Power Enterprise Revenues herein made shall be irrevocable until all of the Series A-2 Commercial Paper Notes and the obligations of the Commission under the Agreement, the Fee Agreement and the Bank Note have been paid and retired and any related obligations of the Commission under this Agreement have been satisfied. The Commission will not issue Debt secured by or payable from the Power Enterprise Revenues on a basis that is senior to the obligations owed to the Bank hereunder, under the Fee Agreement and the Bank Note other than Bonds.

(r) Payment of Taxes, Etc. The Commission will pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Commission on account of the Power Enterprise or any portion thereof and which, if unpaid, might impair the security of the Series A-2 Commercial Paper Notes or the obligations of the Commission under this Agreement, the Fee Agreement or the Bank Note when the same shall become due, but nothing herein contained shall require the Commission to pay any such tax, assessment or charge so long as it shall in good faith contest the validity thereof. The Commission will duly observe and comply with all valid material requirements of any governmental authority relative to the Power Enterprise or any part thereof.

(s) Notice of Rating Change. The Commission shall use its best efforts to notify the Bank as soon as practicable of any suspension, reduction or withdrawal in the senior long-term rating of any Power Enterprise Debt.

(t) Issuing and Paying Agent and Dealer.

(i) The Commission shall at all times maintain an Issuing and Paying Agent pursuant to the terms of the Issuing and Paying Agent Agreement.

(ii) The Commission shall at all times maintain a Dealer with respect to the Series A-2 Commercial Paper Notes that is acceptable to the Bank. The Commission agrees to cause each Dealer to use its best efforts to sell Series A-2 Commercial Paper Notes up to the maximum rate applicable to Series A-2 Commercial Paper Notes in order to repay maturing Series A-2 Commercial Paper Notes. If any Dealer fails to perform its duties under the Dealer Agreement for a period of thirty (30) consecutive calendar days, at the written direction of the Bank, the Commission shall use commercially reasonable efforts to cause the related Dealer (that has failed to perform its duties) to be replaced with a Dealer acceptable to the Bank within thirty (30) calendar days of the receipt of such written direction. Any Dealer Agreement with a successor Dealer shall provide that such dealer may not resign until the earlier of (x) such dealer providing at least sixty (60) days' prior written notice to the Commission, the Issuing and Paying Agent and the Bank and (y) the date on which a successor dealer has been appointed and accepted its appointment.

(u) Amounts of Rates and Charges. The Commission covenants to fix, establish, maintain and collect rates and charges for electric power and energy and other services, facilities and commodities sold, furnished or supplied through the facilities of the Power Enterprise, which shall be fair and nondiscriminatory and adequate to provide the Commission with Power Enterprise Revenues in each Fiscal Year sufficient:

(i) to pay, to the extent not paid from other available moneys, (A) the Operation and Maintenance Expenses during such Fiscal Year, (B) the Annual Debt Service on the Bonds due and payable in such Fiscal Year, (C) the amounts, if any, required to be deposited into the Reserve Fund established pursuant to the Master Trust Indenture during such Fiscal Year and (D) any and all other amounts the Commission is obligated to pay or set aside from the Power Enterprise Revenues by law or contract in such Fiscal Year, including, without limitation and without duplication, amounts payable to the Bank under this Agreement, the Fee Agreement and the Bank Note and the principal of and any interest on all Series A-2 Commercial Paper Notes outstanding and/or expected to be outstanding during such Fiscal Year;

(ii) to maintain a Bond Coverage Ratio of at least 1.0 to 1.0;

(iii) together with Available Funds, to maintain a Bond Coverage Ratio of at least 1.25 to 1.00; and

(iv) after giving effect to the expected receipt of refinancing proceeds from the sale of Commercial Paper Notes or Power Bonds, to pay the Commercial Paper Notes, the Parity Notes, the Bank Note, the Series A-1 Bank Note, all other amounts due and owing under the Series A-1 Reimbursement Agreement, this Agreement and all other obligations payable from the Power Enterprise.

*provided, however,* that the failure of the Commission to maintain the Bond Coverage Ratios set forth above in any Fiscal Year shall not constitute a default in the observance of the covenants of this subsection if: (x) within 60 days after the Commission first determines that a Bond Coverage Ratio was not met or 60 days after the Commission's receipt of audited financial statements showing that a Bond Coverage Ratio was not met (whichever is earlier), the Commission engages a Consulting Engineer to deliver a report to the Commission within 60 days after such engagement which includes recommendations as to how the Commission can increase Power Enterprise Revenues and/or reduce Operation and Maintenance Expenses so as to satisfy the Bond Coverage Ratios; and (y) (I) within 120 days after receipt of the Consulting Engineer's report the Commission implements the recommendations set forth in such report; or (II) the report states that the Power Enterprise cannot generate Power Enterprise Revenues and/or reduce Operation and Maintenance Expenses sufficient to enable the Commission to maintain the Bond Coverage Ratios while satisfying the other covenants set forth in the Master Trust Indenture, and the Commission increases its Power Enterprise Revenues and/or reduces its Operation and Maintenance Expenses to the extent otherwise recommended in such report; or (III) the Commission is prevented from taking any such action by order of any court of competent jurisdiction. Notwithstanding the foregoing, failure for two (2) consecutive Fiscal Years to maintain the Bond Coverage Ratios shall in all events constitute an Event of Default under this Section 5.1(u).

(v) Maintenance of Ratings. The Commission shall at all times (i) maintain at least one short-term rating on the Series A-2 Commercial Paper Notes by one of Fitch and S&P, (ii) require Fitch and S&P to maintain a long-term unenhanced debt rating on Senior Debt and (iii) cause at least one of Fitch and S&P to maintain a long-term rating on the Bank Note.

(w) Annual Budget. The Commission shall include in each Annual Budget of the Commission all amounts reasonably anticipated to be necessary to pay all obligations due to the Bank hereunder, under the Fee Agreement and under the Bank Note. If the amounts so budgeted are not adequate for the payment of the obligations due hereunder, under the Fee Agreement and under the Bank Note, the Commission shall take such action as may be necessary to cause such Annual Budget to be amended, corrected or augmented so as to include therein the amounts required to be paid to the Bank during the course of the Fiscal Year to which such Annual Budget applies.

Section 5.2. Negative Covenants. So long as any amounts may be drawn under the Letter of Credit or any Obligations remain outstanding under this Agreement, the Fee Agreement or the Bank Note, the Commission shall not, unless the Bank shall otherwise consent in writing:

(a) Amendments. Subject to Section 5.1(c) hereof, directly or indirectly amend, supplement or terminate any of the Basic Documents or the Master Trust Indenture, except that (i) the Commission may amend or modify, or permit to be amended or modified, any of the Basic Documents (as and to the extent the Commission's participation is required for such purpose) in a manner (A) not relating to the duties, obligations or rights of the Bank, under this Agreement and (B) not having a material adverse effect on (x) the ability of the Commission to pay when due the principal of or interest on the Series A-2 Commercial Paper Notes and the obligations of the Commission under this Agreement, the Fee Agreement and the Bank Note or (y) the security, rights or remedies of the Bank hereunder or under any Basic Document or the Bank Note, without the prior written consent of the Bank; and (ii) the Commission may amend the Offering Memorandum to update information relating to any entity described therein other than the Bank. The Commission agrees to deliver to the Bank copies of all such amendments, modification, supplements or other changes at least ten (10) Business Days prior to the effective date of any such amendment, modification, supplement or other change. The Bank shall, within five (5) Business Days, inform the Commission in writing if, in its reasonable discretion, such amendment, modification, supplement or other change requires the prior written consent of the Bank in accordance with this Section 5.2(a). Notwithstanding the foregoing, the Commission, without the Bank's prior written consent, may perform ministerial duties, make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, as the Commission may deem necessary or desirable, in any case which do not adversely affect the security, rights or remedies of the Bank hereunder, under the Fee Agreement or the Bank Note, or any other Basic Document and, solely in connection with the issuance of additional Debt, issue in strict compliance with the terms of the governing documents related thereto.

(b) Merger, Disposition of Assets. Consolidate or merge with or into any person or sell, lease or otherwise transfer all or substantially all of its assets to any person.

(c) Preservation of Corporate Existence, Etc. Take any action to terminate its existence as a body politic and corporate and a political subdivision of the State or its rights and privileges as such entity within the State.

(d) Limitations on Series A-2 Commercial Paper Note Issuance. Permit the aggregate principal amount of all Series A-2 Commercial Paper Notes (including the Bank Note) outstanding at any time to exceed \$125,000,000 (except as provided in Section 5.2(f) hereof); or permit the aggregate principal amount of all Series A-2 Commercial Paper Notes (including the Bank Note) outstanding at any time to exceed the Stated Amount at such time or permit the Issuing and Paying Agent to issue, or permit the Dealer to market, any Series A-2 Commercial Paper Notes with a maturity date earlier than three (3) days from its date of issuance; provided, however, that the Commission may issue Series A-2 Commercial Paper Notes with a maturity date earlier than three (3) days from its date of issuance so long as the Commission has provided the Bank with at least five (5) Business Days' prior written notice of such issuance and the Bank has given its prior written consent to such issuance (which consent shall not be withheld unreasonably).

(e) Exempt Status. Take any action, omit to take any action or cause or permit another person to take any action or omit to take any action, which, if taken or omitted, would adversely affect the excludability of interest on the Series A-2 Commercial Paper Notes from the gross income of the holders thereof for purposes of Federal income taxation.

(f) Issue Debt. Issue any Debt secured by or payable from the Power Enterprise Revenues on a basis that is senior to or superior to the Lien in favor of the Series A-2 Commercial Paper Notes and other Parity Notes and the Bank Note other than the Bonds, nor issue any Power Enterprise Debt (other than the Bonds) unless:

(i) no "event of default" shall have occurred and be continuing under the agreement or instrument pursuant to which any outstanding Power Enterprise Debt was issued or incurred and no event shall have occurred which, but for the passage of time or the giving of notice, would constitute an "event of default" under any such agreement or instrument;

(ii) such Power Enterprise Debt will not exceed at any time any limitation set forth in the Constitution or other laws of the State, the Charter, the Ordinance, the Resolutions, any other resolutions adopted by the Commission, the Master Trust Indenture or the Issuing and Paying Agent Agreement;

(iii) for any Power Enterprise Debt, the projected Power Enterprise Revenues in each of the three (3) full Fiscal Years after the sale of such additional Power Enterprise Debt will be sufficient to satisfy the covenant set forth in Section 5.1(u)(iv) hereof;

(iv) if such Power Enterprise Debt consists of Senior Debt, either (x) the projected Net Revenues in each of the first three (3) full Fiscal Years after the sale of such Senior Debt (1) plus Available Funds are at least 1.25 times Annual Debt Service on the outstanding Senior Debt, after giving effect to the issuance of such Senior Debt, and (2) are at least 1.0 times Annual Debt Service on the outstanding Senior Debt, plus

required deposits into any Reserve Fund established pursuant to the Master Trust Indenture, after giving effect to the issuance of such Senior Debt, or (y) Net Revenues from any twelve consecutive months of the prior 24 months (1) plus Available Funds, are at least 1.25 times Annual Debt Service on the outstanding Senior Debt, after giving effect to the issuance of such Senior Debt, and (2) are at least 1.0 times Annual Debt Service on the outstanding Senior Debt, plus required deposits into any Reserve Fund established pursuant to the Master Trust Indenture, after giving effect to the issuance of such Senior Debt; *provided, however*, for purposes of this clause (y) the following adjustments may be made to Net Revenues for such period: (I) an allowance for additional Power Enterprise Revenues anticipated from any additions, extensions and improvements to the Power Enterprise to be acquired or constructed from proceeds of such or a prior Senior Debt and for any changes in Operation and Maintenance Expenses resulting therefrom, that are not reflected in Net Revenues for such Fiscal Year, but only if such additional Power Enterprise Revenues and changes in Operation and Maintenance Expenses represent a full twelve months' change in Net Revenues attributable to such additions, extensions and improvements; and (II) an allowance for additional Power Enterprise Revenues attributable to any increase in the rates and charges imposed by the Commission that (A) was in effect prior to the issuance of such Senior Debt but which, during all or part of such Fiscal Year, was not in effect, or (B) was adopted by the Commission prior to the issuance of such Senior Debt and will be in effect within 90 days after such issuance, but in either case only if such additional Power Enterprise Revenues represent a full twelve months' change in Net Revenues attributable to such increase in rates and charges, and the Commission provides certificates to the Bank demonstrating compliance with the requirements of Section 3.4 or 3.5 of the Master Trust Indenture, as the case may be;

(v) if such Power Enterprise Debt consists of Parity Debt, any such Parity Debt is issued in compliance with Section 5.07 of the Issuing and Paying Agent Agreement and either (x) Power Enterprise Revenues in each of the three (3) full Fiscal Years after the sale of such Parity Debt will be sufficient to pay (I) the Operation and Maintenance Expenses during each such Fiscal Year, (II) Annual Debt Service on the Bonds and all other outstanding Senior Debt due and payable in each such Fiscal Year, (III) the amounts, if any, required to be deposited into the Reserve Fund established pursuant to the Master Trust Indenture during each such Fiscal Year, (IV) in the case of the Series A-2 Commercial Paper Notes and Parity Notes, debt service on the Series A-2 Commercial Paper Notes and Parity Notes assuming the entire authorized amount of the Series A-2 Commercial Paper Notes and Parity Notes is issued and outstanding and that such amount will amortize over a thirty year period on a level debt basis using an interest rate equal to the Bond Buyer 25-Bond Revenue Bond Index (or, if such index is no longer published, any other comparable revenue bond index) on the date of calculation and (V) any and all other amounts the Commission is obligated to pay or set aside from Power Enterprise Revenues by law or contract in each such Fiscal Year, including, without limitation and without duplication, amounts payable to the Bank under this Agreement, the Fee Agreement and the Bank Note, as well as the principal of and interest on the Parity Debt to be issued, or (y) Power Enterprise Revenues from any twelve consecutive months of the prior 24 months were sufficient to pay (I) the Operation and Maintenance Expenses during such twelve consecutive month period, (II) Annual Debt



Service on the Bonds and all other outstanding Senior Debt due and payable in such twelve consecutive month period, (III) the amounts, if any, required to be deposited into the Reserve Fund established pursuant to the Master Trust Indenture during such twelve consecutive month period, (IV) in the case of the Series A-2 Commercial Paper Notes and Parity Notes, debt service on the Series A-2 Commercial Paper Notes and Parity Notes assuming the entire authorized amount of the Series A-2 Commercial Paper Notes and Parity Notes was issued and outstanding during such twelve consecutive month period and that such amount was amortizing over a thirty year period on a level debt basis using an interest rate equal to the Bond Buyer 25-Bond Revenue Bond Index (or, if such index is no longer published, any other comparable revenue bond index) on the date of calculation and (V) any and all other amounts the Commission was obligated to pay or set aside from Power Enterprise Revenues by law or contract in such twelve consecutive month period, including without limitation and without duplication, amounts payable to the Bank under this Agreement, the Fee Agreement and the Bank Note during such twelve consecutive month period, as well as the principal of and interest on the Parity Debt to be issued (assuming such Parity Debt had been outstanding during such twelve consecutive month period), and the Commission provides certificates to the Bank demonstrating compliance with the requirements of Section 5.07 of the Issuing and Paying Agent Agreement;

(vi) if such Power Enterprise Debt consists of Commercial Paper Notes or Parity Notes, the aggregate principal amount of such Commercial Paper Notes and Parity Notes and any amounts outstanding under the Bank Note and any bank notes related to Parity Notes outstanding does not exceed \$250,000,000;

(vii) the issuance of Parity Debt will not result in the creation of a Lien on the Available Power Enterprise Revenues that is senior to the Lien securing the Series A-2 Commercial Paper Notes or the obligations under the Agreement, the Fee Agreement and the Bank Note; and

(viii) no Default or Event of Default shall have occurred and be continuing hereunder as a result thereof.

(g) Use of Bank's Name. Permit the use of the Bank's name in any official statement or other offering document unless the Bank shall have approved in writing the description of the Bank contained in such document.

(h) Arbitrage Bonds; Tax-Exempt Status. Invest the proceeds of the Series A-2 Commercial Paper Notes in any way that would violate the Code or cause the Series A-2 Commercial Paper Notes to be deemed "arbitrage bonds" or take any action or omit to take any action if such action or omission would adversely affect the exclusion of interest on the Series A-2 Commercial Paper Notes from gross income of the holders thereof for Federal income tax purposes.

(i) Other Facilities. In the event that the Commission shall enter into or otherwise consent to any Bank Agreement which such Bank Agreement provides such Person with different or more restrictive covenants, shorter amortization periods with respect to term

outs, a higher maximum rate with respect to obligations under a Bank Agreement, different or additional events of default and/or greater rights and remedies than are provided to the Bank in this Agreement, the Commission shall provide the Bank with a copy of each such Bank Agreement and such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies shall automatically be deemed to be incorporated into this Agreement and the Bank shall have the benefits of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies as if specifically set forth herein. The Commission shall promptly enter into an amendment to this Agreement to include different or more restrictive covenants, different or additional events of default and/or greater rights and remedies; *provided* that the Bank shall have and maintain the benefit of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies even if the Commission fails to provide such amendment.

(j) Liens. Create or suffer to exist or permit any Lien on the Available Power Enterprise Revenues or the Funds and Accounts created under the Issuing and Paying Agent Agreement with respect thereto (other than the Rebate Fund) other than the Liens created or permitted by the Master Trust Indenture for the Bonds or the Issuing and Paying Agent Agreement, or Liens that are junior and subordinate to the Lien created by the Issuing and Paying Agent Agreement and this Agreement under terms and conditions satisfactory to the Bank.

(k) Sovereign Immunity. Assert (and hereby irrevocable waives) the defense of any future right of sovereign immunity in a legal proceeding to enforce or collect upon the obligations of the Commission under this Agreement, the Fee Agreement or the Bank Note or the transactions contemplated hereby or thereby.

(l) Maintenance of Available Power Revenues. Acquire, construct, operate or maintain, and within the scope of its powers permit any other public or private corporation, political subdivision, district or agency or any person whatsoever to acquire, construct, operate or maintain, within the City or any part thereof, any system or utility competitive with the Power Enterprise. The Commission will have in effect, or cause to have in effect, at all times an ordinance or resolution requiring all customers of the Power Enterprise to pay the fees, rates and charges applicable to the services and facilities furnished by the Power Enterprise. The Commission will not provide any service of the Power Enterprise free of charge to any person, firm or corporation, or to any public agency (including the United States of America, the State, and any public corporation, political subdivision, city, county district or agency or any thereof), except (i) for free use by the City and its agencies, (ii) to the extent that any such free use is required by the terms of any existing contract or agreement, and (iii) for incidental insignificant free use so long as such free use does not prevent the Commission from satisfying the other covenants of this Agreement, including, without limitation, Section 5.1(u) hereof.

(m) Swap Contracts. Without the prior written consent of the Bank, enter into any Swap Contract secured by Power Enterprise Revenues (a) wherein any termination payments thereunder are senior to or on parity with the payment of the Series A-2 Commercial Paper Notes or Parity Notes or the Obligations or (b) which requires the Commission to post cash collateral to secure its obligations thereunder.

(n) Use of Proceeds. Use the proceeds of any credit extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose, in each case in violation of, or for a purpose which violates, or would be inconsistent with, Regulation T, U or X of the Board of Governors of the Federal Reserve System. The Commission shall not use the proceeds of the Series A-2 Commercial Paper Notes or the Bank Note for any purpose other than as provided for in the Resolutions and not in contravention of applicable Law.

## ARTICLE VI

### DEFAULTS

Section 6.1. Events of Default and Remedies. If any of the following events shall occur, each such event shall be an "Event of Default":

(a) the Commission shall fail to pay, or cause to be paid, as and when due, (i) any Reimbursement Obligation, or (ii) any Obligation (other than a Reimbursement Obligation) and, in such case, such failure shall continue for three (3) Business Days;

(b) any representation or warranty made by or on behalf of the Commission in this Agreement or in any other Basic Document or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered;

(c) the Commission shall default in the due performance or observance of any of the covenants set forth in Section 2.15, 5.1(c), 5.1(d), 5.1(f), 5.1(l)(i), 5.1(m)(ii), 5.1(p), 5.1(q), 5.1(t)(i), 5.1(v)(i), 5.1(v)(ii) or 5.2 hereof;

(d) the Commission shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any other Basic Document and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof;

(e) the Commission or the City and County of San Francisco, directly or indirectly, shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate

action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 6.1(f) of this Agreement;

(f) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Commission or the City and County of San Francisco or any substantial part of its Property, or a proceeding described in Section 6.1(e)(v) shall be instituted against the Commission or the City and County of San Francisco and such proceeding continues undischarged or any such proceeding continues undismissed or unstayed for a period of thirty (30) or more days;

(g) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt of the Commission by the Commission or any Governmental Authority with appropriate jurisdiction;

(h) any material provision of this Agreement, the Charter, any other Basic Document or any operative document related to Power Enterprise Debt, including without limitation, the Master Trust Indenture shall at any time for any reason cease to be valid and binding on the Commission for any reason or shall be declared by any court or other Governmental Authority with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Commission or by a Governmental Authority with competent jurisdiction, or the Commission shall deny that it has any further liability under this Agreement, the Charter, any other Basic Document or any operative document related to Power Enterprise Debt, including without limitation, the Master Trust Indenture;

(i) dissolution or termination of the existence of the Commission;

(j) the Commission shall (i) default on the payment of the principal of or interest on any Power Enterprise Debt, beyond the period of grace, if any, provided in the instrument or agreement under which such Power Enterprise Debt was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Power Enterprise Debt, including, without limitation, any Bank Agreement, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Power Enterprise Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Power Enterprise Debt;

(k) the Commission shall (i) default on the payment of the principal of or interest on any Debt (other than Power Enterprise Debt) aggregating in excess of \$10,000,000, beyond the period of grace, if any, provided in the instrument or agreement under which such Debt (other than Power Enterprise Debt) was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Debt (other than Power Enterprise Debt) aggregating in excess of \$10,000,000, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event

shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Debt (other than Power Enterprise Debt);

(l) any final, unappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, in an aggregate amount not less than \$10,000,000 shall be entered or filed against the Commission or against any of its Property and remain unpaid, unvacated, unbonded or unstayed for a period of thirty (30) days;

(m) (i) the Commission shall default in the due performance or observance of any material term, covenant or agreement contained in any other Basic Document and the same shall not have been cured within any applicable cure period or (ii) any "event of default" under any Basic Document (as defined respectively therein) shall have occurred;

(n) a ruling, assessment, notice of deficiency or technical advice by the Internal Revenue Service shall be rendered to the effect that interest on the Series A-2 Commercial Paper Notes is includable in the gross income of the holder(s) or owner(s) of such Series A-2 Commercial Paper Notes and either (i) the Commission, after it has been notified by the Internal Revenue Service, shall not challenge such ruling, assessment, notice or advice in a court of law during the period within which such challenge is permitted or (ii) the Commission shall challenge such ruling, assessment, notice or advice and a court of law shall make a determination, not subject to appeal or review by another court of law, that such ruling, assessment, notice or advice is correctly rendered;

(o) any of Fitch or S&P shall have downgraded its long-term unenhanced rating of any Senior Debt of the Commission to below BBB (or its equivalent), or BBB (or its equivalent), respectively, or suspended or withdrawn its rating of the same; or

(p) the passage of any Law has occurred which could reasonably be expected to have a material adverse effect on the Commission's ability to perform its obligations under this Agreement or the other Basic Documents or to result in a material adverse effect on the enforceability or validity of this Agreement or any of the other Basic Documents.

Section 6.2. Remedies. Upon the occurrence of any Event of Default the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law provided:

(a) declare all Obligations to be immediately due and payable, whereupon the same shall be immediately due and payable without any further notice of any kind, which notice is hereby waived by the Commission; *provided, however*, that in the case of an Event of Default described in Section 6.1(e), (f) or (g) hereof, such acceleration shall automatically occur (unless such automatic acceleration is waived by the Bank in writing); or

(b) issue a No-Issuance Notice (the effect of which shall be as provided in Section 2.18 of this Agreement), reduce the Stated Amount of the Letter of Credit to the amount of the then outstanding Series A-2 Commercial Paper Notes supported by the Letter of Credit plus a corresponding amount of interest coverage, reduce the Stated Amount of the Letter of

Credit as the then outstanding Series A-2 Commercial Paper Notes are paid and terminate the Letter of Credit when no Series A-2 Commercial Paper Notes remain outstanding; or

(c) issue the Final Drawing Notice (the effect of which shall be to cause the Termination Date of the Letter of Credit to occur on the fifteenth (15) calendar day after the date of receipt thereof by the Issuing and Paying Agent); or

(d) pursue any rights and remedies it may have under the Basic Documents; or

(e) pursue any other action available at law or in equity.

Upon the occurrence and during the continuance of an Event of Default, all amounts owing to the Bank hereunder shall bear interest at the Default Rate, payable on demand.

Upon the occurrence and during the continuance of an "event of default" under the Issuing and Paying Agent Agreement, the Bank may, pursuant to Section 8.01 of the Issuing and Paying Agent Agreement, by notice to the Commission and the Issuing and Paying Agent (such notice, the "Acceleration Notice"), (i) declare the principal of all outstanding Series A-2 Commercial Paper Notes, and the interest accrued thereon, to be due and payable immediately, whereupon the same shall become and shall be immediately due and payable and (ii) instruct the Issuing and Paying Agent to submit a Drawing under the Letter of Credit to pay such immediately due and payable amount.

## ARTICLE VII

### MISCELLANEOUS

Section 7.1. Amendments, Waivers, Etc. No amendment or waiver of any provision of this Agreement, or consent to any departure by the Commission therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank and an Authorized Representative of the Commission, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.2. Notices. All notices and other communications provided for hereunder shall be in writing (including required copies) and sent by receipted hand delivery (including Federal Express or other receipted courier service), telecopy, facsimile transmission, or regular mail, as follows:

(a) if to the Commission:

City and County of San Francisco  
Public Utilities Commission  
525 Golden Gate Ave., 13th Floor  
San Francisco, California 94102  
Attention: Deputy Chief Financial Officer  
Telephone: (415) 554-3155  
Facsimile: (415) 554-3161

(b) if to the Bank, to the addresses set forth in the Fee Agreement.

(c) if to Issuing and Paying Agent:

U.S. Bank National Association  
100 Wall Street, 16th Floor  
New York, New York 10005  
Attention: Beverly Freeney, Vice President  
Telephone: (212) 951-6993  
Facsimile: (212) [361-6153]

(d) if to the Dealers:

Barclays Capital Inc.

[\_\_\_\_\_]

[\_\_\_\_\_]

Attention: [\_\_\_\_\_]

Telephone: ([\_\_\_\_]) [\_\_\_\_]-[\_\_\_\_]

Facsimile: ([\_\_\_\_]) [\_\_\_\_]-[\_\_\_\_]

Goldman Sachs & Co. LLC

200 West Street, 5th Floor

New York, New York 10282

Attention: Money Market Municipal Department

Telephone: (212) 902-3451

Facsimile: (212) 493-0479

RBC Capital Markets, LLC

200 Vesey Street, 8th Floor

New York, New York 10281

Attention: Craig Laraia

Telephone: (212) 618-2019

Facsimile: (212) 618-2570

E-mail: craig.laraia@rbccm.com

or, as to each Person named above, at such other address as shall be designated by such Person in a written notice to the parties hereto. All such notices and other communications shall, when delivered, telecopied, sent by facsimile transmission or mailed, be effective when deposited with the courier, telecopied, sent by facsimile transmission or mailed respectively, addressed as aforesaid, except that requests for Drawings submitted to the Bank shall not be effective until received by the Bank.

Section 7.3. Survival of Covenants; Successors and Assigns. (a) All covenants, agreements, representations, and warranties made herein and in the certificates delivered pursuant hereto shall survive the making of any Drawing or Advance hereunder and shall continue in full force and effect until all of the Obligations hereunder shall have been paid in full. Whenever in this Agreement any of the parties hereto is referred to, such reference shall, subject to the last sentence of this Section, be deemed to include the successors and assigns of such

party, and all covenants, promises and agreements by or on behalf of the Commission which are contained in this Agreement shall inure to the benefit of the successors and assigns of the Bank. The Commission may not transfer its rights or obligations under this Agreement without the prior written consent of the Bank. The Bank may transfer or assign some or all of its rights and obligations under this Agreement, the Fee Agreement, the Bank Note and the Letter of Credit with the prior written consent of the Commission (which consent shall not be withheld unreasonably), *provided* that (i) with respect to the Letter of Credit only, the Commission has received written notice from at least two nationally recognized rating agencies that the transfer shall not cause the lowering, withdrawal or suspension of any ratings then existing on the Series A-2 Commercial Paper Notes, and (ii) the Bank shall be responsible for all costs resulting from the transfer. This Agreement is made solely for the benefit of the Commission and the Bank, and no other Person (including, without limitation, the Issuing and Paying Agent, any Dealer or any holder of Series A-2 Commercial Paper Notes) shall have any right, benefit or interest under or because of the existence of this Agreement; *provided further* that the Commission's liability to any Participant shall not in any event exceed that liability which the Commission would owe to the Bank but for such participation.

(b) Notwithstanding the foregoing, the Bank shall be permitted to grant to one or more financial institutions (each a "Participant") a participation or participations in all or any part of the Bank's rights and benefits and obligations under this Agreement, the Fee Agreement, the Bank Note and the Letter of Credit on a participating basis but not as a party to this Agreement (a "Participation") without the consent of or notice to the Commission. In the event of any such grant by the Bank of a Participation to a Participant, the Bank shall remain responsible for the performance of its obligations under the Letter of Credit, and the Commission shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under this Agreement, the Fee Agreement, the Bank Note and under the Letter of Credit. The Commission agrees that each Participant shall, to the extent of its Participation, be entitled to the benefits of this Agreement, the Fee Agreement and the Bank Note as if such Participant were the Bank, provided that no Participant shall have the right to declare, or to take actions in response to, an Event of Default under Section 6.1 hereof.

Section 7.4. Unconditional Obligations. The obligations of the Commission under this Agreement and under the Fee Agreement shall be absolute, unconditional, irrevocable and payable strictly in accordance with the terms of the Issuing and Paying Agent Agreement, this Agreement and the other Basic Documents to which the Commission is a party, under all circumstances whatsoever, including, without limitation, the following:

(a) any lack of validity or enforceability of this Agreement, the Letter of Credit, the Fee Agreement or the Series A-2 Commercial Paper Notes or any other Basic Document;

(b) any amendment or waiver of or any consent to departure from the terms of the Issuing and Paying Agent Agreement or all or any of the other Basic Documents to which the Bank has not consented in writing;

(c) the existence of any claim, counterclaim, set-off, recoupment, defense, or other right which any Person may have at any time against the Bank, the Commission, the



Issuing and Paying Agent, any Dealer, or any other Person, whether in connection with this Agreement, the other Basic Documents, or any other transaction related thereto;

(d) payment by the Bank of a Drawing or an Advance against presentation of a request which the Bank in good faith determines to be valid, sufficient or genuine and which subsequently is found not to comply with the terms of this Agreement or the Letter of Credit, as applicable; and

(e) any other circumstances or happening whatsoever whether or not similar to any of the foregoing.

Section 7.5. Liability of Bank; Indemnification. (a) To the extent permitted by the laws of the State, the Commission assumes all risks of the acts or omissions of the Issuing and Paying Agent with respect to the use of the Letter of Credit and the use of proceeds thereunder; *provided* that this assumption with respect to the Bank is not intended to and shall not preclude the Commission from pursuing such rights and remedies as it may have against the Issuing and Paying Agent under any other agreements. Neither the Bank nor any of its respective officers or directors shall be liable or responsible for (i) the use of the Letter of Credit, the Drawings or Advances thereunder, the proceeds of the Series A-2 Commercial Paper Notes or the transactions contemplated hereby and by the Basic Documents or for any acts or omissions of the Issuing and Paying Agent or any Dealer, (ii) the validity, sufficiency, or genuineness of any documents determined in good faith by the Bank to be valid, sufficient or genuine, even if such documents shall, in fact, prove to be in any or all respects invalid, fraudulent, forged or insufficient, (iii) payments by the Bank against presentation of requests for Drawings or requests for which the Bank in good faith has determined to be valid, sufficient or genuine and which subsequently are found not to comply with the terms of this Agreement, or (iv) any other circumstances whatsoever in making or failing to make payment hereunder; provided that the Commission shall not be required to indemnify the Bank for any claims, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the gross negligence or willful misconduct of the Bank.

(b) To the extent permitted by the laws of the State, the Commission hereby indemnifies and holds harmless the Bank from and against any and all claims, damages, losses, liabilities, costs or expenses (including specifically reasonable attorneys' fees) which the Bank may incur (or which may be claimed against the Bank by any Person whatsoever) by reason of or in connection with (i) the execution and delivery of this Agreement, the Letter of Credit and the transactions contemplated hereby or thereby and (ii) any untrue statement or alleged untrue statement of any material fact contained in the Offering Memorandum prepared and distributed in connection with the Series A-2 Commercial Paper Notes, or the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances under which they are or were made, not misleading; provided that the Commission shall not be required to indemnify the Bank, to the extent, but only to the extent, any such claim, damage, loss, liability, cost or expense is caused by the Bank's willful misconduct or gross negligence. The Bank is hereby expressly authorized and directed to honor any demand for payment which is made under the Letter of Credit without regard to, and without any duty on its part to inquire into the existence of, any disputes or controversies between the Commission, any Dealer the Issuing and Paying Agent or any other person or the respective

rights, duties or liabilities of any of them, or whether any facts or occurrences represented in any of the documents presented under the Letter of Credit are true and correct.

(c) To the fullest extent permitted by applicable law, the Commission shall not assert, and hereby waives, any claim against the Bank, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, the Letter of Credit, any other Basic Document or any agreement or instrument contemplated hereby or thereby, the transactions contemplated hereby or thereby or the use of the proceeds thereof.

(d) The obligations of the Commission under this Section 7.5 shall survive the termination of this Agreement.

Section 7.6. Expenses. The Commission hereby agrees to pay and perform its obligations provided for in the Fee Agreement, including the payment of all expenses provided for therein in the amounts and on the dates set forth therein. The terms and provisions of the Fee Agreement are incorporated herein by reference. All references to amounts due hereunder or under this Agreement shall be deemed to include all amounts and obligations due under the Fee Agreement. The obligations of the Commission under this Section 7.6 shall survive the termination of this Agreement.

Section 7.7. No Waiver; Conflict. Neither any failure nor any delay on the part of the Bank in exercising any right, power or privilege hereunder, nor any course of dealing with respect to any of the same, shall operate as a waiver thereof, preclude any other or further exercise thereof nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The remedies herein provided are cumulative, and not exclusive of any remedies provided by law. To the extent of any conflict between this Agreement, the Letter of Credit, and any other Basic Documents, this Agreement shall control solely as between the Commission and the Bank.

Section 7.8. Modification, Amendment, Waiver, Etc. No modification, amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed in accordance with Section 7.1 hereof.

Section 7.9. Dealing with the Commission, the Issuing and Paying Agent, and/or the Dealer. The Bank and its affiliates may accept deposits from, extend credit to and generally engage in any kind of banking, trust or other business with the Commission, the Issuing and Paying Agent, and/or the Dealer regardless of the capacity of the Bank hereunder.

Section 7.10. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction, and all other remaining provisions hereof will be construed to render them enforceable to the fullest extent permitted by law. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 7.11. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but when taken together shall constitute but one agreement and any of the parties hereto may execute this Agreement by signing any such counterpart.

Section 7.12. Table of Contents; Headings. The table of contents and the section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

Section 7.13. Entire Agreement. This Agreement represents the final agreement between the parties hereto with respect to the subject matter hereof and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties hereto as to such subject matter.

Section 7.14. Governing Law; Consent to Jurisdiction and Venue; Waiver of Jury Trial.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS; PROVIDED THAT THE BANK'S OBLIGATIONS HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAWS PROVISIONS.

(b) EACH PARTY HERETO CONSENTS TO AND SUBMITS TO IN PERSONAM JURISDICTION AND VENUE IN THE STATE OF CALIFORNIA AND IN THE FEDERAL DISTRICT COURTS WHICH ARE LOCATED IN THE NORTHERN DISTRICT OF CALIFORNIA. EACH PARTY ASSERTS THAT IT HAS PURPOSEFULLY AVAILED ITSELF OF THE BENEFITS OF THE LAWS OF THE STATE OF CALIFORNIA AND WAIVES ANY OBJECTION TO IN PERSONAM JURISDICTION ON THE GROUNDS OF MINIMUM CONTACTS, WAIVES ANY OBJECTION TO VENUE, AND WAIVES ANY PLEA OF FORUM NON CONVENIENS. THIS CONSENT TO AND SUBMISSION TO JURISDICTION IS WITH REGARD TO ANY ACTION RELATED TO THIS AGREEMENT. REGARDLESS OF WHETHER THE PARTY'S ACTIONS TOOK PLACE IN THE STATE OF CALIFORNIA OR ELSEWHERE IN THE UNITED STATES, THIS SUBMISSION TO JURISDICTION IS NONEXCLUSIVE, AND DOES NOT PRECLUDE EITHER PARTY FROM OBTAINING JURISDICTION OVER THE OTHER IN ANY COURT OTHERWISE HAVING JURISDICTION.

(c) TO THE EXTENT PERMITTED BY APPLICABLE LAWS, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE BASIC DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, EACH OF THE PARTIES HERETO HEREBY CONSENTS TO THE

ADJUDICATION OF ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO HEAR AND DETERMINE ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. EACH OF THE PARTIES HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND CONSENT AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT OR TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

(d) The covenants and waivers made pursuant to this Section 7.14 shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

Section 7.15. Governmental Regulations. The Commission shall (a) ensure that no person who owns a controlling interest in or otherwise controls the Commission is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control ("OFAC"), the Department of the Treasury or included in any Executive Orders, that prohibits or limits the Bank from making any advance or extension of credit to the Commission or from otherwise conducting business with the Commission and (b) ensure that the proceeds of the Series A-2 Commercial Paper Notes shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto. Further, the Commission shall comply, and cause any of its subsidiaries to comply, with all applicable Bank Secrecy Act ("BSA") laws and regulations, as amended.

Section 7.16. USA PATRIOT Act. The Bank hereby notifies the Commission that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Commission, which information includes the name and address of the Commission and other information that will allow the Bank to identify the Commission in accordance with the Act. The Commission agrees to provide documentary and other evidence of the Commission's identity as may be requested by the Bank at any time to enable the Bank to verify the Commission's identity or to comply with any applicable law or regulation, including, without limitation, the Act.

Section 7.17. Electronic Transmissions. The Bank is authorized to accept and process any amendments, transfers, assignments of proceeds, Drawings, consents, waivers and all documents relating to the Letter of Credit which are sent to Bank by electronic transmission, including SWIFT, electronic mail, telex, telecopy, telefax, courier, mail or other computer generated telecommunications and such electronic communication shall have the same legal effect as if written and shall be binding upon and enforceable against the Commission. The Bank may, but shall not be obligated to, require authentication of such electronic transmission or that the Bank receives original documents prior to acting on such electronic transmission.

Section 7.18. Assignment to Federal Reserve Bank. The Bank may assign and pledge all or any portion of the obligations owing to it hereunder and under the Bank Note to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned obligations made by the Commission to the Bank in accordance with the terms of this Agreement or the Bank Note shall satisfy the Commission's obligations hereunder and/or under the Bank Note in respect of such assigned obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

Section 7.19. City Requirements. The Bank hereby agrees to the City's requirements, as provided in Exhibit E attached hereto and incorporated hereby by this reference.

Section 7.20. No Advisory or Fiduciary Responsibility. The transactions described in this Agreement, the Fee Agreement and the Letter of Credit are arm's length, commercial transactions between the Commission and the Bank in which: (i) the Bank is acting solely as a principal (i.e., as a lender) and for its own interest; (ii) the Bank is not acting as a municipal advisor or financial advisor to, or providing advice to, the Commission; (iii) the Bank has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), to Commission with respect to this transaction and the discussions, undertakings and procedures leading thereto (irrespective of whether the Bank or any of its affiliates has provided other services or is currently providing other services to the Commission on other matters); (iv) the Bank is relying on the bank exemption in the Municipal Advisor Rules; (v) the only obligations the Bank has to the Commission with respect to this transaction are set forth in this Agreement, the Fee Agreement and the Letter of Credit; and (vi) the Bank is not recommending that the Commission take an action with respect to the transactions described in this Agreement, the Fee Agreement and the Letter of Credit, and before taking any action with respect to these transactions, the Commission should discuss the information contained herein with the Commission's own legal, accounting, tax, financial and other advisors, as the Commission deems appropriate.

Section 7.21. Redaction. In the event the Commission delivers or causes to be delivered to any Dealer for delivery to the Municipal Securities Rulemaking Board, or directly to the Municipal Securities Rulemaking Board, in either instance pursuant to Rule G-34 ("CUSIP Numbers, New Issue, and Market Information Requirements") or any similar rule or regulation, a copy of this Agreement or the Letter of Credit (including without limitation any amendments hereto or thereto), the Commission shall only provide or cause to be provided a copy of this Agreement and the Letter of Credit (including without limitation any amendments hereto or thereto), in the forms provided by the Bank, that redacts such confidential information contained in this Agreement and the Letter of Credit (including without limitation any amendments hereto or thereto) which could be used in a fraudulent manner, such as any VRDO liquidity bank routing or account numbers, staff names and contact information and fees assessed by the Bank, which redaction is consistent with MSRB Notice 2011-17 (February 23, 2011) and the Commission shall not provide or cause to be provided a copy of the Fee Agreement. The Bank shall provide such redacted copies of this Agreement and the Letter of Credit (including without limitation any amendments hereto or thereto) upon request by the Commission. To the extent requested by any Dealer, the Commission shall cause such Dealer to deliver only such redacted

copies of this Agreement and the Letter of Credit (including without limitation any amendments hereto or thereto), in the forms provided by the Bank, and shall not permit delivery of a copy of the Fee Agreement, to the Municipal Securities Rulemaking Board pursuant to said Rule G-34 or any similar rule or regulation.

[Signature pages follow]

IN WITNESS WHEREOF, the Commission and the Bank have duly executed this Agreement as of the date first above written.

PUBLIC UTILITIES COMMISSION OF THE  
CITY AND COUNTY OF SAN FRANCISCO

By: \_\_\_\_\_  
Name: Harlan L. Kelly, Jr.  
Title: General Manager

**Approved as to Form:**

DENNIS J. HERRERA  
City Attorney of the City and  
County of San Francisco

By: \_\_\_\_\_  
Name: Mark D. Blake  
Title: Deputy City Attorney

**Acknowledged:**

ANNA VAN DEGNA  
Director of Public Finance of the City  
and County of San Francisco

By: \_\_\_\_\_  
Director of Public Finance

SUMITOMO MITSUI BANKING  
CORPORATION, acting through its New York  
Branch

By: \_\_\_\_\_  
Name:  
Title:



**EXHIBIT A**

**FORM OF LETTER OF CREDIT**

**SUMITOMO MITSUI BANKING CORPORATION,  
ACTING THROUGH ITS NEW YORK BRANCH  
IRREVOCABLE TRANSFERABLE DIRECT-PAY LETTER OF CREDIT**

December 27, 2018

\$136,095,891

Letter of Credit No. LG/MIS/NY-142139

U.S. Bank National Association,  
as Issuing and Paying Agent  
100 Wall Street, Suite 1600  
New York, New York 10005  
Attention: MMI Operations

Ladies and Gentlemen:

We hereby establish, at the request and for the account of the Public Utilities Commission of the City and County of San Francisco (the "Commission"), in your favor as the Issuing and Paying Agent (the "Issuing and Paying Agent") with respect to the Commission's Commercial Paper Notes (Power Series) Series A-2 (Tax-Exempt) (the "Series A-2 Commercial Paper Notes"), issued pursuant to that certain First Amended and Restated Issuing and Paying Agent Agreement, dated as of December 1, 2018 (as from time to time supplemented and amended in accordance with the terms thereof and the hereinafter defined Reimbursement Agreement, the "Issuing and Paying Agent Agreement"), by and between the Commission and you, as Issuing and Paying Agent, pursuant to which up to \$125,000,000 in aggregate principal amount of the Series A-2 Commercial Paper Notes are being issued, our Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (this "Letter of Credit") in the maximum available amount of One Hundred Thirty-Six Million Ninety-Five Thousand Eight Hundred Ninety-One Dollars (\$136,095,891) (the "Stated Amount"; calculated as the sum of the maximum principal amount of the Series A-2 Commercial Paper Notes (i.e., \$125,000,000; the "Principal Portion"), plus interest thereon up to \$11,095,891 (the "Interest Portion") calculated at the rate of twelve percent (12%) per annum for a period of 270 days and on the basis of a year of 365 days (as more fully described below), which may be drawn on from time to time in respect of the principal of and actual interest accrued on the Series A-2 Commercial Paper Notes, effective on the date hereof and expiring on the Stated Expiration Date (as hereinafter defined) or earlier as hereinafter provided; provided, however, that if such date is not a Business Day, the Stated Expiration Date will be the next preceding Business Day. The Stated Amount is subject to reductions and reinstatements as provided herein. This Letter of Credit is issued pursuant to the Reimbursement Agreement dated as of December 1, 2018 (as amended, supplemented or otherwise modified from time to time, the "Reimbursement Agreement"), between the Commission and the Bank. Capitalized terms used but not otherwise defined herein have the same meanings herein as in the Reimbursement Agreement.

We hereby irrevocably authorize you to draw on us in an aggregate amount not to exceed the Stated Amount of this Letter of Credit and in accordance with the terms and conditions and subject to the reductions and reinstatements in amount as hereinafter set forth, in one or more Drawings (as hereinafter defined) (subject to the provisions contained in the second following paragraph), payable as set forth herein on any day other than: (i) a Saturday, Sunday or day on which banking institutions in the State of California or the State of New York are authorized or obligated by law or executive order to be closed; (ii) a day upon which commercial banks in the State of California or the State of New York are authorized or obligated by law or executive order to be closed; (iii) a day on which the New York Stock Exchange is closed, or (iv) a legal holiday of the City or any other day the City is authorized by law to be closed for official business, as provided in the Reimbursement Agreement, as updated by the City from time to time (a "Business Day"), by presentation of your written and completed certificate signed by you in the form of (i) Annex A-1 hereto (with respect to the payment at maturity of the principal of and interest at maturity on Series A-2 Commercial Paper Notes issued in accordance with the Issuing and Paying Agent Agreement), (ii) Annex A-2 hereto (with respect to the payment at maturity of the principal of and interest to maturity on Series A-2 Commercial Paper Notes issued in accordance with the Issuing and Paying Agent Agreement that otherwise mature on or after the date that you receive notice from us in the form of Annex E hereto (the "Final Drawing Notice")) or (iii) Annex A-3 hereto (with respect to a payment of the principal of and interest due upon acceleration of all outstanding Series A-2 Commercial Paper Notes issued in accordance with the Issuing and Paying Agent Agreement (the "Final Acceleration Drawing")) (presentation of any such certificate being a "Drawing"), in each case an aggregate amount not exceeding the Stated Amount of this Letter of Credit.

Upon our honoring any Drawing, the Stated Amount and the amount available to be drawn hereunder for subsequent Drawings will be automatically decreased by an amount equal to the amount of such Drawing. In connection therewith, the Stated Amount and the amounts from time to time available to be drawn hereunder (except in the case of the Final Acceleration Drawing or a Drawing resulting from the delivery of the Final Drawing Notice) will be increased when and to the extent, but only when and to the extent, (i) (A) of transfer by you to us on the date such Drawing is honored of proceeds of Series A-2 Commercial Paper Notes issued on such date or (B) you receive written notice from us to you in the form of Annex I hereto that we have been reimbursed by or on behalf of the Commission for any amount drawn hereunder and (ii) that you have not received from us a No-Issuance Notice in the form attached hereto as Annex H hereto. Upon our honoring of the Final Acceleration Drawing, the Stated Amount shall be permanently reduced to zero and the Stated Amount shall no longer be reinstated.

The Stated Amount of this Letter of Credit will also be reduced from time to time on each date specified in, and in the amount set forth in, a notice from us to you in the form of Annex F hereto (each, a "Decrease Notice"). As of the applicable date and upon such reduction, the Stated Amount will not be less than the amount specified in the applicable Decrease Notice as the sum of the principal amount of all outstanding Series A-2 Commercial Paper Notes plus interest thereon calculated at the rate of twelve percent (12%) per annum for a period of 270 days and on the basis of a year of 365 days.

All Drawings must be made by presentation of the applicable certificate at the Bank's office at Sumitomo Mitsui Banking Corporation, acting through its New York Branch, 277 Park

Avenue, New York, New York 10172, Attention: Trade Credit Services Department, Facsimile (212) 224-4566 (or at such other address or facsimile number as we may specify to you in writing) without further need of documentation, including the original of this Letter of Credit, it being understood that each certificate so submitted is to be the sole operative instrument of such Drawing. You shall use your best efforts to give telephonic notice of a Drawing to the Bank at (212) 224-4310 or (212) 224-4317 on the Business Day of such Drawing and prior to its presentation (but such notice is not a condition to a Drawing hereunder, and you will have no liability for not doing so). If we receive any Drawing, in strict conformity with the terms and conditions of this Letter of Credit, not later than 10:00 A.M., New York City time, on a Business Day prior to the termination hereof, we will honor the same by 1:00 P.M., New York City time, on the same day in accordance with your payment instructions. If we receive any Drawing, in strict conformity with the terms and conditions of this Letter of Credit, after 10:00 A.M., New York City time, on a Business Day prior to the termination hereof, we will honor the same by 1:00 P.M., New York City time, on the next succeeding Business Day in accordance with your payment instructions.

Payment under this Letter of Credit will be made by the Bank by wire transfer of immediately available funds in accordance with the instructions specified by the Issuing and Paying Agent in the related Drawing certificate.

This Letter of Credit will expire at 4:00 P.M., New York City time, on the date (the earliest of such dates to occur is referred to herein as the "Termination Date") which is the earliest of (i) December 27, 2022 (the "Stated Expiration Date") or such later date as is specified by us in a notice to you in the form of Annex G hereto, (ii) the later of (a) the date on which we receive written notice from you in the form of Annex C hereto that an Alternate Facility has been substituted for this Letter of Credit in accordance with the Issuing and Paying Agent Agreement and (b) the effective date of such Alternate Facility as specified in such notice (after we honor any properly presented and conforming Drawing on or prior to such date), (iii) the date on which we receive written notice from you in the form of Annex D hereto that there are no longer any Series A-2 Commercial Paper Notes Outstanding within the meaning of the Issuing and Paying Agent Agreement nor does the Commission intend to issue any additional Series A-2 Commercial Paper Notes under the Issuing and Paying Agent Agreement and that you elect to terminate the Letter of Credit, (iv) the earlier of (a) the 15th calendar day after the date on which you receive the Final Drawing Notice and (b) the date on which the Drawing resulting from the delivery of the Final Drawing Notice is honored hereunder, and (v) the earlier of (a) the third (3rd) Business Day after the date on which you receive notice from us in the form of Annex I hereto (the "Acceleration Notice") and (b) the date on which the Final Acceleration Drawing is honored hereunder.

This Letter of Credit is transferable in whole, but not in part, only to your successor as Issuing and Paying Agent under the Issuing and Paying Agent Agreement and may be successively transferred. Transfer of the available balance under this Letter of Credit to such transferee must be requested by presenting to us a Transfer Request in the form of Annex B hereto signed by the transferor and the transferee (each a "Transfer") together with the original Letter of Credit. Transfers to designated foreign nationals and /or specially designated nationals are not permitted as being contrary to the U.S. Treasury Department or Office of Foreign Assets Control regulations. Upon the effectiveness of such transfer, the transferee instead of the

transferor will be entitled to all the benefits of and rights under this Letter of Credit in the transferor's place; provided that, in such case, any certificates of the Issuing and Paying Agent to be provided hereunder must be signed by one who states therein that (s)he is a duly authorized officer of the transferee.

This Letter of Credit sets forth in full our undertaking, and such undertaking will not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Series A-2 Commercial Paper Notes), except only ISP98 (as hereinafter defined); and any such reference will not be deemed to incorporate herein by reference any such document, instrument or agreement.

All drawings under this Letter of Credit will be paid with our own funds and will not be paid directly or indirectly from funds or collateral on deposit with or for the account of, or pledged with or for the account of, us by the Commission.

Communications with respect to this Letter of Credit must be addressed to the Bank at Sumitomo Mitsui Banking Corporation, 277 Park Avenue, New York, New York 10172, by facsimile (at facsimile number (212) 224-4566) (or such other address(es) as we may specify in writing to you), specifically referring to the number of this Letter of Credit.

Communications with respect to this Letter of Credit will be addressed to you at U.S. Bank National Association, as Issuing and Paying Agent, 100 Wall Street, Suite 1600, New York, New York 10005, Attention: MMI Operations (or such other address(es) as you may specify in writing to us), specifically referring to the number of this Letter of Credit.

Except as expressly stated herein, this Letter of Credit is governed by, and to be construed in accordance with, the rules of the International Standby Practices 1998-ISP98, International Chamber of Commerce Publication No. 590 ("ISP98"). As to matters not governed by ISP98, this Letter of Credit is governed by and to be construed in accordance with the law of the State of New York, including, without limitation, Article 5 of the Uniform Commercial Code as in effect in the State of New York on the date hereof.

Very truly yours,

SUMITOMO MITSUI BANKING  
CORPORATION, acting through its New  
York Branch

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ANNEX A-1  
TO  
SUMITOMO MITSUI BANKING CORPORATION,  
ACTING THROUGH ITS NEW YORK BRANCH  
IRREVOCABLE TRANSFERABLE DIRECT-PAY  
LETTER OF CREDIT NO. LG/MIS/NY-142139  
  
CERTIFICATE FOR DRAWING IN CONNECTION  
WITH THE PAYMENT OF PRINCIPAL AND INTEREST

Sumitomo Mitsui Banking Corporation,  
acting through its New York Branch  
277 Park Avenue, 6th Floor  
New York, New York 19172  
Attention: Trade Credit Services Department  
Facsimile: (212) 224-4566

The undersigned, a duly authorized officer of U.S. Bank National Association, as Issuing and Paying Agent (the "Issuing and Paying Agent"), hereby certifies to Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "Bank"), with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. The undersigned is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement and is acting as the agent for the holders of the Series A-2 Commercial Paper Notes.
2. The Issuing and Paying Agent is making this Drawing under the Letter of Credit with respect to a payment of the principal of and accrued interest on maturing Series A-2 Commercial Paper Notes, which payment is due on \_\_\_\_\_.
3. The amount of this Drawing is equal to \$\_\_\_\_\_ with \$\_\_\_\_\_ being drawn in respect of the payment of principal of maturing Series A-2 Commercial Paper Notes and \$\_\_\_\_\_ representing \_\_\_\_\_ days' interest thereon. Such amounts were computed in compliance with the terms and conditions of the Series A-2 Commercial Paper Notes and the Issuing and Paying Agent Agreement. The amount of this Drawing does not exceed the Stated Amount of the Letter of Credit. The amount requested for payment hereunder has not been and is not the subject of a prior or contemporaneous request for payment under the Letter of Credit.
4. The Series A-2 Commercial Paper Notes were authenticated and delivered by us (or a predecessor Issuing and Paying Agent) pursuant to authority under the Issuing and Paying Agent Agreement.
5. Upon receipt by the Issuing and Paying Agent of the amount demanded hereby, (a) the Issuing and Paying Agent will deposit the same directly into the Debt Service Account maintained by the Issuing and Paying Agent pursuant to the Issuing and Paying Agent

Agreement and apply the same directly to the payment when due of the principal amount of Series A-2 Commercial Paper Notes and the interest amount owing on account of the Series A-2 Commercial Paper Notes pursuant to the Issuing and Paying Agent Agreement, (b) no portion of said amount will be applied by the Issuing and Paying Agent for any other purpose, (c) no portion of said amount will be commingled with other funds held by the Issuing and Paying Agent, except for other funds drawn under the Letter of Credit, and (d) when such Series A-2 Commercial Paper Notes have been presented for payment and paid by the Issuing and Paying Agent, the Issuing and Paying Agent will cancel such matured Series A-2 Commercial Paper Notes.

6. Payment by the Bank pursuant to this Drawing must be made to [ \_\_\_\_\_  
ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention \_\_\_\_\_].

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this Certificate on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

U.S. BANK NATIONAL ASSOCIATION, as  
Issuing and Paying Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ANNEX A-2  
TO  
SUMITOMO MITSUI BANKING CORPORATION, ACTING THROUGH ITS NEW YORK  
BRANCH  
IRREVOCABLE TRANSFERABLE DIRECT-PAY  
LETTER OF CREDIT NO. LG/MIS/NY-142139

CERTIFICATE FOR DRAWING IN CONNECTION WITH THE  
PAYMENT OF PRINCIPAL AND INTEREST AFTER FINAL DRAWING NOTICE

Sumitomo Mitsui Banking Corporation,  
acting through its New York Branch  
277 Park Avenue, 6th Floor  
New York, New York 19172  
Attention: Trade Credit Services Department  
Facsimile: (212) 224-4566

The undersigned, a duly authorized officer of U.S. Bank National Association, as Issuing and Paying Agent (the "Issuing and Paying Agent"), hereby certifies to Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "Bank"), with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. The undersigned is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement and is acting as the agent for the holders of the Series A-2 Commercial Paper Notes.
2. The Issuing and Paying Agent has received the Final Drawing Notice.
3. The Issuing and Paying Agent is making this Drawing under the Letter of Credit with respect to payment at maturity of the principal of and interest to maturity on Series A-2 Commercial Paper Notes issued in accordance with the Issuing and Paying Agent Agreement that otherwise mature on or after the date of the Final Drawing Notice.
4. The amount of this Drawing is equal to \$\_\_\_\_\_, with \$\_\_\_\_\_ being drawn in respect of the payment of principal of Series A-2 Commercial Paper Notes maturing after the date hereof and \$\_\_\_\_\_ representing \_\_\_\_\_ days' interest thereon. Such amounts were computed in compliance with the terms and conditions of the Series A-2 Commercial Paper Notes and the Issuing and Paying Agent Agreement. The amount of this Drawing does not exceed the Stated Amount of the Letter of Credit. The amount requested for payment hereunder has not been and is not the subject of a prior or contemporaneous request for payment under the Letter of Credit.
5. The Series A-2 Commercial Paper Notes were authenticated and delivered by us (or a predecessor Issuing and Paying Agent) pursuant to authority under the Issuing and Paying Agent Agreement.

6. Upon receipt by the Issuing and Paying Agent of the amount demanded hereby, (a) the Issuing and Paying Agent will deposit the same directly into the Debt Service Account maintained by the Issuing and Paying Agent pursuant to the Issuing and Paying Agent Agreement and apply the same directly to the payment when due of the principal amount of Series A-2 Commercial Paper Notes and the interest amount owing on account of the Series A-2 Commercial Paper Notes pursuant to the Issuing and Paying Agent Agreement, (b) no portion of said amount will be applied by the Issuing and Paying Agent for any other purpose, (c) no portion of said amount will be commingled with other funds held by the Issuing and Paying Agent, except for other funds drawn under the Letter of Credit, and (d) when such Series A-2 Commercial Paper Notes have been presented for payment and paid by the Issuing and Paying Agent, the Issuing and Paying Agent will cancel such matured Series A-2 Commercial Paper Notes.

7. This Certificate is being presented to the Bank on a date which is no later than the second Business Day prior to the 15th calendar day after receipt by the Issuing and Paying Agent of the Final Drawing Notice.

8. Payment by the Bank pursuant to this Drawing must be made to [\_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention \_\_\_\_\_].

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this Certificate on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

U.S. BANK NATIONAL ASSOCIATION, as  
Issuing and Paying Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



ANNEX A-3

TO

SUMITOMO MITSUI BANKING CORPORATION,  
ACTING THROUGH ITS NEW YORK BRANCH  
IRREVOCABLE TRANSFERABLE DIRECT-PAY  
LETTER OF CREDIT NO. LG/MIS/NY-142139

CERTIFICATE FOR DRAWING IN CONNECTION  
WITH THE PAYMENT OF PRINCIPAL AND INTEREST UPON ACCELERATION

Sumitomo Mitsui Banking Corporation,  
acting through its New York Branch  
277 Park Avenue, 6th Floor  
New York, New York 19172  
Attention: Trade Credit Services Department  
Facsimile: (212) 224-4566

The undersigned, a duly authorized officer of U.S. Bank National Association, as Issuing and Paying Agent (the "Issuing and Paying Agent"), hereby certifies to Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "Bank"), with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. The undersigned is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement and is acting as the agent for the holders of the Series A-2 Commercial Paper Notes:
2. The Issuing and Paying Agent is making this Drawing under the Letter of Credit with respect to a payment of the principal of and interest due upon acceleration of all of the Series A-2 Commercial Paper Notes, which payment is due on \_\_\_\_\_.
3. The amount of this Drawing is equal to \$\_\_\_\_\_ with \$\_\_\_\_\_ being drawn in respect of the payment of principal upon acceleration of such Series A-2 Commercial Paper Notes and \$\_\_\_\_\_ representing \_\_\_\_\_ days' interest accrued through the date of acceleration of such Series A-2 Commercial Paper Notes. Such amounts were computed in compliance with the terms and conditions of the Series A-2 Commercial Paper Notes and the Issuing and Paying Agent Agreement. The amount of this Drawing does not exceed the Stated Amount of the Letter of Credit. The amount requested for payment hereunder has not been and is not the subject of a prior or contemporaneous request for payment under the Letter of Credit.
4. The Series A-2 Commercial Paper Notes were authenticated and delivered by us (or a predecessor Issuing and Paying Agent) pursuant to authority under the Issuing and Paying Agent Agreement.
5. Upon receipt by the Issuing and Paying Agent of the amount demanded hereby, (a) the Issuing and Paying Agent will deposit the same directly into the Debt Service Account

maintained by the Issuing and Paying Agent pursuant to the Issuing and Paying Agent Agreement and apply the same directly to the payment of the principal upon acceleration of such Series A-2 Commercial Paper Notes and the interest accrued thereon through the date of acceleration of such Series A-2 Commercial Paper Notes pursuant to the Issuing and Paying Agent Agreement, (b) no portion of said amount will be applied by the Issuing and Paying Agent for any other purpose, (c) no portion of said amount will be commingled with other funds held by the Issuing and Paying Agent, except for other funds drawn under the Letter of Credit, and (d) when such Series A-2 Commercial Paper Notes have been presented for payment and paid by the Issuing and Paying Agent, the Issuing and Paying Agent will cancel such accelerated Series A-2 Commercial Paper Notes.

6. Payment by the Bank pursuant to this Drawing must be made to [ \_\_\_\_\_  
ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention \_\_\_\_\_].

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this Certificate on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

U.S. BANK NATIONAL ASSOCIATION, as  
Issuing and Paying Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ANNEX B  
TO  
SUMITOMO MITSUI BANKING CORPORATION,  
ACTING THROUGH ITS NEW YORK BRANCH  
IRREVOCABLE TRANSFERABLE DIRECT-PAY  
LETTER OF CREDIT NO. LG/MIS/NY-142139

TRANSFER REQUEST

Date: \_\_\_\_\_

Sumitomo Mitsui Banking Corporation,  
acting through its New York Branch  
277 Park Avenue, 6th Floor  
New York, New York 19172  
Attention: Trade Credit Services Department  
Facsimile: (212) 224-4566

Re: Sumitomo Mitsui Banking Corporation, acting through its New York Branch  
Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139  
dated December 27, 2018

We, the undersigned "Transferor", hereby irrevocably transfer all of our rights to draw  
under the above referenced Letter of Credit ("Credit") in their entirety to:

NAME OF TRANSFEREE

\_\_\_\_\_  
(Print Name and complete address of the Transferee) "Transferee"

ADDRESS OF TRANSFEREE

\_\_\_\_\_  
CITY, STATE/COUNTRY ZIP

In accordance with ISP98, Rule 6, regarding transfer of drawing rights, all rights of the undersigned Transferor in such Credit are transferred to the Transferee, which shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments, whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the Transferee without necessity of any consent of or notice to the undersigned Transferor.

The original Credit, including amendments to this date, is attached, and the undersigned Transferor requests that you notify the Transferee of this transfer in such form and manner as you deem appropriate, and of the terms and conditions of the Credit as transferred. The undersigned Transferor acknowledges that you incur no obligation hereunder and that the transfer will not be effective until you have expressly consented to effect the transfer by notice to the Transferee and the transfer fee has been paid to you.

Payment of your transfer fee is for the account of the Commission, which agrees to pay you on demand any expense or cost you may incur in connection with the transfer. Receipt of such fee will not constitute consent by you to effect the transfer.

Transferor represents and warrants that (i) its execution, delivery, and performance of this Transfer Request (a) are within its powers, (b) have been duly authorized, (c) constitute its legal, valid, binding and enforceable obligation, (d) do not contravene any charter provision, by law, resolution, contract or other undertaking binding on or affecting it or any of its properties, (e) do not require any notice, filing or other action to, with or by any governmental authority, (f) the enclosed Letter of Credit (and any amendment) is original and complete, (g) there is no outstanding demand, request for payment, reinstatement or transfer under the Letter of Credit affecting the rights to be transferred, (h) the Transferee is the Transferor's successor as Issuing and Paying Agent under the Issuing and Paying Agent Agreement (as defined in the Credit), (i) the Transferee's name and address are correct and complete and (j) the Transferee's use of the Credit as transferred and the transactions underlying the Credit and the requested transfer do not violate any applicable United States or other law, rule or regulation.

The Effective Date of this Transfer will be the date hereafter on which you effect the requested transfer by acknowledging this Request and giving notice thereof to Transferee.

**WE WAIVE ANY RIGHT TO TRIAL BY JURY THAT WE MAY HAVE IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF THIS TRANSFER.**

This transfer is made subject to ISP98 and is subject to and is governed by the law of the State of New York to the extent not inconsistent with ISP98.

(Signature Pages Follow)

Sincerely yours,

---

(Print Name of Transferor)

---

(Transferor's Authorized Signature)

---

(Print Transferor's Authorized  
Signer's Name and Title)

---

(Transferor's Authorized Signature)

**SIGNATURE GUARANTEED**

Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement. We attest that the individual, company or entity has been identified by us in compliance with USA PATRIOT Act procedures of our bank.

---

(Print Name of Bank)

---

(Address of Bank)

---

(City, State, Zip Code)

---

(Print Name and Title of  
Authorized Signer)

---

(Authorized Signature)

Acknowledged:

---

(Print Name of Transferee)

---

(Transferee's Authorized Signature)

---

(Print Transferor's Authorized  
Signer's Name and Title)

---

(Transferor's Number/Fax Signature)

SIGNATURE GUARANTEED

Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement. We attest that the individual, company or entity has been identified by us in compliance with USA PATRIOT Act procedures of our bank.

---

(Print Name of Bank)

---

(Address of Bank)

---

(City, State, Zip Code)

---

(Print Name and Title of  
Authorized Signer)

---

(Authorized Signature)

[Signature Page to Transfer Request]

Acknowledged as of \_\_\_\_\_, \_\_\_\_\_:

SUMITOMO MITSUI BANKING CORPORATION,  
acting through its New York Branch

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[Signature Page to Transfer Request]

ANNEX C  
TO  
SUMITOMO MITSUI BANKING CORPORATION,  
ACTING THROUGH ITS NEW YORK BRANCH  
IRREVOCABLE TRANSFERABLE DIRECT-PAY  
LETTER OF CREDIT NO. LG/MIS/NY-142139

CERTIFICATE RE: ALTERNATE FACILITY

Sumitomo Mitsui Banking Corporation,  
acting through its New York Branch  
277 Park Avenue, 6th Floor  
New York, New York 19172  
Attention: Trade Credit Services Department  
Facsimile: (212) 224-4566

The undersigned, a duly authorized officer of U.S. Bank National Association, as Issuing and Paying Agent (the "Issuing and Paying Agent"), hereby certifies to Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "Bank"), with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. The undersigned is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement for the holders of the Series A-2 Commercial Paper Notes.
2. The conditions precedent to the acceptance of an Alternate Facility set forth in the Issuing and Paying Agent Agreement have been satisfied.
3. An Alternate Facility in full and complete substitution for the Letter of Credit has been accepted by the Issuing and Paying Agent and is or will be in effect as of \_\_\_\_\_.
4. There will be no further Drawings under the Letter of Credit.
5. Upon the later of (a) receipt by you of this Certificate and (b) the effective date of the Alternate Facility as specified in paragraph 3 above (after you honor any properly presented and conforming Drawing on or prior to such date), the Letter of Credit will terminate with respect to all outstanding Series A-2 Commercial Paper Notes, and the Letter of Credit (and any amendments thereto) is returned to you herewith for cancellation.
6. No payment is demanded of you in connection with this Certificate.



IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

U.S. BANK NATIONAL ASSOCIATION, as  
Issuing and Paying Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Signature Page to Certificate re: Alternate Facility]

ANNEX D  
TO  
SUMITOMO MITSUI BANKING CORPORATION,  
ACTING THROUGH ITS NEW YORK BRANCH  
IRREVOCABLE TRANSFERABLE DIRECT-PAY  
LETTER OF CREDIT NO. LG/MIS/NY-142139

CERTIFICATE RE: NO OUTSTANDING NOTES

Sumitomo Mitsui Banking Corporation,  
acting through its New York Branch  
277 Park Avenue, 6th Floor  
New York, New York 19172  
Attention: Trade Credit Services Department

The undersigned, a duly authorized officer of U.S. Bank National Association, as Issuing and Paying Agent (the "Issuing and Paying Agent"), hereby certifies to Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "Bank"), with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. The undersigned is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement for the holders of the Series A-2 Commercial Paper Notes.
2. No Series A-2 Commercial Paper Notes (other than Series A-2 Commercial Paper Notes with respect to which an Alternate Facility is in effect) remain outstanding under the Issuing and Paying Agent Agreement nor does the Commission intend to issue any additional Series A-2 Commercial Paper Notes under the Issuing and Paying Agent Agreement.
3. There will be no further Drawings under the Letter of Credit, and the Issuing and Paying Agent hereby elects to terminate the Letter of Credit and returns such Letter of Credit to you herewith for cancellation.
4. No payment is demanded of you in connection with this Certificate.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

U.S. BANK NATIONAL ASSOCIATION, as  
Issuing and Paying Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ANNEX E  
TO  
SUMITOMO MITSUI BANKING CORPORATION,  
ACTING THROUGH ITS NEW YORK BRANCH  
IRREVOCABLE TRANSFERABLE DIRECT-PAY  
LETTER OF CREDIT NO. LG/MIS/NY-142139  
NOTICE RE: FINAL DRAWING

U.S. Bank National Association,  
as Issuing and Paying Agent  
100 Wall Street, Suite 1600  
New York, New York 10005  
Attention: MMI Operations

Reference is made to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch in your favor as Issuing and Paying Agent.

We hereby notify you that:

(1) An Event of Default under and as defined in the Reimbursement Agreement has occurred and is continuing.

(2) The Bank instructs the Issuing and Paying Agent, effective upon receipt of this Notice, to cease issuing Series A-2 Commercial Paper Notes.

(3) The Bank notifies the Issuing and Paying Agent that: (i) effective upon receipt of this Certificate, the Stated Amount available to be drawn under the Letter of Credit will not be reinstated in accordance with the Letter of Credit; (ii) the Issuing and Paying Agent is instructed to make the final Drawing under the Letter of Credit to provide for the payment of Series A-2 Commercial Paper Notes issued in accordance with the Issuing and Paying Agent Agreement which are outstanding and are maturing or are hereafter to mature; and (iii) the Termination Date of the Letter of Credit will occur and the Letter of Credit will expire on the earlier of (a) the date which is the 15th calendar day after the date of receipt by the Issuing and Paying Agent of this Notice and (b) the date on which the Drawing resulting from the delivery of this Notice is honored by us.

Very truly yours,

SUMITOMO MITSUI BANKING  
CORPORATION, acting through its New  
York Branch

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ANNEX F  
TO  
SUMITOMO MITSUI BANKING CORPORATION,  
ACTING THROUGH ITS NEW YORK BRANCH  
IRREVOCABLE TRANSFERABLE DIRECT-PAY  
LETTER OF CREDIT NO. LG/MIS/NY-142139

DECREASE NOTICE

[Date]

U.S. Bank National Association,  
as Issuing and Paying Agent  
100 Wall Street, Suite 1600  
New York, New York 10005  
Attention: MMI Operations

We hereby notify you, with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by us in your favor, that the Stated Amount of the Letter of Credit will be decreased by the amount of \$\_\_\_\_\_, effective \_\_\_\_\_ (the "Decrease Date"). The Stated Amount of the Letter of Credit after giving effect to such decrease is \$\_\_\_\_\_, of which \$\_\_\_\_\_ is applicable to principal and \$\_\_\_\_\_ is applicable to interest, which amount is not less than the aggregate outstanding principal amount of Series A-2 Commercial Paper Notes on the Decrease Date plus interest thereon calculated at the rate of twelve percent (12%) per annum for a period of 270 days and on the basis of a year of 365 days. This Notice is an amendment to and must be attached to the Letter of Credit and made a part thereof.

All other terms and conditions of the Letter of Credit remain unchanged.

Very truly yours,

SUMITOMO MITSUI BANKING  
CORPORATION, acting through its New  
York Branch

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ANNEX G  
TO  
SUMITOMO MITSUI BANKING CORPORATION,  
ACTING THROUGH ITS NEW YORK BRANCH  
IRREVOCABLE TRANSFERABLE DIRECT-PAY  
LETTER OF CREDIT NO. LG/MIS/NY-142139

NOTICE OF EXTENSION OF STATED EXPIRATION DATE

[Date]

U.S. Bank National Association,  
as Issuing and Paying Agent  
100 Wall Street, Suite 1600  
New York, New York 10005  
Attention: MMI Operations

We hereby notify you with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by us in your favor, as follows:

1. The Stated Expiration Date of the Letter of Credit has been extended to \_\_\_\_\_.
2. This Notice is an amendment to and must be attached to the Letter of Credit and made a part thereof.

All other terms and conditions of the Letter of Credit remain unchanged.

Very truly yours,

SUMITOMO MITSUI BANKING  
CORPORATION, acting through its New  
York Branch

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ANNEX H  
TO  
SUMITOMO MITSUI BANKING CORPORATION,  
ACTING THROUGH ITS NEW YORK BRANCH  
IRREVOCABLE TRANSFERABLE DIRECT-PAY  
LETTER OF CREDIT NO. LG/MIS/NY-142139

NO ISSUANCE NOTICE

[Date]

U.S. Bank National Association,  
as Issuing and Paying Agent  
100 Wall Street, Suite 1600  
New York, New York 10005  
Attention: MMI Operations

We hereby notify you , with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by us in your favor, as follows:

1. We hereby notify you that, in accordance with the terms of the Reimbursement Agreement, an Event of Default (as defined in the Reimbursement Agreement) has occurred and is continuing.

2. Subject to the following sentence, you must cease authenticating Series A-2 Commercial Paper Notes, as provided in the Issuing and Paying Agent Agreement, unless and until we rescind this No-Issuance Notice. If you receive this No-Issuance Notice at or before 10:00 A.M., New York City time, on a Business Day, you must cease authenticating Series A-2 Commercial Paper Notes on that Business Day, and if you receive this No-Issuance Notice after 10:00 A.M., New York City time, on a Business Day you must cease authenticating Series A-2 Commercial Paper Notes on the next Business Day.

3. This No-Issuance Notice will not affect our obligation to honor demands for payment under the Letter of Credit with respect to Series A-2 Commercial Paper Notes authenticated prior to your receipt of this No-Issuance Notice (or, subject to paragraph 2 above, on the same Business Day that you receive this No-Issuance Notice), and you will continue to have the right to draw under the Letter of Credit to pay the principal of and accrued interest on maturing Series A-2 Commercial Paper Notes authenticated prior to your receipt of this No-Issuance Notice (or, subject to paragraph 2 above, authenticated on the same Business Day that you receive this No-Issuance Notice).

[Signature Page Follows]



Very truly yours,

SUMITOMO MITSUI BANKING  
CORPORATION, acting through its New  
York Branch

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Signature Page to No-Issuance Notice]

ANNEX I  
TO  
SUMITOMO MITSUI BANKING CORPORATION,  
ACTING THROUGH ITS NEW YORK BRANCH  
IRREVOCABLE TRANSFERABLE DIRECT-PAY  
LETTER OF CREDIT NO. LG/MIS/NY-142139

NOTICE RE: REINSTATEMENT OF STATED AMOUNT

[Date]

U.S. Bank National Association,  
as Issuing and Paying Agent  
100 Wall Street, Suite 1600  
New York, New York 10005  
Attention: MMI Operations

We hereby notify you, with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by us in your favor, that we have been reimbursed by or on behalf of the Commission for an amount drawn under the Letter of Credit and that the Stated Amount of the Letter of Credit will be reinstated by the amount of \$\_\_\_\_\_, effective as of \_\_\_\_\_. The Stated Amount of the Letter of Credit after such reinstatement is \$\_\_\_\_\_, of which \$\_\_\_\_\_ is applicable to principal and \$\_\_\_\_\_ is applicable to interest. You are hereby directed to attach this Notice to the Letter of Credit. This Notice is an amendment to and must be attached to the Letter of Credit and made a part thereof.

All other terms and conditions of the Letter of Credit remain unchanged.

Very truly yours,

SUMITOMO MITSUI BANKING  
CORPORATION, acting through its New  
York Branch

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ANNEX J  
TO  
SUMITOMO MITSUI BANKING CORPORATION,  
ACTING THROUGH ITS NEW YORK BRANCH  
IRREVOCABLE TRANSFERABLE DIRECT-PAY  
LETTER OF CREDIT NO. LG/MIS/NY-142139

ACCELERATION NOTICE

[Date]

U.S. Bank National Association,  
as Issuing and Paying Agent  
100 Wall Street, Suite 1600  
New York, New York 10005  
Attention: MMI Operations

We hereby notify you, with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by us in your favor, as follows:

1. An "event of default" under and as defined in that certain First Amended and Restated Issuing and Paying Agent Agreement, dated as of December 1, 2018 (as from time to time supplemented and amended in accordance with the terms thereof and the hereinafter defined Reimbursement Agreement, the "Issuing and Paying Agent Agreement"), by and between the Public Utilities Commission of the City and County of San Francisco (the "Commission") and you, as Issuing and Paying Agent, has occurred.

2. Pursuant to Section 8.01 of the Issuing and Paying Agent Agreement, the undersigned hereby notifies the Issuing and Paying Agent that it has declared the principal of all outstanding Series A-2 Commercial Paper Notes, and the interest accrued thereon, to be due and payable immediately.

3. The undersigned hereby notifies you, as Issuing and Paying Agent, that (i) effective upon receipt of this Acceleration Notice, the Stated Amount available to be drawn under the Letter of Credit will not be reinstated in accordance with the Letter of Credit, (ii) the Issuing and Paying Agent is instructed to make the final Drawing under the Letter of Credit to provide for the payment of the principal of and interest on Series A-2 Commercial Paper Notes issued in accordance with the Issuing and Paying Agent Agreement which are outstanding and which have been accelerated, and (iii) the Termination Date of the Letter of Credit will occur and the Letter of Credit will terminate on the earlier of (a) the date which is the third (3rd) Business Day after the date of receipt by the Issuing and Paying Agent of this Acceleration Notice and (b) the date on which the Final Acceleration Drawing is honored under the Letter of Credit.

Very truly yours,

SUMITOMO MITSUI BANKING  
CORPORATION, acting through its New  
York Branch

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

cc: Public Utilities Commission of the City and County of San Francisco

**EXHIBIT B**

**FORM OF BANK NOTE**

**SAN FRANCISCO PUBLIC UTILITIES COMMISSION BANK NOTE  
(POWER SERIES A-2 – SUMITOMO MITSUI BANKING CORPORATION, NEW YORK  
BRANCH)**

\$125,000,000

not to exceed aggregate principal amount of  
Public Utilities Commission  
of the City and County of San Francisco  
Commercial Paper Notes  
(Power Series)  
Series A-2 (Tax-Exempt)

\$136,095,891

December 27, 2018

For Value Received, the undersigned, PUBLIC UTILITIES COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO (the "Commission"), hereby promises to pay to the order of SUMITOMO MITSUI BANKING CORPORATION, acting through its New York Branch (the "Bank"), at its office at 277 Park Avenue, 4th Floor, New York, New York 10172, in the manner and on the dates provided in the Reimbursement Agreement, dated as of December 1, 2018 (the "Reimbursement Agreement"), by and between the Commission and the Bank, in lawful money of the United States of America and in immediately available funds, the principal sum of One Hundred Thirty-Six Million Ninety-Five Thousand Eight Hundred Ninety-One Dollars (\$136,095,891) or, if less, the aggregate outstanding principal amount of the Reimbursement Obligations from time to time owing to the Bank under the Reimbursement Agreement. Terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Reimbursement Agreement.

The Commission further promises to pay interest from the date hereof on the outstanding Reimbursement Obligations from time to time at the rates and times and in all cases in accordance with the terms of the Reimbursement Agreement. The Bank may endorse its books and records relating to this Bank Note with appropriate notations evidencing the amounts drawn under the Letter of Credit and payments of principal hereunder as contemplated by the Reimbursement Agreement.

This Bank Note is issued pursuant to, is entitled to the benefits of, and is subject to, the provisions of the Issuing and Paying Agent Agreement, the Reimbursement Agreement and the other Basic Documents, as further supplemented and amended in accordance with the terms of thereof. Voluntary prepayments may be made hereon, certain prepayments are required to be made hereon, and this Bank Note may be declared due prior to the expressed maturity hereof, all on the terms and in the manner provided for in the Reimbursement Agreement.

The parties hereto, including the undersigned maker and all guarantors, endorsers and pledgors that may exist at any time with respect hereto, hereby waive presentment, demand,

notice, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Bank Note and assent to the extensions of the time of payment or forbearance or other indulgence without notice.

This Bank Note is secured by and payable from the Available Power Enterprise Revenues and the Funds and Accounts created under the Issuing and Paying Agent Agreement with respect thereto (except the Rebate Fund).

This Bank Note and the obligations of the Commission hereunder shall be governed by and construed in accordance with the laws of the State of California without giving effect to conflict of laws provisions.

IN WITNESS WHEREOF, the Commission has caused this San Francisco Public Utilities Commission Bank Note (Power Series A-2 – Sumitomo Mitsui Banking Corporation, New York Branch) to be signed in its corporate name as an instrument by its duly authorized officer on the date and in the year first above written.

PUBLIC UTILITIES COMMISSION OF THE  
CITY AND COUNTY OF SAN FRANCISCO

By: \_\_\_\_\_  
Name: Harlan L. Kelly, Jr.  
Title: General Manager

**Approved as to Form:**

DENNIS J. HERRERA  
City Attorney of the City and  
County of San Francisco

By: \_\_\_\_\_  
Name: Mark D. Blake  
Title: Deputy City Attorney

**Acknowledged:**

ANNA VAN DEGNA  
Director of Public Finance of the City  
and County of San Francisco

By: \_\_\_\_\_  
Director of Public Finance

**EXHIBIT C**

**FORM OF COMPLIANCE CERTIFICATE**

This Compliance Certificate (this "Certificate") is furnished to Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "Bank") pursuant to Section 5.1(a)(i) of the Reimbursement Agreement, dated as of December 1, 2018 (the "Reimbursement Agreement"), by and between the Public Utilities Commission of the City and County of San Francisco (the "Commission") and the Bank. Terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Reimbursement Agreement.

The undersigned hereby certifies that:

1. I am an Authorized Representative of the Commission;
2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the activities, transactions and conditions of the Commission during the accounting period covered by the attached financial statements for the purpose of determining whether or not the Commission has complied with all of the terms, provisions and conditions of the Reimbursement Agreement and the other Basic Documents;
3. To the best of my knowledge, the financial statements required by Section 5.1(a)(i) of the Reimbursement Agreement and being furnished to you concurrently with this Certificate present fairly the financial position of the Commission as of the date they purport to represent and the revenues, expenses and changes in fund balances and in financial position for the periods then ended; and
4. The projected Net Revenues in each of the first three (3) full Fiscal Years after the sale of such Senior Debt (1) plus Available Funds are at least 1.25 times Annual Debt Service on the outstanding Senior Debt, after giving effect to the issuance of such Senior Debt, and (2) are at least 1.0 times Annual Debt Service on the outstanding Senior Debt, plus required deposits into any Reserve Fund established pursuant to the Master Trust Indenture, after giving effect to the issuance of such Senior Debt, as demonstrated below:

Fiscal Year [\_\_\_\_]:  
Projected Net Revenues \$ \_\_\_\_\_  
Available Funds \$ \_\_\_\_\_  
Annual Debt Service on outstanding Senior Debt \$ \_\_\_\_\_  
Required Deposits into Reserve Fund \$ \_\_\_\_\_

Fiscal Year [\_\_\_\_]:  
Projected Net Revenues \$ \_\_\_\_\_  
Available Funds \$ \_\_\_\_\_  
Annual Debt Service on outstanding Senior Debt \$ \_\_\_\_\_  
Required Deposits into Reserve Fund \$ \_\_\_\_\_

Fiscal Year [\_\_\_\_]:  
Projected Net Revenues \$\_\_\_\_\_  
Available Funds \$\_\_\_\_\_  
Annual Debt Service on outstanding Senior Debt \$\_\_\_\_\_  
Required Deposits into Reserve Fund \$\_\_\_\_\_

or

4. Net Revenues from any twelve consecutive months of the prior 24 months (1) plus Available Funds, are at least 1.25 times Annual Debt Service on the outstanding Senior Debt, after giving effect to the issuance of such Senior Debt, and (2) are at least 1.0 times Annual Debt Service on the outstanding Senior Debt, plus required deposits into any Reserve Fund established pursuant to the Master Trust Indenture, after giving effect to the issuance of such Senior Debt; provided, however, for purposes of this paragraph the following adjustments may be made to Net Revenues for such period: (I) an allowance for additional Power Enterprise Revenues anticipated from any additions, extensions and improvements to the Power Enterprise to be acquired or constructed from proceeds of such or a prior Senior Debt and for any changes in Operation and Maintenance Expenses resulting therefrom, that are not reflected in Net Revenues for such Fiscal Year, but only if such additional Power Enterprise Revenues and changes in Operation and Maintenance Expenses represent a full twelve months' change in Net Revenues attributable to such additions, extensions and improvements; and (II) an allowance for additional Power Enterprise Revenues attributable to any increase in the rates and charges imposed by the Commission that (A) was in effect prior to the issuance of such Senior Debt but which, during all or part of such Fiscal Year, was not in effect, or (B) was adopted by the Commission prior to the issuance of such Senior Debt and will be in effect within 90 days after such issuance, but in either case only if such additional Power Enterprise Revenues represent a full twelve months' change in Net Revenues attributable to such increase in rates and charges, as demonstrated below:

Net Revenues \$\_\_\_\_\_  
Additional Power Enterprise Revenues (Construction) \$\_\_\_\_\_  
Additional Power Enterprise Revenues (Rates and Charges) \$\_\_\_\_\_  
Available Funds \$\_\_\_\_\_  
Annual Debt Service on outstanding Senior Debt \$\_\_\_\_\_  
Required Deposits into Reserve Fund \$\_\_\_\_\_

5. Based on the examinations described in paragraph 2: *Check One of the Following:*

No Default or Event of Default has occurred and is continuing; or

A Default or Event of Default has occurred and is continuing, under the following circumstances:

[Include description of circumstances and Commission remedial actions]



6. Based on the examinations described in paragraph 2: *Check One of the Following:*

The representations and warranties of the Commission contained in Article IV of the Reimbursement Agreement are true and correct; or

The following representations and warranties of the Commission contained in Article IV of the Reimbursement Agreement are not true and correct, under the following circumstances:

[Include description of circumstances and Commission remedial actions]

The foregoing certifications and the financial statements delivered with this Certificate are hereby made and delivered this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

PUBLIC UTILITIES COMMISSION OF THE  
CITY AND COUNTY OF SAN FRANCISCO

By: \_\_\_\_\_

Name:

Title:

## **EXHIBIT D**

### **2019 LIST OF CITY HOLIDAYS**

New Year's Day – Tuesday, January 1, 2019

Dr. Martin Luther King, Jr. Day - Monday, January 21, 2019

President's Day - Monday, February 18, 2019

Memorial Day - Monday, May 27, 2019

Independence Day - Thursday, July 4, 2019

Labor Day - Monday, September 2, 2019

Columbus Day - Monday, October 14, 2019

Veterans Day - Monday, November 11, 2019

Thanksgiving Day and the Day After - Thursday, November 28, 2019 & Friday, November 29, 2019

Christmas Day - Wednesday, December 25, 2019

## EXHIBIT E

### CITY REQUIREMENTS

(a) Tropical Hardwood and Virgin Redwood Ban. The City urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

(b) Nondiscrimination: Penalties.

(i) Bank Shall Not Discriminate. In the performance of this Agreement, the Bank agrees not to discriminate against any employee, City and County employee working with the Bank or subcontractor, applicant for employment with the Bank or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status, or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(ii) Subcontracts. The Bank shall incorporate by reference in all subcontracts made in fulfillment of its obligations hereunder the provisions of Sections 12B.2(a), 12B.2(c)-(k) and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. The Bank's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(iii) Non-Discrimination in Benefits. The Bank does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(iv) HRC Form. The Bank shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

(v) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. The Bank shall comply fully with and be bound by all of the

provisions that apply to this Agreement under such Chapters of the San Francisco Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the Bank understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against the Bank and/or deducted from any payments due the Bank; *provided, however*, that such damages shall not be set off against the payment of rental or other contract related to Series A-2 Commercial Paper Notes or other debt obligations of the City.

(c) Limitations on Contributions. Through execution of this Agreement, the Bank acknowledges that it is familiar with Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City, including the Commission, for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (A) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (B) a candidate for the office held by such individual, or (C) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The Bank acknowledges that the foregoing restriction applies only if the contract or combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. The Bank further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of the Bank's board of directors; the Bank's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in the Bank; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Bank. Additionally, the Bank acknowledges that the Bank must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126 of the City's Campaign and Governmental Conduct Code.

(d) MacBride Principles - Northern Ireland. Pursuant to San Francisco Administrative Code Section 12F.5, the City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this Agreement on behalf of the Bank acknowledges and agrees that he or she has read and understood this section.

(e) Conflict of Interest. Through its execution of this Agreement, the Bank hereby acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 *et seq.* and Section 1090 *et seq.* of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

(f) Earned Income Credit ("EIC") Forms. San Francisco Administrative Code section 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule; as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found.

(i) The Bank shall provide EIC Forms to each Eligible Employee at each of the following times: (A) within thirty days following the date on which this Agreement becomes effective (unless the Bank has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (B) promptly after any Eligible Employee is hired by the Bank; and (C) annually between January 1 and January 31 of each calendar year during the term of this Agreement.

(ii) Failure to comply with any requirement contained in the immediately preceding paragraph shall constitute a material breach by the Bank of the terms of this Agreement. If, within thirty days after the Bank receives written notice of such a breach, the Bank fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, the Bank fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Agreement or under applicable law.

(iii) Any subcontract entered into by the Bank shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this Section.

(iv) Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

(g) Local Business Enterprise Utilization; Liquidated Damages.

(i) The LBE Ordinance. The Bank shall comply with all the requirements of the Disadvantaged Business Enterprise Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "LBE Ordinance"), provided such amendments do not materially increase the Bank's obligations or liabilities, or materially diminish the Bank's rights, under this Agreement. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Agreement as though fully set forth in this section. The Bank's willful failure to comply with any applicable provisions of the LBE Ordinance is a material breach of the Bank's obligations under this Agreement and shall entitle City, subject to any applicable notice and cure provisions set forth in this Agreement, to exercise any of the remedies provided for under this Agreement, under the LBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Agreement expressly provides that any remedy is exclusive. In addition, the Bank shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

(ii) Compliance and Enforcement. If the Bank willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Agreement pertaining to LBE participation, the Bank shall be liable for liquidated damages in an amount equal to the Bank's net profit on this Agreement, or 10% of the total amount of this Agreement, or \$1,000, whichever is greatest. The Director of the City's Human Rights Commission or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the "Director of HRC") may also impose other sanctions against the Bank authorized in the LBE Ordinance, including declaring the Bank to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Bank's LBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to the San Francisco Administrative Code Section 14B.17.

By entering into this Agreement, the Bank acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to City upon demand. The Bank further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to the Bank on any contract with City.

The Bank agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Agreement, and shall make such records available for audit and inspection by the Director of HRC or the Controller upon request.

(h) Drug-Free Workplace Policy. The Bank acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on Commission or City premises. The Bank agrees that any violation of this prohibition by the Bank, its employees, agents or assigns will be deemed a material breach of this Agreement.

(i) Compliance with Americans with Disabilities Act. The Bank acknowledges that, pursuant to the Americans with Disabilities Act ("ADA"), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. The Bank shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. The Bank agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of the Bank, its employees, agents or assigns will constitute a material breach of this Agreement.

(j) Sunshine Ordinance. In accordance with San Francisco Administrative Code Section 67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between the Commission or the City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and

unless that person or organization is awarded the contract or benefit. Information provided, which is covered by this paragraph will be made available to the public upon request.

(k) Requiring Minimum Compensation for Covered Employees.

(i) The Bank agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance ("MCO"), as set forth in San Francisco Administrative Code Chapter 12P ("Chapter 12P"), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at [www.sfgov.org/olse/mco](http://www.sfgov.org/olse/mco). A partial listing of some of the Bank's obligations under the MCO is set forth in this Section. The Bank is required to comply with all the provisions of the MCO, irrespective of this listing of obligations in this Section.

(ii) The MCO requires the Bank to pay the Bank's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and the Bank is obligated to keep informed of the then-current requirements. Any subcontract entered into by the Bank shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is the Bank's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against the Bank.

(iii) The Bank shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

(iv) The Bank shall maintain employee and payroll records as required by the MCO. If the Bank fails to do so, it shall be presumed that the Bank paid no more than the minimum wage required under State law.

(v) The City is authorized to inspect the Bank's job sites and conduct interviews with employees and conduct audits of the Bank.

(vi) The Bank's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Bank fails to comply with these requirements. The Bank agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for the Bank's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

(vii) The Bank understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, the Bank fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Bank fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(viii) The Bank represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

(ix) The City may conduct random audits of the Bank. Random audits shall be (A) noticed in advance in writing; (B) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (C) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten days of the written notice; and (D) limited to one audit of the Bank every two years for the duration of this Agreement. Nothing in this Agreement is intended to preclude the City from investigating any report of an alleged violation of the MCO.

(l) Requiring Health Benefits for Covered Employees. Unless exempt, the Bank agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance ("HCAO"), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at <http://www.sfgov.org/lwlh.htm>. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

(i) For each Covered Employee, the Bank shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If the Bank chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(ii) Notwithstanding the above, if the Bank is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with part (i) above.

(iii) The Bank's failure to comply with the HCAO shall constitute a material breach of this Agreement. The City shall notify the Bank if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, the Bank fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Bank fails to commence efforts to



cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

(iv) Any subcontract entered into by the Bank shall require the subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. The Bank shall notify City's Office of Contract Administration when it enters into such a subcontract and shall certify to the Office of Contract Administration that it has notified the subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on subcontractor through the subcontract. The Bank shall be responsible for its subcontractors' compliance with this Chapter. If a subcontractor fails to comply, the City may pursue the remedies set forth in this Section against the Bank based on the subcontractor's failure to comply, provided that City has first provided the Bank with notice and an opportunity to obtain a cure of the violation.

(v) The Bank shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to the Bank's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(vi) The Bank represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(vii) The Bank shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.

(viii) The Bank shall keep itself informed of the current requirements of the HCAO.

(ix) The Bank shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on subcontractors and subtenants, as applicable.

(x) The Bank shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten business days to respond.

(xi) The Bank shall allow City to inspect the Bank's job sites and have access to the Bank's employees in order to monitor and determine compliance with HCAO.

(xii) The City may conduct random audits of the Bank to ascertain its compliance with HCAO. The Bank agrees to cooperate with City when it conducts such audits.

(xiii) If the Bank is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but the Bank later enters into an agreement or agreements that cause the Bank's aggregate amount of all agreements with City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Bank and the City to be equal to or greater than \$75,000 in the fiscal year.

(m) Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, the Bank may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Agreement. The Bank agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event the Bank violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit the Bank from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider the Bank's use of profit as a violation of this section.

(n) Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and its residents, and to prevent the further spread of graffiti.

The Bank shall remove all graffiti from any real property owned or leased by such Bank in the City and County of San Francisco within forty eight (48) hours of the earlier of such Bank's (i) discovery or notification of the graffiti or (ii) receipt of notification of the graffiti from the Department of Public Works. This Section is not intended to require any Bank to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (A) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (B) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 *et seq.*) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. Section 101 *et seq.*).

Any failure of the Bank to comply with this Section of this Agreement shall constitute a material breach of this Agreement.

(o) Food Service Waste Reduction Requirements. The Bank agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, the Bank agrees that if it breaches this provision, the City will suffer actual damages that will be impractical or extremely difficult to determine; further, the Bank agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that the City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by the City because of such Bank's failure to comply with this provision.

(p) Preservative-treated Wood Containing Arsenic. The Bank may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. The Bank may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude the Bank from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

(q) Nondisclosure of Private Information. The Bank agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "Nondisclosure of Private information Ordinance"), including the remedies provided. The provisions of the Nondisclosure of Private Information Ordinance are incorporated herein by reference and made a part of this Agreement as though fully set forth. Capitalized terms used in this section and not defined in this Agreement shall have the meanings assigned to such terms in the Nondisclosure of Private Information Ordinance. Consistent with the requirements of the Nondisclosure of Private Information Ordinance, the Bank agrees to all of the following:

(i) Neither the Bank nor any of its Subcontractors shall disclose Private Information obtained from the City in the performance of this Agreement to any other Subcontractor, person, or other entity, unless one of the following is true:

(1) the disclosure is authorized by this Agreement;

(2) the Bank received advance written approval from the Contracting Department to disclose the information; or

(3) the disclosure is required by law or judicial order.

(ii) Any disclosure or use of Private Information authorized by this Agreement shall be in accordance with any conditions or restrictions stated in this Agreement. Any disclosure or use of Private Information authorized by a Contracting Department shall be in accordance with any conditions or restrictions stated in the approval.

(iii) Private Information shall mean any information that: (1) could be used to identify an individual, including without limitation, name, address, social security number, medical information, financial information, date and location of birth, and names of relatives; or (2) the law forbids any person from disclosing.

(iv) Any failure of the Bank to comply with the Nondisclosure of Private Information Ordinance shall be a material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Agreement, debar the Bank, or bring a false claim action against the Bank.

(r) Proprietary or Confidential Information of City. The Bank agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the City and its obligations, (g) with the consent of the City or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Bank on a nonconfidential basis from a source other than the City. For the purposes of this Section, "Information" means all information received from the City relating to the City or its business, other than any such information that is available to the Bank on a nonconfidential basis prior to disclosure by the City; provided that, in the case of information received from the City after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

(s) Submitting False Claims; Monetary Penalties. Pursuant to San Francisco Administrative Code Section 21.35, any contractor, subcontractor or consultant who submits a

false claim shall be liable to the City for three times the amount of damages which the City sustains because of the false claim. A contractor, subcontractor or consultant who submits a false claim shall also be liable to the City for the costs, including attorneys' fees, of a civil action brought to recover any of those penalties or damages, and may be liable to the City for a civil penalty of up to \$10,000 for each false claim. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (i) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (ii) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (iii) conspires to defraud the City by getting a false claim allowed or paid by the City; (iv) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (v) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

(t) Subcontracting. Except as otherwise provided in this Agreement, the Bank is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by City in writing. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

(u) Non-Waiver of Rights. The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

(v) City a Third Party Beneficiary. The City is hereby designated as a third party beneficiary for the purpose of enforcing all of the obligations of the Bank contained in this Exhibit E to this Agreement.

## FEE AGREEMENT

December 27, 2018

\$125,000,000  
not to exceed aggregate principal amount of  
Public Utilities Commission  
of the City and County of San Francisco  
Commercial Paper Notes  
(Power Series)  
Series A-2 (Tax-Exempt)

Reference is hereby made to that certain Reimbursement Agreement, dated as of December 1, 2018 (as it may be amended and supplemented from time to time, the "Reimbursement Agreement"), by and between the Public Utilities Commission of the City and County of San Francisco (the "Commission") and Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "Bank"). Terms used herein without definition shall have the meanings assigned in the Reimbursement Agreement.

The purpose of this Fee Agreement, dated December 27, 2018 (this "Fee Agreement"), between the Commission and the Bank, is to confirm the agreement between the Commission and the Bank with respect to fees and other amounts payable to the Bank and to set forth certain other information with respect to the Letter of Credit and the Reimbursement Agreement. This is the Fee Agreement referenced in the Reimbursement Agreement, and the terms hereof are incorporated by reference into the Reimbursement Agreement as if fully set forth therein. The Commission and the Bank hereby agree that the Closing Date shall be the date hereof.

In consideration for and in order to induce the Bank to issue the Letter of Credit pursuant to the terms of the Reimbursement Agreement, the parties hereto agree as follows:

(a) Facility Fee. The Commission agrees to pay to the Bank on April 1, 2019 for the period commencing on the Closing Date and ending on March 31, 2019, and on the first Business Day of each April, July, October and January to occur thereafter, and on the Termination Date (each, a "Quarterly Payment Date"), a non-refundable facility fee (the "Facility Fee"), which shall be fully earned when due and nonrefundable when paid, based on the Rating (as defined below) corresponding to the Level set forth in the pricing matrix below, computed in arrears (on the basis of a 365 day year for the actual number of days elapsed per quarter) on the average daily Stated Amount of the Letter of Credit (without regard to temporary reductions thereof) at the rates per annum specified below (the "Facility Fee Rate") from time to time in effect during each related period:

Level	S&P Rating	Fitch Rating	Facility Fee
			Rate
Level 1	A+ or above	A+ or above	0.35%
Level 2	A	A	0.55%
Level 3	A-	A-	0.80%
Level 4	BBB+	BBB+	1.30%
Level 5	BBB	BBB	2.00%

The following paragraph applies to each of the pricing matrices above. The term "Rating" as used above shall mean the long term unenhanced credit ratings assigned by any Rating Agency to any Senior Debt; provided, however, that if the long term unenhanced credit ratings assigned by any Rating Agency to any Senior Debt appear in more than one rating level, the term "Rating" as used above shall mean the lowest of the long term unenhanced credit ratings assigned by any Rating Agency to any Senior Debt. The Commission acknowledges, and the Bank agrees, that as of the Closing Date the Facility Fee Rate is that specified above for Level 1. Any change in the Facility Fee Rate resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to ratings above are references to rating categories as now determined by the Rating Agencies, and, in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration or realignment of the long term unenhanced credit ratings assigned by any Rating Agency to any Senior Debt in connection with the adoption of a "global" rating scale, each of the ratings from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. In the event that either (i) any long term unenhanced credit ratings assigned by any Rating Agency to any Senior Debt is suspended, withdrawn or otherwise unavailable from any Rating Agency, or reduced below "BBB" (or its equivalent) by Fitch or "BBB" (or its equivalent) by S&P, or (ii) upon the occurrence and during the continuance of an Event of Default, then the Facility Fee Rate otherwise in effect shall be immediately and without notice equal 3.00% per annum. The Facility Fees shall be payable in arrears as provided in the first sentence of this Paragraph (a), together with interest on the Facility Fees from the date payment is due until payment in full at the Default Rate, payable on demand and calculated as provided in such sentence.

(b) Drawing Fee. Upon each drawing under the Letter of Credit, the Commission agrees to pay to the Bank a Letter of Credit drawing fee of \$300, payable without any requirement of notice or demand by the Bank on the day on which such drawing is paid by the Bank.

(c) Transfer Fee; Amendment Fee. Upon each transfer of the Letter of Credit, the Commission agrees to pay to the Bank the sum of \$5,000 plus the reasonable fees and expenses of counsel to the Bank associated with such transfer, payable on the date of such transfer. Upon any amendment of the Letter of Credit, the Reimbursement Agreement or this Fee Agreement, or any amendment of any other Basic Document requiring action on the part of the Bank, the Commission agrees to pay to the Bank the sum of \$5,000 plus the reasonable fees and expenses of counsel to the Bank associated with such amendment, payable on the date of such amendment.

(d) Termination Fee. If the Letter of Credit terminates by its terms or is replaced, or the Stated Amount of the Letter of Credit is permanently reduced to zero, prior to the one (1) year anniversary of the Closing Date, the Commission shall pay to the Bank, upon such termination, replacement or reduction; a termination fee equal to the Facility Fee (based on an Stated Amount equal to the Original Stated Amount) for the full first one (1) year of the Letter of Credit at the Facility Fee Rate in effect as of the date of such termination, replacement or reduction, less the aggregate amount of Facility Fee theretofore paid; and shall also pay to the Bank, upon such termination, replacement or reduction, all other fees, expenses and other obligations payable hereunder, including, without limitation, all principal and accrued interest owing on the Bank Note; provided, however, that the Commission shall not be required to pay any termination fee to the Bank (i) if such termination, replacement or reduction is a result of any of the short-term credit ratings of the Bank being downgraded by Fitch to "F2" or below or by S&P to "A-2" or below, respectively, or (ii) if such termination, replacement or reduction is a result of additional amounts becoming due pursuant to Section 2.14 of the Reimbursement Agreement. All payments from the Commission to the Bank referred to in this paragraph (d) shall be made with immediately available funds.

(e) Reduction Fee. If the Letter of Credit is permanently reduced below the Original Stated Amount to an amount greater than zero prior to the one (1) year anniversary of the Closing Date, the Commission shall pay to the Bank, upon such reduction, a reduction fee in an amount equal to the product of (i) the Facility Fee Rate in effect as of the date of such reduction, (ii) the difference between the Stated Amount prior to such reduction and the Stated Amount after such reduction, and (iii) a fraction, the numerator of which is equal to the number of days from and including the date of such reduction to and including the one (1) year anniversary of the Closing Date, and the denominator of which is 365, and shall also pay to the Bank, upon such reduction, all other fees, expenses and other obligations payable hereunder, including, without limitation, all principal and accrued interest owing on the Bank Note; provided, however, that the Commission shall not be required to pay any reduction fee to the Bank (i) if such reduction is a result of any of the short-term credit ratings of the Bank being downgraded by Fitch to "F2" or below or by S&P to "A-2" or below, respectively, or (ii) if such reduction is a result of additional amounts becoming due pursuant to Section 2.14 of the Reimbursement Agreement. All payments from the Commission to the Bank referred to in this paragraph (e) shall be made with immediately available funds.

(f) Expenses. Upon receipt of a written invoice by mail, the Commission will promptly pay (i) the reasonable fees and expenses of counsel (both foreign and domestic) to the Bank incurred in connection with the preparation, execution and delivery, and administration of the Reimbursement Agreement, the Letter of Credit, this Fee Agreement and the other Basic Documents, (ii) the reasonable out-of-pocket expenses of the Bank incurred in connection with the preparation, execution and delivery, and administration of the Reimbursement Agreement, the Letter of Credit, this Fee Agreement and the other Basic Documents, (iii) the fees and disbursements of counsel (both foreign and domestic) to the Bank with respect to advising the Bank as to the rights and responsibilities under the Reimbursement Agreement after the occurrence of an Event of Default, and (iv) all costs and expenses, if any, in connection with the administration and enforcement of the Reimbursement Agreement and any other documents which may be delivered in connection therewith, including in each case the fees and disbursements of counsel (both foreign and domestic) to the Bank. In addition, and



notwithstanding the foregoing, the Commission agrees to pay, after the occurrence of an Event of Default, all costs and expenses (including attorneys' fees and costs of settlement) incurred by the Bank in enforcing any obligations or in collecting any payments due from the Commission hereunder by reason of such Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under the Reimbursement Agreement in the nature of a "workout" or of any insolvency or bankruptcy proceedings. The obligations of the Commission under this paragraph (f) shall survive the termination of the Reimbursement Agreement.

(g) Payment Account. "Payment Account" shall mean the following account of the Bank (or at such other place as the Bank may specify by written notice to the Commission and the Trustee):

Citibank, N.A. New York  
ABA Number: 021-000-089  
F/O: Sumitomo Mitsui Banking Corp., New York Branch  
Account Number: 360-23-837  
Attention: Trade Credit Services Department  
Re: San Francisco Public Utilities Commission, LG/MIS/NY-142139  
Contact: (212) 224-4310

(h) Notices. All notices and other communications to the Bank provided for under the Reimbursement Agreement shall be in writing (including required copies) and sent by receipted hand delivery (including Federal Express or other receipted courier service), telecopy, facsimile transmission, or regular mail, to the following addresses (or to such other address(es) of which the Bank shall notify the parties to the Reimbursement Agreement):

if to the Bank with respect	Sumitomo Mitsui Banking Corporation,
to draws under the Letter of	New York Branch
Credit, to:	277 Park Avenue, 6th Floor
	New York, New York 10172
	Attention: Trade Credit Services Department
	Telephone: (212) 224-4310
	Facsimile: (212) 224-4566

if to the Bank with respect  
to administrative matters,  
to:

Sumitomo Mitsui Banking Corporation,  
New York Branch  
277 Park Avenue, 4th Floor  
New York, New York 10172  
Attention: General Manager - Public and Infrastructure  
Finance Group  
Telephone: (212) 224-4859  
Facsimile: (212) 224-5227

With a copy to:

Sumitomo Mitsui Banking Corporation,  
New York Branch  
277 Park Avenue, 6th Floor  
New York, New York 10172  
Attention: Trade Credit Services Department  
Telephone: (212) 224-4310  
Facsimile: (212) 224-4566

(i) No amendment or waiver of any provision of this Fee Agreement, or consent to any departure by the Commission therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank and an Authorized Representative of the Commission, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Neither any failure nor any delay on the part of the Bank in exercising any right, power or privilege hereunder, nor any course of dealing with respect to any of the same, shall operate as a waiver thereof, preclude any other or further exercise thereof nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The remedies herein provided are cumulative, and not exclusive of any remedies provided by law. To the extent of any conflict between this Fee Agreement, the Reimbursement Agreement, the Letter of Credit, and any other Basic Documents, with respect to the subject matter hereof, this Fee Agreement shall control solely as between the Commission and the Bank.

(j) Any provision of this Fee Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction, and all other remaining provisions hereof will be construed to render them enforceable to the fullest extent permitted by law. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

(k) (a) THIS FEE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS; PROVIDED THAT THE BANK'S OBLIGATIONS HEREUNDER SHALL BE GOVERNED BY, AND

CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAWS PROVISIONS.

(l) This Fee Agreement may be executed in two or more counterparts, each of which shall constitute an original, but when taken together shall constitute but one agreement and any of the parties hereto may execute this Fee Agreement by signing any such counterpart.

(m) This Fee Agreement represents the final agreement between the parties hereto with respect to the subject matter hereof and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties hereto as to such subject matter.

(n) This Fee Agreement and the Reimbursement Agreement shall be construed as one agreement between the Commission and the Bank and shall be governed by the provisions of the Reimbursement Agreement.

[The remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

PUBLIC UTILITIES COMMISSION OF THE  
CITY AND COUNTY OF SAN FRANCISCO

By: \_\_\_\_\_  
Name: Harlan L. Kelly, Jr.  
Title: General Manager

Approved as to Form:

DENNIS J. HERRERA  
City Attorney of the City and County of San  
Francisco

By: \_\_\_\_\_  
Name: Mark D. Blake  
Title: Deputy City Attorney

Acknowledged:

ANNA VAN DEGNA  
Director of Public Finance of the City and  
County of San Francisco

\_\_\_\_\_  
Director of Public Finance

SUMITOMO MITSUI BANKING  
CORPORATION, acting through its New York  
Branch

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**[FORM OF] FIRST AMENDMENT TO DEALER AGREEMENT**

**Dated as of December 1, 2018**

This FIRST AMENDMENT TO DEALER AGREEMENT (this “First Amendment”) is entered into as of December 1, 2018, by and between the Public Utilities Commission (the “Commission”) of the City and County of San Francisco (the “City”) and [Dealer] (“[Dealer]”). [Dealer] is referred to as the “Dealer” herein.

**RECITALS**

The Commission and the Dealer have previously entered into a Dealer Agreement, dated as of December 1, 2015 (the “Original Dealer Agreement”) and this First Amendment amends the Original Dealer Agreement (the Original Dealer Agreement, as amended and supplemented, including as amended and supplemented by this First Amendment, the “Agreement”).

The Commission proposes to issue and reissue its Commercial Paper Notes (Power Series) Series A-1, in the maximum principal amount of \$125,000,000 at any time outstanding (the “Series A-1 Notes”), and its Commercial Paper Notes (Power Series) Series A-2, in the maximum principal amount of \$125,000,000 at any time outstanding (the “Series A-2 Notes” and, together with the Series A-1 Notes, the “Notes”).

The Notes will be issued pursuant to (i) Article V of Chapter 43 of the San Francisco Administrative Code, (ii) Sections 9.107(6) and 9.107(8) of the Charter of the City, (iii) Section 8B.124 of the Charter of the City, subject to receipt of certain required certifications, (iv) Resolution No. [\_\_\_\_], adopted by the Commission on November 13, 2018, and (v) Ordinance No. [\_\_\_\_], adopted by the Board of Supervisors of the City on [\_\_\_\_], and signed by the Mayor of the City on [\_\_\_\_], 2018.

The Notes will be issued pursuant to the terms of the First Amended and Restated Issuing and Paying Agent Agreement, dated as of December 1, 2018 (the “Issuing and Paying Agent Agreement”), by and between U.S. Bank National Association, as Issuing and Paying Agent (the “Issuing and Paying Agent”), and the Commission.

The payment of principal and interest on the Notes will be supported by (i) an irrevocable direct-pay letter of credit (the “Series A-1 Letter of Credit”) issued by Bank of America, N.A. (the “Series A-1 Bank”), pursuant to the terms of the Reimbursement Agreement, dated as of December 1, 2015, as amended by the First Amendment to Reimbursement Agreement, dated December [\_\_\_\_], 2018 (together, the “Series A-1 Reimbursement Agreement”), each by and between the Commission and the Series A-1 Bank, and (ii) an irrevocable direct-pay letter of credit (the “Series A-2 Letter of Credit”) issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “Series A-2 Bank”), pursuant to the terms of the Reimbursement Agreement, dated as of December 1, 2018 (the “Series A-2 Reimbursement Agreement”), by and between the Commission and the Series A-2 Bank.

[Dealer] has agreed to act as a non-exclusive Dealer for the Notes and to perform the duties imposed by this Agreement.

## AGREEMENTS

Section 1. Amended Definitions. The following defined terms in the Original Dealer Agreement are hereby amended and restated to read as follows:

“Agreement” means the Original Dealer Agreement, as amended and supplemented.

“Issuing and Paying Agent Agreement” means the First Amended and Restated Issuing and Paying Agent Agreement, dated as of December 1, 2018, by and between U.S. Bank National Association and the Commission, as amended and supplemented.

“Notes” means the Series A-1 Notes or the Series A-2 Notes.

Section 2. Definitions in Sections 3, 4, 7, 8, 9 and 11 of the Original Dealer Agreement. In Sections 3, 4, 7, 8, 9 and 11 of the Original Dealer Agreement, “Bank” means the Series A-1 Bank or the Series A-2 Bank, as applicable, “Termination Date” means the stated termination date established pursuant to the applicable Letter of Credit, “Letter of Credit” means the Series A-1 Letter of Credit or the Series A-2 Letter of Credit, as applicable, and “Reimbursement Agreement” means the Series A-1 Reimbursement Agreement or the Series A-2 Reimbursement Agreement, as applicable.

Section 3. Amendment of Section 3(b) of the Original Dealer Agreement. Section 3(b) of the Original Dealer Agreement is hereby amended to read as follows:

The Dealer shall use its best efforts, consistent with commercial customs and practices, to solicit and arrange sales of the Notes at such rates and maturities as may prevail from time to time in the market in accordance with Section 4 below, and, in any event, the Dealer shall use its best efforts to solicit and arrange sales of the Notes up to the Maximum Interest Rate, as required by the applicable Issuing and Paying Agent Agreement, and irrespective of whether the rate for unreimbursed drawings under the Letter of Credit or unreimbursed advances under the Reimbursement Agreement is less than the Maximum Interest Rate. The Dealer agrees to make a good faith effort to notify Commission if for any reason it believes that it will not be able to sell the Notes on the date such Notes are to be issued. The Dealer and the Commission agree that any Notes which the Dealer may purchase or for which the Dealer may arrange the sale, will be purchased or sold on the terms and conditions and in the manner provided in the Issuing and Paying Agent Agreement and this Agreement. Anything herein to the contrary notwithstanding, to the extent of any conflict between the provisions hereof and the Issuing and Paying Agent Agreement, the provisions of the Issuing and Paying Agent Agreement shall be controlling.

Section 4. Deletion of Section 7(f) of the Original Dealer Agreement. Section 7(f) of the Original Dealer Agreement is hereby deleted in its entirety.

Section 5. Amendment of Section 7(g) of the Original Dealer Agreement. Section 7(g) of the Original Dealer Agreement is hereby amended to read as follows:

The Commission will cooperate with the Dealer in arranging for the qualification of the Notes for sale and the determination of their eligibility for investment under the laws of such jurisdictions in the United States as the Dealer may designate and will use its best efforts to continue such qualifications in effect so long as the Notes are being offered by the Dealer; provided, however, that the Commission will not be required to execute a special or general consent to service of process or qualify to do business in connection with action taken under this subsection nor will the Commission be required to incur any material expense.

Section 6. Amendment of Section 9(a) of the Original Dealer Agreement. Section 9(a) of the Original Dealer Agreement is hereby amended to read as follows:

The Documents shall be in full force and effect and the Notes to be issued on such date shall have the full benefits of all of the foregoing, all of which shall not have been amended, modified or supplemented in a manner that adversely affects the Dealer, except as may have been agreed to in writing by the Dealer, and there shall be in full force and effect such additional resolutions, agreements, instruments and certificates (including such certificates as may be required by Orrick, Herrington & Sutcliffe LLP, Bond Counsel, regarding the exclusion from gross income of interest on all or a portion of the Notes from federal income tax) and such opinions of counsel, which resolutions, agreements, certificates and opinions of counsel shall be satisfactory in form and substance to the Dealer and there shall have been taken in connection therewith and in connection with the issuance or resale of the Notes all such action as shall, in the opinion of the aforesaid Bond Counsel, be necessary in connection with the transactions contemplated hereby.

Section 7. Amendment of Section 9(c)(ii) of the Original Dealer Agreement. Section 9(c)(ii) of the Original Dealer Agreement is hereby amended to read as follows:

an opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, in the form attached as Appendix B to the Offering Memorandum;

Section 8. Amendment of Section 10 of the Original Dealer Agreement. Section 10 of the Original Dealer Agreement is hereby amended to read as follows:

(a) For the services to be performed by the Dealer under this Agreement, the Commission agrees to pay the Dealer an annual fee equal to 4.75 basis points (0.0475%) of the average outstanding principal amount of the Notes managed by the Dealer, payable quarterly in arrears, within 30 days after receipt of the bill for the preceding quarter, commencing with the quarter ending [December 31, 2018].

(b) The Commission's obligations under this Section 10 which have accrued or arisen prior to the effective date of any termination or expiration of this Agreement shall survive such termination or expiration.

Section 9. Amendment of Section 21 of the Original Dealer Agreement. The first sentence of Section 21 of the Original Dealer Agreement is hereby amended to read as follows:

The initial term of this Agreement, as amended by the First Amendment, shall be from the date first written above through December [\_\_\_], 2022.

Section 10. Reaffirmation of Original Dealer Agreement. All terms and conditions of the Original Dealer Agreement not expressly modified by this First Amendment are expressly reaffirmed as if set forth in their entirety herein and shall remain unaffected, unchanged and unimpaired by reason of this First Amendment and the Commission and Dealer shall continue to be bound by same.

Section 11. Execution in Counterparts. This First Amendment may be executed in several counterparts, each of which shall be original and all of which shall constitute but one and the same instrument.

(Remainder of Page Intentionally Left Blank)



IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed and delivered as of the date first above written.

PUBLIC UTILITIES COMMISSION OF  
THE CITY AND COUNTY OF SAN  
FRANCISCO

---

Harlan L. Kelly, Jr.  
General Manager

APPROVED AS TO FORM:  
DENNIS HERRERA  
City Attorney

---

Mark D. Blake  
Deputy City Attorney

ACKNOWLEDGED:  
OFFICE OF PUBLIC FINANCE OF THE  
CITY AND COUNTY OF SAN  
FRANCISCO

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Anna Van Degna  
Director of Public Finance

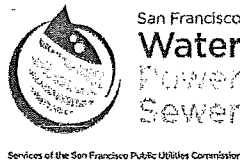
[DEALER]

By: \_\_\_\_\_  
Authorized Signatory

*On December [ ], 2018, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission, will deliver its opinion that, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Commercial Paper Notes, when issued in accordance with the Issuing and Paying Agent Agreement and the Tax Certificate, is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Bond Counsel's opinion will state that the amount treated as interest on the Commercial Paper Notes and excluded from gross income will depend upon the taxpayer's election under Internal Revenue Notice 94-84. Bond Counsel's opinion will also state that interest on the Commercial Paper Notes is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel will express no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Commercial Paper Notes. See "TAX MATTERS."*

**OFFERING MEMORANDUM DATED DECEMBER [ ], 2018**

**Ratings: See "RATINGS" herein.**



**\$250,000,000**  
**Public Utilities Commission**  
**of the City and County of San Francisco**  
**Commercial Paper Notes**  
**(Power Series)**

**Not To Exceed**  
**\$125,000,000**  
**Series A-1 (Tax-Exempt)**  
 Supported by a letter of credit issued by  
 Bank of America, N.A.

**Not To Exceed**  
**\$125,000,000**  
**Series A-2 (Tax-Exempt)**  
 Supported by a letter of credit issued by  
 Sumitomo Mitsui Banking Corporation,  
 acting through its New York Branch


The purpose of this Offering Memorandum is to provide certain general information in connection with the issuance and sale of the Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-1 (Tax-Exempt) (the "Series A-1 Notes") and the Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-2 (Tax-Exempt) (the "Series A-2 Notes" and, together with the Series A-1 Notes, the "Commercial Paper Notes" and, each, a "Series"). The Commission may issue and have outstanding at any one time an aggregate principal amount of Series A-1 Notes up to \$125,000,000 and an aggregate principal amount of Series A-2 Notes up to \$125,000,000.

References herein to the Commercial Paper Notes, the Letters of Credit, the Reimbursement Agreements and the Issuing and Paying Agent Agreement (all as hereinafter defined) do not purport to be complete or definitive, do not constitute summaries thereof, and are qualified in their entirety by reference to the provisions thereof. The information and expressions of opinion in this Offering Memorandum are subject to change without notice after the date hereof and future use of this Offering Memorandum shall not otherwise create any implication that there has been no change in the matters referred to in this Offering Memorandum since the date hereof. This Offering Memorandum is not to be construed as a contract between the Public Utilities Commission of the City and County of San Francisco (the "Commission") and the purchasers of the Commercial Paper Notes. Prospective purchasers of the Commercial Paper Notes are expected to conduct their own review and analysis before making an investment decision.

The Commission has entered into (i) the Reimbursement Agreement, dated as of December 1, 2015, as amended by the First Amendment to Reimbursement Agreement, dated December [ ], 2018 (together, the "Series A-1 Reimbursement Agreement"), each by and between the Commission and Bank of America, N.A. (the "Series A-1 Bank"), pursuant to which the Series A-1 Bank will issue an irrevocable direct pay letter of credit (the "Series A-1 Letter of Credit") for the account of the Commission in favor of the Issuing and Paying Agent supporting the payment of the principal of and interest on maturing Series A-1 Notes, and (ii) the Reimbursement Agreement, dated as of December 1, 2018 (the "Series A-2 Reimbursement Agreement" and, together with the Series A-1 Reimbursement Agreement, the "Reimbursement Agreements"), by and between the Commission and Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "Series A-2 Bank" and, together with Series A-1 Bank, the "Banks"), pursuant to which the Series A-2 Bank will issue an irrevocable direct pay letter of credit (the "Series A-2 Letter of Credit" and, together with the Series A-1 Letter of Credit, the "Letters of Credit") for the account of the Commission in favor of the Issuing and Paying Agent supporting the payment of the principal of and interest on maturing Series A-2 Notes.

Unless terminated earlier or extended in accordance with their respective terms, the Series A-1 Letter of Credit will expire on December [ ], 2021, and the Series A-2 Letter of Credit will expire on December [ ], 2022.

**TIMELY PAYMENT OF PRINCIPAL OF AND/OR INTEREST ON MATURING COMMERCIAL PAPER NOTES OF EACH SERIES IS DEPENDENT UPON THE AVAILABILITY OF PROCEEDS OF DRAWS UNDER THE APPLICABLE LETTER OF CREDIT. IF FOR ANY REASON A BANK FAILS TO MAKE A PAYMENT DUE UNDER THE APPLICABLE LETTER OF CREDIT, THE COMMISSION WOULD HAVE NO OBLIGATION TO MAKE ANY PAYMENTS WITH RESPECT TO THE APPLICABLE COMMERCIAL PAPER NOTES EXCEPT FROM AVAILABLE POWER ENTERPRISE REVENUES, AND IT IS UNLIKELY THAT THE COMMISSION WOULD HAVE SUFFICIENT FUNDS ON HAND AND AVAILABLE TO MAKE THE CORRESPONDING PAYMENT OF PRINCIPAL OF AND/OR INTEREST ON SUCH COMMERCIAL PAPER NOTES. PROSPECTIVE INVESTORS SHOULD THEREFORE BASE THEIR INVESTMENT DECISION, INsofar AS IT RELATES TO THE CREDITWORTHINESS OF A SERIES OF COMMERCIAL PAPER NOTES, SOLELY ON THE CREDIT OF THE APPLICABLE BANK, RATHER THAN THE COMMISSION.**

**Bank of America**   
**Merrill Lynch**

[Sumitomo Logo]

The Commercial Paper Notes are also payable from the proceeds of refunding Commercial Paper Notes or refunding bonds or other obligations which may be authorized and issued from time to time for such purpose. In addition, the Commission has pledged Available Power Enterprise Revenues (as defined herein) to the repayment of the Commercial Paper Notes on a basis subordinate to repayment of the Commission's outstanding Power Revenue Bonds (as defined herein). See "THE COMMISSION AND THE POWER ENTERPRISE—Senior and Parity Indebtedness" herein.

THE GENERAL FUND OF THE CITY AND COUNTY OF SAN FRANCISCO IS NOT LIABLE, AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY AND COUNTY OF SAN FRANCISCO IS PLEDGED, FOR THE PAYMENT OF THE COMMERCIAL PAPER NOTES AND THE INTEREST THEREON.

**DEALERS FOR ALL SERIES**

**Barclays**

**Goldman, Sachs & Co.**

**RBC Capital Markets**

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## INTRODUCTION

The purpose of this Offering Memorandum is to provide certain general information in connection with the issuance and sale of the Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-1 (Tax-Exempt) (the "Series A-1 Notes") and the Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-2 (Tax-Exempt) (the "Series A-2 Notes" and, together with the Series A-1 Notes, the "Commercial Paper Notes" and, each, a "Series"). The Commission may issue and have outstanding at any one time an aggregate principal amount of Series A-1 Notes up to \$125,000,000 and an aggregate principal amount of Series A-2 Notes up to \$125,000,000. Capitalized terms used herein and not defined shall have the respective meanings given such terms in the First Amended and Restated Issuing and Paying Agent Agreement, dated as of December 1, 2018 (the "Issuing and Paying Agent Agreement"), by and between U.S. Bank National Association, as issuing and paying agent (the "Issuing and Paying Agent") and the Public Utilities Commission of the City and County of San Francisco (the "Commission"), as applicable. If not defined below or in the Issuing and Paying Agent Agreement, capitalized terms used herein shall have the meanings given such terms in the Trust Indenture, dated as of May 1, 2015, as amended by the First Supplemental Trust Indenture, dated as of May 1, 2015, and as the same may be subsequently supplemented, amended and modified from time to time (the "Power Bonds Indenture"), between the Commission and U.S. Bank National Association, as trustee thereunder, providing for the issuance from time to time of the Commission's Power Revenue Bonds, designated as the "Power Revenue Bonds," and other obligations as provided therein, as the same may be supplemented, amended and modified from time to time.

The Commission has entered into (i) the Reimbursement Agreement, dated as of December 1, 2015, as amended by the First Amendment to Reimbursement Agreement, dated December [ ], 2018 (together, the "Series A-1 Reimbursement Agreement"), each by and between the Commission and Bank of America, N.A. (the "Series A-1 Bank"), pursuant to which the Series A-1 Bank will issue an irrevocable direct pay letter of credit (the "Series A-1 Letter of Credit") for the account of the Commission in favor of the Issuing and Paying Agent supporting the payment of the principal of and interest on maturing Series A-1 Notes, and (ii) the Reimbursement Agreement, dated as of December 1, 2018 (the "Series A-2 Reimbursement Agreement" and, together with the Series A-1 Reimbursement Agreement, the "Reimbursement Agreements"), by and between the Commission and Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "Series A-2 Bank" and, together with Series A-1 Bank, the "Banks"), pursuant to which the Series A-2 Bank will issue an irrevocable direct pay letter of credit (the "Series A-2 Letter of Credit" and, together with the Series A-1 Letter of Credit, the "Letters of Credit") for the account of the Commission in favor of the Issuing and Paying Agent supporting the payment of the principal of and interest on maturing Series A-2 Notes.

**TIMELY PAYMENT OF PRINCIPAL OF AND/OR INTEREST ON MATURING COMMERCIAL PAPER NOTES OF EACH SERIES IS DEPENDENT UPON THE AVAILABILITY OF PROCEEDS OF DRAWS UNDER THE APPLICABLE LETTER OF CREDIT. IF FOR ANY REASON A BANK FAILS TO MAKE A PAYMENT DUE UNDER THE APPLICABLE LETTER OF CREDIT, THE COMMISSION WOULD HAVE NO OBLIGATION TO MAKE ANY PAYMENTS WITH RESPECT TO THE APPLICABLE COMMERCIAL PAPER NOTES EXCEPT FROM AVAILABLE POWER ENTERPRISE REVENUES, AND IT IS UNLIKELY THAT THE COMMISSION WOULD HAVE SUFFICIENT FUNDS ON HAND AND AVAILABLE TO MAKE THE CORRESPONDING PAYMENT OF PRINCIPAL OF AND/OR INTEREST ON SUCH COMMERCIAL PAPER NOTES. PROSPECTIVE INVESTORS SHOULD THEREFORE BASE THEIR INVESTMENT DECISION, INsofar AS IT RELATES TO THE CREDITWORTHINESS OF A SERIES OF COMMERCIAL PAPER NOTES, SOLELY ON THE CREDIT OF THE APPLICABLE BANK, RATHER THAN THE COMMISSION.**

The Commercial Paper Notes are also payable from the proceeds of refunding Commercial Paper Notes or refunding bonds or other obligations which may be authorized and issued from time to time for such purpose. In addition, the Commission has pledged Available Power Enterprise Revenues (as defined herein) to the repayment of the Commercial Paper Notes on a basis subordinate to repayment of the Commission's outstanding Power Revenue Bonds (as defined herein). See "THE COMMISSION AND THE POWER ENTERPRISE—Senior and Parity Indebtedness" herein.

The information in this Offering Memorandum has been obtained from the Commission, the Banks and other sources believed to be reliable. References herein to the Ordinance, the Resolution, the Issuing and Paying Agent Agreement, the Commercial Paper Notes, the Letters of Credit and the Reimbursement Agreements do not purport to be complete or definitive, do not constitute summaries thereof, and are qualified in their entirety by reference to the provisions thereof. The information and expressions of opinion in this Offering Memorandum are subject to change without notice after the date hereof and future use of this Offering Memorandum shall not otherwise create any implication that there has been no change in the matters referred to in this Offering Memorandum since the date hereof. This Offering Memorandum is not to be construed as a contract between the Commission and the purchasers of the Commercial Paper Notes. Prospective purchasers of the Commercial Paper Notes are expected to conduct their own review and analysis before making an investment decision. The Commercial Paper Notes are exempt from registration under the Securities Act of 1933, as amended.

## **THE COMMISSION AND THE POWER ENTERPRISE**

### **The Commission**

The Commission operates and maintains dams and reservoirs, power generation and transmission facilities, water transmission facilities, water and wastewater treatment plants, water distribution facilities, wastewater collection facilities and power distribution facilities. The Commission's facilities extend from the Hetch Hetchy watershed in the Sierra Nevada, across the Central Valley, over and around the southern end of San Francisco Bay and north along the San Francisco Peninsula to the City.

The Commission, which consists of five members appointed by the Mayor of the City (the "Mayor"), is a department of the City responsible for the maintenance, operation and development of three utility enterprises: the Water Enterprise, the Wastewater Enterprise and the Hetch Hetchy Water and Power Enterprise. The Hetch Hetchy Water and Power Enterprise is comprised of two key components: Hetch Hetchy Water and Hetch Hetchy Power (referred to hereinafter as the "Power Enterprise"). CleanPowerSF is a sub-component of the Power Enterprise.

The Water Enterprise provides retail drinking water to the City and wholesale water to customers in three other Bay Area counties. The Wastewater Enterprise, formerly known as the Clean Water Enterprise, consists of a sanitary waste and storm water collection, treatment and disposal system for the City. Hetch Hetchy Water operates and maintains the Hetch Hetchy Project, which provides water for distribution through the Water Enterprise and hydroelectric power to municipal and other customers through the Power Enterprise. A number of the facilities of the Hetch Hetchy Project are joint assets used for both water transmission and power generation and transmission, benefitting both Hetch Hetchy Water and the Power Enterprise. The Power Enterprise is responsible for SFPUC power utility commercial transactions and in-City power operations. CleanPowerSF is a Community Choice Aggregation program that sells energy to customers who elect to participate, aggregating the buying power of customers within the City to purchase renewable energy sources or clean power as an alternative to purchasing power from Pacific Gas and Electric Company.

Each of the Commission's three utility enterprises is operated and managed as a separate financial entity and separate enterprise funds are maintained for each enterprise. In addition, CleanPowerSF maintains its own financial statements, and segregates its revenues and expenses from the Power Enterprise. No revenues from the Water Enterprise, the Wastewater Enterprise or CleanPowerSF have been pledged for payment of the Power Enterprise Commercial Paper Notes and no such revenues shall be available for the repayment thereof.

### **The Power Enterprise**

The Power Enterprise was created in February 2005 as a separate system and accounting unit within Hetch Hetchy Water and Power. The Power Enterprise provides retail electric service to meet the municipal requirements of the City, including power to operate the San Francisco Municipal Transportation Agency's streetcars and electric buses, San Francisco General Hospital, City Hall, police stations, fire stations and schools, certain Port of San Francisco facilities, street and traffic lights, municipal buildings and other City facilities, such as the San Francisco International Airport and to certain public agencies and retail customers and provides pedestrian and streetlight operation and maintenance services, energy efficiency, and distributed generation services to City residents and

businesses and other customers. Additionally, the Power Enterprise provides power to the Modesto Irrigation District and the Turlock Irrigation District and to other customers consistent with prescribed contractual obligations and federal law.

The Power Enterprise is responsible for SFPUC power utility commercial transactions and in-City power operations. All electric power sales revenues are allocated to the Power Enterprise. Operating and capital costs benefitting the Power Enterprise and 55% of operating and capital costs that jointly benefit both Hetch Hetchy Water and the Power Enterprise are allocated to the Power Enterprise. Operating and capital costs benefitting Hetch Hetchy Water and 45% of operating capital costs jointly benefitting both Hetch Hetchy Water and the Power Enterprise are allocated to the SFPUC's Water Enterprise.

### **Community Choice Aggregation Service**

California state law allows a local government entity to sell electricity directly to customers within the entity's jurisdiction through a Community Choice Aggregation ("CCA") program. Under a CCA program, a public entity may develop a portfolio of energy supplies that it purchased or produced to meet specific local targets for renewable energy or to meet other policy and service objectives. Transmission and distribution services would continue to be provided by the local utility subject to California Public Utilities Commission tariffs. Customers within a CCA's jurisdiction may choose to opt-out of the program.

In May 2016, the SFPUC launched a CCA program called "CleanPowerSF" for customers in San Francisco. Under the program, the SFPUC pools the electricity demands of its customers, including certain of the City's residents and business, for the purpose of buying electricity on behalf of such customers. CleanPowerSF provides San Francisco with new clean energy alternatives in furtherance of its objectives to reduce greenhouse gas emissions and provide City energy consumers with renewable electricity supplies at competitive rates. The SFPUC does not anticipate that any of the Power Enterprise's customers would become CCA customers as the Power Enterprise's customers are not eligible under state law and the Power Enterprise already offers a clean energy portfolio at competitive rates. The Power Enterprise has provided certain initial development funding to help launch CleanPowerSF's program.

CleanPowerSF is a "Separate System" (as such term is defined in the Power Bonds Indenture) apart from the Power Enterprise system and revenues, with CleanPowerSF's costs generally supported by revenues received by its CCA customers. Net Revenues of the Power Enterprise may be available to pay the obligations of CleanPowerSF, but only to the extent such Net Revenues are in excess of all requirements (including the payment of debt service on all Power Revenue Bonds, the Commercial Paper Notes and Parity Notes (as defined herein)) under the Power Bonds Indenture.

### **Other Obligations Payable from Net Revenues**

As of December 1, 2018, the Power Enterprise had \$38,115,000 in outstanding aggregate principal amount of Power Revenue Bonds (the "Series 2015 AB Power Revenue Bonds"). The Commercial Paper Notes are secured by a pledge of Net Revenues subordinate to the pledge of Net Revenues securing the Series 2015 AB Power Revenue Bonds. The Series 2015 AB Power Revenue Bonds have underlying ratings of "AA-" by Fitch Ratings, Inc. ("Fitch") and "A+" by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P").

As of December 1, 2018, the Power Enterprise also had \$11,938,903 in outstanding aggregate principal amount of obligations subordinate to the Series 2015 AB Power Revenue Bonds (the "Parity Notes"). The Parity Notes consist of certain federal subsidy bonds (clean renewable energy bonds, new clean renewable energy bonds and qualified energy conservation bonds) that were privately placed on a non-rated basis. The Commercial Paper Notes are secured by a pledge of Net Revenues on a parity with the pledge of Net Revenues securing the Parity Notes.

In 2010, the Commission constructed its administrative offices at 525 Golden Gate Avenue, one block north of City Hall, to house the administrative offices of the SFPUC's three utility enterprises that are now located in various leased facilities. Total project costs were approximately \$202 million, and were financed with land sale proceeds, fund balances, grants and the proceeds from the execution and delivery in 2009 of certificates of participation, representing interests in a City General Fund lease. Pursuant to a Memorandum of Understanding between the City and the



Commission, the Commission will reimburse the City General Fund for all debt service in connection with this City financing. The SFPUC has allocated such payment obligations internally among its three utility enterprises based on percentage usage, and the Power Enterprise is allocated approximately 9.72% of such obligation, payable from Net Revenues on a basis subordinate to the payment of the Commercial Paper Notes.

The Commission may, with majority voter approval or, in certain instances with two-thirds, three-quarters or majority vote of the Board of Supervisors of the City (the "Board") (depending on the nature of the Power Revenue Bonds), authorize additional Power Revenue Bonds, the payment of which will be prior to, on parity with, or subordinate to, the payment of the Commercial Paper Notes, without notice to, or consent of, any holder of the Commercial Paper Notes.

**TIMELY PAYMENT OF PRINCIPAL OF AND/OR INTEREST ON MATURING COMMERCIAL PAPER NOTES OF EACH SERIES IS DEPENDENT UPON THE AVAILABILITY OF PROCEEDS OF DRAWS UNDER THE APPLICABLE LETTER OF CREDIT.**

**Investment Policy**

The Commission's funds are invested through the City's office of the Treasurer pursuant to the City's investment policy. The investment policy of the City is reviewed annually and is subject to change. A copy of the City's Annual Statement of Investment Policy can be found at <http://www.sftreasurer.org/>.

**Power Enterprise Financial Statements**

The financial statements of the Power Enterprise for the Fiscal Year ended June 30, [2018], are attached hereto as Appendix C. Additional financial and operating data relating to the Commission may be found in the Commission's most recent Continuing Disclosure Annual Report filed annually with the Municipal Securities Rulemaking Board, and may also be found on the Commission's official website at [www.sfwater.org](http://www.sfwater.org). See "ADDITIONAL INFORMATION."

**THE COMMERCIAL PAPER NOTES**

The Commercial Paper Notes are authorized to be issued pursuant to (i) Article V of Chapter 43 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 on June 19, 1998, as amended by Ordinance 270-06 adopted by the Board on October 24, 2006, and signed by the Mayor on October 31, 2006, to establish a procedure for the Commission to issue commercial paper; (ii) Section 9.107(6) and 9.107(8) of the Charter; (iii) Section 8B.124 of the Charter, subject to receipt of the Proposition A Certifications (as defined herein); and (iv) Ordinance No. [\_\_\_\_], adopted by the Board on [\_\_\_\_], 2018, and signed by the Mayor on [\_\_\_\_], 2018 (the "Ordinance"), and Resolution No. [\_\_\_\_], adopted by the Commission on November 13, 2018 (the "Resolution"), providing for and approving of the issuance by the Commission of not to exceed \$250,000,000 principal amount of Commercial Paper Notes.

Issuance of debt under Section 8B.124 of the Charter is subject to (i) receipt of certification from an independent engineer that (x) the projects to be financed by such debt meet utility standards and (y) estimated net revenue will be sufficient to meet operating, maintenance, debt service coverage and other indenture or resolution requirements; and (ii) receipt of certification from the San Francisco Planning Department that facilities financed with such debt will comply with applicable requirements of the California Environmental Quality Act (collectively, the "Proposition A Certifications").

The Commercial Paper Notes are issued pursuant to the terms of the Issuing and Paying Agent Agreement.

The Commercial Paper Notes will be issued from time to time to finance projects associated with the Commission's Power Enterprise. The Commission may issue, and have outstanding at any one time, an aggregate principal amount of Series A-1 Notes up to \$125,000,000, and an aggregate principal amount of Series A-2 Notes up to \$125,000,000.

The Commercial Paper Notes are dated the date of their original issuance, issued in book-entry form only in denominations of \$100,000, and in integral multiples of \$1,000 in excess of \$100,000, and bear interest at separately stated interest rates not to exceed 12% per annum.

The Commercial Paper Notes are fully registered notes registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership interests in the Commercial Paper Notes are available in book-entry form only, and purchasers of the Commercial Paper Notes will not receive certificates representing their interests in the Commercial Paper Notes purchased. While held in book-entry form, all payments of principal of and interest on the Commercial Paper Notes will be made by wire transfer to DTC or its nominee as the sole registered owner of the Commercial Paper Notes. Payments to the beneficial owners are the responsibility of DTC and its participants. See "APPENDIX A—BOOK-ENTRY SYSTEM FOR COMMERCIAL PAPER NOTES."

Each Commercial Paper Note will bear interest payable at maturity at an annual rate calculated on the basis of actual days elapsed and a year of 365 or 366 days, as applicable.

Each Commercial Paper Note will mature not more than 270 days after its issuance date, but in no event later than the Business Day immediately preceding the Termination Date of the applicable Letter of Credit.

Each Commercial Paper Note (i) will be sold at a price of not less than 100% of the principal amount thereof, and (ii) will mature on a Business Day. The Commercial Paper Notes will not be subject to redemption prior to maturity. Payments of principal of and interest on maturing Commercial Paper Notes will be made by the Issuing and Paying Agent directly to DTC.

#### **Limited Obligation**

**TIMELY PAYMENT OF PRINCIPAL OF AND/OR INTEREST ON MATURING COMMERCIAL PAPER NOTES OF EACH SERIES IS DEPENDENT UPON THE AVAILABILITY OF PROCEEDS OF DRAWS UNDER THE APPLICABLE LETTER OF CREDIT. PROSPECTIVE INVESTORS SHOULD THEREFORE BASE THEIR INVESTMENT DECISION, INsofar AS IT RELATES TO THE CREDITWORTHINESS OF A SERIES OF COMMERCIAL PAPER NOTES, SOLELY ON THE CREDIT OF THE APPLICABLE BANK, RATHER THAN THE COMMISSION.**

THE GENERAL FUND OF THE CITY AND COUNTY OF SAN FRANCISCO IS NOT LIABLE, AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY AND COUNTY OF SAN FRANCISCO IS PLEDGED, FOR THE PAYMENT OF THE COMMERCIAL PAPER NOTES.

#### **Pledge of Available Power Enterprise Revenues and Certain Funds and Accounts**

The Commercial Paper Notes and the Bank Notes are revenue obligations, are not secured by the taxing power of the Commission or the City and shall be payable as to both principal and interest from, and shall be secured solely by a pledge as hereinafter provided of, the Available Power Enterprise Revenues, and, as set forth below, funds and accounts created under the Issuing and Paying Agent Agreement.

The Available Power Enterprise Revenues (on a parity with the pledge securing any Parity Notes) and the Construction Fund and the accounts therein are pledged to the payment of the Commercial Paper Notes, the Bank Notes and all obligations of the Commission relating to such Commercial Paper Notes under the Issuing and Paying Agent Agreement and under the Series A-1 Reimbursement Agreement and the Series A-2 Reimbursement Agreement without priority or distinction of one over the other, except as expressly provided under the Issuing and Paying Agent Agreement. In addition, (i) the Series A-1 Debt Service Account is pledged to secure the payment of the interest on and principal of the Series A-1 Notes, (ii) the Series A-1 Bank Payment Account and the Series A-1 Bank Note Debt Service Account are pledged to secure the payment of the interest on and principal of the Series A-1 Bank Notes and obligations under the Series A-1 Reimbursement Agreement, (iii) the Series A-2 Debt Service Account is pledged to secure the payment of the interest on and principal of the Series A-2 Notes, and (iv) the Series A-2 Bank Payment

Account and the Series A-2 Bank Note Debt Service Account are pledged to secure the payment of the interest on and principal of the Series A 2 Bank Notes and obligations under the Series A-2 Reimbursement Agreement.

The Available Power Enterprise Revenues and the funds and accounts pledged under the Issuing and Paying Agent Agreement constitute a trust fund for the security and payment of the interest on and principal of the Commercial Paper Notes and the Bank Notes and all obligations of the Commission relating to such Commercial Paper Notes under the Issuing and Paying Agent Agreement and under the Series A-1 Reimbursement Agreement and the Series A-2 Reimbursement Agreement, as provided under the Issuing and Paying Agent Agreement, and shall be irrevocable until all of the Commercial Paper Notes and the Bank Notes secured by Available Power Enterprise Revenues have been paid and retired and any related obligations of the Commission under the Series A-1 Reimbursement Agreement and the Series A-2 Reimbursement Agreement have been satisfied.

“Available Power Enterprise Revenues” means all of the moneys in the Revenue Fund (as defined in the Power Bonds Indenture and comprised primarily of Power Enterprise Revenues and earnings thereon) remaining after the payments required by Subsections 5.5(c)-(e) of the Power Bonds Indenture, and all other amounts payable on parity with amounts paid under Subsection 5.1(f) of the Power Bonds Indenture pursuant to the terms thereof.

“Power Enterprise Revenues” has the meaning ascribed to the term “Net Revenues” in the Power Bonds Indenture, which is defined as, for any Fiscal Year (or other designated twelve-month period), Revenues in such Fiscal Year (or other designated twelve-month period), less (a) Operation and Maintenance Expenses, and (b) any Priority R&R Fund Deposit for such Fiscal Year (or other designated twelve-month period).

“Revenues” means all revenues, rates and charges received and accrued by the Commission for electric power and energy and other services, facilities and commodities sold, furnished or supplied by the Power Enterprise, together with income, earnings and profits therefrom (including interest earnings on the proceeds of any Bonds pending application thereof), as determined in accordance with GAAP. “Revenues” includes payments to the Power Enterprise on or with respect to loans from any Separate System maintained by the Commission. “Revenues” do not include (a) proceeds from the issuance of any obligations for borrowed money, (b) amounts loaned to the Power Enterprise, (c) Swap Agreement Receipts, (d) proceeds from taxes, (e) customer deposits while retained as such, (f) contributions in aid of construction, (g) gifts, (h) grants, (i) insurance or condemnation proceeds that are properly allocable to a capital account, (j) non-cash revenues or gains that may be required or permitted under GAAP, including mark-to-market gains and deferred revenues, (k) money received by the Commission as the proceeds of the sale of any portion of the properties of the Power Enterprise, (l) amounts by their terms not available for the payment of Operation and Maintenance Expenses or Principal and interest on the Bonds, (m) Refundable Credits; (n) revenues of any Separate System, (n) Water Enterprise revenues as defined in the document or agreement governing the then-outstanding senior lien obligations of the Water Enterprise for borrowed money, and (o) Wastewater Enterprise revenues as defined in the document or agreement governing the then-outstanding senior lien obligations of the Wastewater Enterprise for borrowed money.

Under the Issuing and Paying Agent Agreement, the Commission will covenant to establish, maintain and collect rates and charges with respect to the Power Enterprise sufficient (after giving effect to the expected receipt of refinancing proceeds from the sale of Commercial Paper Notes or Power Revenue Bonds) to pay the Commercial Paper Notes, the Bank Notes (as defined herein), and all other amounts outstanding under each Reimbursement Agreement and all other obligations payable from the Power Enterprise. The Commission also will covenant not to issue any additional bonds, notes or other obligations for borrowed money payable from or secured by the revenues of the Power Enterprise unless the Commission certifies that either (i) actual revenues for the most recently completed fiscal year or (ii) projected revenues for the next three fiscal years following the issuance of such additional bonds, notes or other indebtedness, are or will be sufficient to satisfy the rate covenant described above, assuming the issuance of such additional bonds, notes or other indebtedness to pay any maturing Commercial Paper Notes, the Bank Notes and all other amounts due and owing under each Reimbursement Agreement.

The Commercial Paper Notes are also payable from the proceeds of refunding Commercial Paper Notes or refunding bonds or other obligations which may be authorized and issued from time to time for such purpose.

## **SERIES A-1 LETTER OF CREDIT AND SERIES A-1 REIMBURSEMENT AGREEMENT**

Payments of principal and interest on the Series A-1 Notes will be made from drawings under the Series A-1 Letter of Credit. The following description is a summary of certain provisions of the Series A-1 Letter of Credit and the Series A-1 Reimbursement Agreement. Such summary does not purport to be a complete description or restatement of the material provisions of the Series A-1 Letter of Credit or the Series A-1 Reimbursement Agreement. Investors should obtain and review copies of the Series A-1 Letter of Credit and the Series A-1 Reimbursement Agreement in order to understand all of the terms of those documents. All capitalized terms appearing under this heading "SERIES A-1 LETTER OF CREDIT AND SERIES A-1 REIMBURSEMENT AGREEMENT" shall have the meanings assigned to them in the Series A-1 Reimbursement Agreement.

### **TIMELY PAYMENT OF PRINCIPAL OF AND/OR INTEREST ON MATURING SERIES A-1 NOTES IS DEPENDENT UPON THE AVAILABILITY OF PROCEEDS OF DRAWS UNDER THE SERIES A-1 LETTER OF CREDIT.**

#### **Series A-1 Letter of Credit**

The Series A-1 Letter of Credit is an irrevocable transferable obligation of the Series A-1 Bank and supports the payment of principal of and interest on maturing Series A-1 Notes only. The Series A-1 Letter of Credit may not be drawn on for any other purpose. The Series A-1 Letter of Credit will be issued in an amount equal to the maximum principal amount of \$125,000,000 of the Series A-1 Notes plus 270 days' interest thereon at the rate of 12% per annum calculated on the basis of a year of 365 days (the "Stated Amount"). The Issuing and Paying Agent is authorized to draw on the Series A-1 Letter of Credit in an aggregate amount not to exceed the Stated Amount of the Series A-1 Letter of Credit and in accordance with the terms and conditions and, subject to the reductions and reinstatements as described therein, in amounts as set forth in the Series A-1 Letter of Credit, in one or more Drawings (as defined in the Series A-1 Letter of Credit), payable as set forth in the Series A-1 Letter of Credit on any Business Day (as defined in the Series A-1 Letter of Credit), by presentation of the appropriate certifications, (i) for the payment at maturity of the principal of and interest on Series A-1 Notes or (ii) for the payment at maturity of the principal of and interest to maturity on Series A-1 Notes that otherwise mature on or after the date that the Issuing and Paying Agent receives a Final Drawing Notice (as defined in the Series A-1 Letter of Credit) from the Series A-1 Bank.

Upon the Series A-1 Bank honoring any Drawing, the Stated Amount and the amount available to be drawn under the Series A-1 Letter of Credit by the Issuing and Paying Agent pursuant to any subsequent Drawing shall be automatically decreased by an amount equal to the amount of such Drawing. In connection therewith, the Stated Amount shall be increased when and to the extent, but only when and to the extent (i) (A) of transfer by the Issuing and Paying Agent to the Series A-1 Bank on the date such Drawing is honored of proceeds of Series A-1 Notes issued on such date or (B) the Issuing and Paying Agent receives written notice from the Series A-1 Bank that the Series A-1 Bank has been reimbursed by or on behalf of the Commission for any amount drawn under the Series A-1 Letter of Credit by any Drawing, and (ii) that the Issuing and Paying Agent has not received a No-Issuance Notice (as defined in the Series A-1 Letter of Credit) from the Series A-1 Bank.

The Series A-1 Letter of Credit shall expire at the close of business of the Series A-1 Bank, on the date (the earliest of such date to occur referred to as the "Termination Date") which is the earliest of (i) December [ ], 2021 (unless extended pursuant to the terms of the Series A-1 Letter of Credit), (ii) the later of the date on which the Series A-1 Bank receives written notice from the Issuing and Paying Agent that an Alternate Facility (as defined in the Issuing and Paying Agent Agreement) has been substituted for the Series A-1 Letter of Credit in accordance with the Issuing and Paying Agent Agreement and the effective date of any such Alternate Facility (after the Series A-1 Bank honors any properly presented and conforming Drawing on such date), (iii) the date on which the Series A-1 Bank receives written notice from the Issuing and Paying Agent that there are no longer any Series A-1 Notes Outstanding within the meaning of the Issuing and Paying Agent Agreement and that the Issuing and Paying Agent elects to terminate the Series A-1 Letter of Credit, (iv) the earlier of (a) the fifteenth (15th) calendar day after the date on which the Issuing and Paying Agent receives the Final Drawing Notice and (v) the earlier of (a) the third (3rd) Business Day (as defined in the Series A-1 Letter of Credit) after the date on which the Commission receives an Acceleration Notice (as defined herein), and (b) the date on which the Drawing resulting from the delivery of the Acceleration Notice is honored under the Series A-1 Letter of Credit.

Pursuant to the Issuing and Paying Agent Agreement, no Series A-1 Notes may be outstanding at the time of any substitution of an Alternate Facility for the Series A-1 Letter of Credit.

### Series A-1 Reimbursement Agreement Events of Default

If any of the following events occurs, each such event will be an “Event of Default” under the Series A-1 Reimbursement Agreement:

- (a) the Commission fails to pay, or cause to be paid, as and when due, (i) any Reimbursement Obligation (as defined in the Series A-1 Reimbursement Agreement), or (ii) any Obligation (as defined in the Series A-1 Reimbursement Agreement) (other than a Reimbursement Obligation) under the Series A-1 Reimbursement Agreement or under the Fee Agreement (as defined in the Series A-1 Reimbursement Agreement) and, in such case, such failure continues for five (5) Business Days (as defined in the Series A-1 Reimbursement Agreement);
- (b) any representation or warranty made by or on behalf of the Commission in the Series A-1 Reimbursement Agreement or in any other Basic Document (as defined in the Series A-1 Reimbursement Agreement) or in any certificate or statement delivered thereunder is incorrect or untrue in any material respect when made or deemed to have been made or delivered;
- (c) the Commission defaults in the due performance or observance of certain covenants set forth in the Series A-1 Reimbursement Agreement;
- (d) the Commission defaults in the due performance or observance of any other term, covenant or agreement contained in the Series A-1 Reimbursement Agreement or any other Basic Document and such default remains unremedied for a period of thirty (30) days after the occurrence thereof;
- (e) the Commission or the City and County of San Francisco, directly or indirectly, (i) has entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) becomes insolvent or does not pay, or is unable to pay, or admits in writing its inability to pay, its debts generally as they become due, (iii) makes an assignment for the benefit of creditors, (iv) applies for, seeks, consents to, or acquiesces in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property (as defined in the Series A-1 Reimbursement Agreement), (v) institutes any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fails to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) takes any corporate action in furtherance of any matter described in clauses (i) through (v) above, or (vii) fails to contest in good faith any appointment or proceeding described in paragraph (f) under the “SERIES A-1 LETTER OF CREDIT AND SERIES A-1 REIMBURSEMENT AGREEMENT—Series A-1 Reimbursement Agreement Events of Default”;
- (f) a custodian, receiver, trustee, examiner, liquidator or similar official is appointed for the Commission or the City and County of San Francisco or any substantial part of its Property, or a proceeding described in clause (v) of paragraph (e) under the “SERIES A-1 LETTER OF CREDIT AND SERIES A-1 REIMBURSEMENT AGREEMENT —Series A-1 Reimbursement Agreement Events of Default,” above is instituted against the Commission or the City and County of San Francisco and such proceeding continues undischarged, undismissed and unstayed for a period of thirty (30) days;
- (g) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt (as defined in the Series A-1 Reimbursement Agreement) of the Commission by the Commission or any Governmental Authority with appropriate jurisdiction;

(h) any material provision of the Series A-1 Reimbursement Agreement, the Charter or any other Basic Document at any time for any reason ceases to be valid and binding on the Commission as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or shall be declared in a final non appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof is publicly contested by the Commission, or the Commission publicly contests the validity or enforceability of any obligation to pay Power Enterprise Debt (as defined in the Series A-1 Reimbursement Agreement), including, without limitation, the Power Bonds Indenture, or any Authorized Representative publicly repudiates or otherwise denies in writing that it has any further liability or obligation under or with respect to any provision of the Series A-1 Reimbursement Agreement, the Charter, any other Basic Document or any operative document related to Power Enterprise Debt, including, without limitation, the Power Bonds Indenture;

(i) dissolution or termination of the existence of the Commission;

(j) the Commission (i) defaults on the payment of the principal of or interest on any Power Enterprise Debt, beyond the period of grace, if any, provided in the instrument or agreement under which such Power Enterprise Debt was created or incurred; or (ii) defaults in the observance or performance of any agreement or condition relating to any Power Enterprise Debt, including, without limitation, any Bank Agreement, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event occurs or condition exists, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Power Enterprise Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Power Enterprise Debt;

(k) the Commission (i) defaults on the payment of the principal of or interest on any Debt (other than Power Enterprise Debt) aggregating in excess of \$10,000,000, beyond the period of grace, if any, provided in the instrument or agreement under which such Debt (other than Power Enterprise Debt) was created or incurred; or (ii) defaults in the observance or performance of any agreement or condition relating to any Debt (other than Power Enterprise Debt) aggregating in excess of \$10,000,000, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event occurs or condition exists, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Debt (other than Power Enterprise Debt);

(l) any final, nonappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, in an aggregate amount not less than \$10,000,000 are entered or filed against the Commission or against any of its Property and remain unpaid, unvacated, unbonded and unstayed for a period of sixty (60) days;

(m) (i) the Commission shall default in the due performance or observance of any material term, covenant or agreement contained in any other Basic Document and the same shall not have been cured within any applicable cure period or (ii) any "event of default" under any other Basic Document (as defined respectively therein) has occurred;

(n) a ruling, assessment, notice of deficiency or technical advice by the Internal Revenue Service is rendered to the effect that interest on the Series A-1 Notes is includable in the gross income of the holder(s) or owner(s) of such Series A-1 Notes and either (i) the Commission, after it has been notified by the Internal Revenue Service, does not challenge such ruling, assessment, notice or advice in a court of law during the period within which such challenge is permitted or (ii) the Commission challenges such ruling, assessment, notice or advice and a court of law makes a determination, not subject to appeal or review by another court of law, that such ruling, assessment, notice or advice is correctly rendered;

(o) any of Fitch, Moody's and S&P (i) downgrades its long term unenhanced rating of any Parity Debt or Senior Debt (as defined in the Series A-1 Reimbursement Agreement) of the Commission to below "A-" (or its equivalent), "A3" (or its equivalent), or "A-" (or its equivalent) respectively, and such

rating remains below "A-" (or its equivalent), "A3" (or its equivalent), or "A-" (or its equivalent) for one hundred twenty (120) days, or (ii) suspends or withdraws its rating of the same; or

(p) the passage of any Law (as defined in the Series A-1 Reimbursement Agreement) has occurred which could reasonably be expected to have a material adverse effect on the Commission's ability to perform its obligations under the Series A-1 Reimbursement Agreement or the other Basic Documents or to result in a material adverse effect on the enforceability or validity of the Series A-1 Reimbursement Agreement or any of the other Basic Documents.

### **Series A-1 Reimbursement Agreement Remedies**

Upon the occurrence of any Event of Default under the Series A-1 Reimbursement Agreement, the Series A-1 Bank may exercise any one or more of the following rights and remedies in addition to any other remedies provided in the Series A-1 Reimbursement Agreement or by law provided:

(a) declare all Obligations to be immediately due and payable, whereupon the same are immediately due and payable without any further notice of any kind, which notice is waived by the Commission; provided, however, that in the case of an Event of Default described in paragraph (e), (f) or (g) above under the subcaption "LETTERS OF CREDIT AND REIMBURSEMENT AGREEMENTS—Series A-1 Reimbursement Agreement Events of Default," such acceleration will automatically occur (unless such automatic acceleration is waived by the Series A-1 Bank in writing); or

(b) issue a No Issuance Notice (the effect of which will be as provided in the Series A-1 Reimbursement Agreement), reduce the Stated Amount of the Series A-1 Letter of Credit to the amount of the then outstanding Series A-1 Notes supported by the Series A-1 Letter of Credit plus a corresponding amount of interest coverage and/or terminate the Stated Amount as the then outstanding Series A-1 Notes are paid; or

(c) issue the Final Drawing Notice (the effect of which will be to cause the Termination Date of the Series A-1 Letter of Credit to occur on the fifteenth (15) calendar day after the date of receipt thereof by the Issuing and Paying Agent); or

(d) pursue any rights and remedies it may have under the Basic Documents; or

(e) pursue any other action available at law or in equity.

Upon the occurrence of an "event of default" under the Issuing and Paying Agent Agreement, the Series A-1 Bank may by notice to the Commission and the Issuing and Paying Agent (such notice, the "Acceleration Notice"), declare the principal of all outstanding Series A-1 Notes, and the interest accrued thereon, to be due and payable immediately, whereupon the same shall become and shall be immediately due and payable and instruct the Issuing and Paying Agent to submit a Drawing under the Series A-1 Letter of Credit to pay such immediately due and payable amount.

### **SERIES A-2 LETTER OF CREDIT AND SERIES A-2 REIMBURSEMENT AGREEMENT**

Payments of principal and interest on the Series A-2 Notes will be made from drawings under the Series A-2 Letter of Credit. The following description is a summary of certain provisions of the Series A-2 Letter of Credit and the Series A-2 Reimbursement Agreement. Such summary does not purport to be a complete description or restatement of the material provisions of the Series A-2 Letter of Credit or the Series A-2 Reimbursement Agreement. Investors should obtain and review copies of the Series A-2 Letter of Credit and the Series A-2 Reimbursement Agreement in order to understand all of the terms of those documents. All capitalized terms appearing under this heading "SERIES A-2 LETTER OF CREDIT AND SERIES A-2 REIMBURSEMENT AGREEMENT" shall have the meanings assigned to them in the Series A-2 Reimbursement Agreement.

**TIMELY PAYMENT OF PRINCIPAL OF AND/OR INTEREST ON MATURING SERIES A-2 NOTES IS DEPENDENT UPON THE AVAILABILITY OF PROCEEDS OF DRAWS UNDER THE SERIES A-2 LETTER OF CREDIT.**

**Series A-2 Letter of Credit**

The Series A-2 Letter of Credit is an irrevocable transferable obligation of Sumitomo Mitsui Banking Corporation, acting through its New York Branch, and supports the Series A-2 Notes. The Series A-2 Letter of Credit will be issued in an amount equal to the maximum principal amount of the Series A-2 Notes plus 270 days' interest thereon at the rate of 12% per annum calculated on the basis of a year of 365 days (the "Stated Amount"). The Issuing and Paying Agent is authorized to draw on the Series A-2 Letter of Credit in an aggregate amount not to exceed the Stated Amount of the Series A-2 Letter of Credit and in accordance with the terms and conditions and subject to the reductions and reinstatements in amount as set forth in the Series A-2 Letter of Credit, in one or more Drawings (as defined in the Series A-2 Letter of Credit), payable as set forth in the Series A-2 Letter of Credit on any Business Day (as defined in the Series A-2 Letter of Credit), by presentation of the appropriate certifications, (i) for the payment at maturity of the principal of and interest at maturity on Series A-2 Notes, (ii) for the payment at maturity of the principal of and interest to maturity on Series A-2 Notes that otherwise mature on or after the date that the Issuing and Paying Agent receives the Final Drawing Notice (as defined in the Series A-2 Letter of Credit) from the Series A-2 Bank, or (iii) for the payment of the principal of and interest due upon acceleration of all outstanding Series A-2 Notes (the "Final Acceleration Drawing"), in each case an aggregate amount not exceeding the Stated Amount of the Series A-2 Letter of Credit.

Upon the Series A-2 Bank honoring any Drawing, the Stated Amount and the amount available to be drawn under the Series A-2 Letter of Credit for subsequent Drawings will be automatically decreased by an amount equal to the amount of such Drawing. In connection therewith, the Stated Amount and the amounts from time to time available to be drawn under the Series A-2 Letter of Credit (except in the case of the Final Acceleration Drawing or a Drawing resulting from the delivery of the Final Drawing Notice) will be increased when and to the extent, but only when and to the extent, (i) (A) of transfer by the Issuing and Paying Agent to the Series A-2 Bank on the date such Drawing is honored of proceeds of Series A-2 Notes issued on such date or (B) the Issuing and Paying Agent receives written notice from the Series A-2 Bank that the Series A-2 Bank has been reimbursed by or on behalf of the Commission for any amount drawn under the Series A-2 Letter of Credit, and (ii) that the Issuing and Paying Agent has not received from the Series A-2 Bank a No-Issuance Notice (as defined in the Series A-2 Letter of Credit). Upon the Series A-2 Bank honoring the Final Acceleration Drawing, the Stated Amount shall be permanently reduced to zero and the Stated Amount shall no longer be reinstated.

The Series A-2 Letter of Credit will expire at 4:00 p.m., New York City time, on the date (the earliest of such dates to occur is referred to as the "Termination Date") which is the earliest of (i) December [27], 2022 (the "Stated Expiration Date"), or such later date as is specified by the Series A-2 Bank in a written notice to the Issuing and Paying Agent, (ii) the later of (a) the date on which the Series A-2 Bank receives written notice from the Issuing and Paying Agent that an Alternate Facility as is specified in such notice (as defined in the Issuing and Paying Agent Agreement) has been substituted for the Series A-2 Letter of Credit in accordance with the Issuing and Paying Agent Agreement and (b) the effective date of such Alternate Facility (after the Series A-2 Bank honors any properly presented and conforming Drawing on or prior to such date), (iii) the date on which the Series A-2 Bank receives written notice from the Issuing and Paying Agent that there are no longer any Series A-2 Notes Outstanding within the meaning of the Issuing and Paying Agent Agreement nor does the Commission intend to issue any additional Series A-2 Notes under the Issuing and Paying Agent Agreement and that the Issuing and Paying Agent elects to terminate the Series A-2 Letter of Credit, (iv) the earlier of (a) the fifteenth (15th) calendar day after the date on which the Issuing and Paying Agent receives the Final Drawing Notice, and (b) the date on which the Drawing resulting from the delivery of the Final Drawing Notice is honored under the Series A-2 Letter of Credit, and (v) the earlier of (a) the third (3rd) Business Day after the date on which the Issuing and Paying Agent receives an Acceleration Notice (as defined below) from the Series A-2 Bank and (b) the date on which the Final Acceleration Drawing is honored under the Series A-2 Letter of Credit.



## Series A-2 Reimbursement Agreement Events of Default

If any of the following events shall occur, each such event shall be an "Event of Default" under the Series A-2 Reimbursement Agreement:

- (a) the Commission shall fail to pay, or cause to be paid, as and when due, (i) any Reimbursement Obligation (as defined in the Series A-2 Reimbursement Agreement), or (ii) any Obligation (as defined in the Series A-2 Reimbursement Agreement) (other than a Reimbursement Obligation) and, in such case, such failure shall continue for three (3) Business Days;
- (b) any representation or warranty made by or on behalf of the Commission in the Series A-2 Reimbursement Agreement or in any other Basic Document (as defined in the Series A-2 Reimbursement Agreement) or in any certificate or statement delivered thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered;
- (c) the Commission shall default in the due performance or observance of certain covenants set forth in the Series A-2 Reimbursement Agreement;
- (d) the Commission shall default in the due performance or observance of any other term, covenant or agreement contained in the Series A-2 Reimbursement Agreement or any other Basic Document and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof;
- (e) the Commission or the City and County of San Francisco, directly or indirectly, shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property (as defined in the Series A-2 Reimbursement Agreement), (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in paragraph (f) below;
- (f) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Commission or the City and County of San Francisco or any substantial part of its Property, or a proceeding described in clause (e)(v) above shall be instituted against the Commission or the City and County of San Francisco and such proceeding continues undischarged or any such proceeding continues undismissed or unstayed for a period of thirty (30) or more days;
- (g) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt (as defined in the Series A-2 Reimbursement Agreement) of the Commission by the Commission or any governmental authority with appropriate jurisdiction;
- (h) any material provision of the Series A-2 Reimbursement Agreement, the Charter, any other Basic Document or any operative document related to Power Enterprise Debt, including without limitation, the Master Trust Indenture, shall at any time for any reason cease to be valid and binding on the Commission for any reason or shall be declared by any court or other Governmental Authority with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Commission or by a Governmental Authority with competent jurisdiction, or the Commission shall deny that it has any further liability under the Series A-2 Reimbursement Agreement, the

Charter, any other Basic Document or any operative document related to Power Enterprise Debt, including without limitation, the Master Trust Indenture;

(i) dissolution or termination of the existence of the Commission;

(j) the Commission shall (i) default on the payment of the principal of or interest on any Power Enterprise Debt (as defined in the Series A-2 Reimbursement Agreement), beyond the period of grace, if any, provided in the instrument or agreement under which such Power Enterprise Debt was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Power Enterprise Debt, including, without limitation, any Bank Agreement, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Power Enterprise Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Debt (other than Power Enterprise Debt);

(k) the Commission shall (i) default on the payment of the principal of or interest on any Debt (other than Power Enterprise Debt) aggregating in excess of \$10,000,000, beyond the period of grace, if any, provided in the instrument or agreement under which such Debt (other than Power Enterprise Debt) was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Debt (other than Power Enterprise Debt) aggregating in excess of \$10,000,000, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Power Enterprise Debt;

(l) any final, unappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, in an aggregate amount not less than \$10,000,000 shall be entered or filed against the Commission or against any of its Property and remain unpaid, unvacated, unbonded or unstayed for a period of thirty (30) days;

(m) (i) the Commission shall default in the due performance or observance of any material term, covenant or agreement contained in any other Basic Document and the same shall not have been cured within any applicable cure period, or (ii) any "event of default" under any Basic Document (as defined respectively therein) shall have occurred;

(n) a ruling, assessment, notice of deficiency or technical advice by the Internal Revenue Service shall be rendered to the effect that interest on the Series A-2 Notes is includable in the gross income of the holder(s) or owner(s) of such Series A-2 Notes and either (i) the Commission, after it has been notified by the Internal Revenue Service, shall not challenge such ruling, assessment, notice or advice in a court of law during the period within which such challenge is permitted or (ii) the Commission shall challenge such ruling, assessment, notice or advice and a court of law shall make a determination, not subject to appeal or review by another court of law, that such ruling, assessment, notice or advice is correctly rendered; or

(o) any of Fitch or S&P shall have downgraded its long-term unenhanced rating of any Senior Debt (as defined in the Series A-2 Reimbursement Agreement) of the Commission to below "BBB" (or its equivalent), or "BBB" (or its equivalent), respectively, and so suspended or withdrawn its rating of the same; or

(p) the passage of any Law (as defined in the Series A-2 Reimbursement Agreement) has occurred which could reasonably be expected to have a material adverse effect on the Commission's ability to perform its obligations under the Series A-2 Reimbursement Agreement or the other Basic Documents or to result in a material adverse effect on the enforceability or validity of the Series A-2 Reimbursement Agreement or any of the other Basic Documents.

## Series A-2 Reimbursement Agreement Remedies

Upon the occurrence of any Event of Default under the Series A-2 Reimbursement Agreement, the Series A-2 Bank may exercise any one or more of the following rights and remedies in addition to any other remedies provided in the Series A-2 Reimbursement Agreement or by law:

(a) declare all Obligations to be immediately due and payable, whereupon the same shall be immediately due and payable without any further notice of any kind, which notice is waived by the Commission; provided, however, that in the case of an Event of Default described in paragraph (e), (f) or (g) above under the subcaption "SERIES A-2 LETTER OF CREDIT AND SERIES A-2 REIMBURSEMENT AGREEMENT—Series A-2 Reimbursement Agreement Events of Default," such acceleration shall automatically occur (unless such automatic acceleration is waived by the Series A-2 Bank in writing); or

(b) issue a No-Issuance Notice (the effect of which shall be as provided in the Series A-2 Reimbursement Agreement), reduce the Stated Amount of the Series A-2 Letter of Credit to the amount of the then outstanding Series A-2 Notes supported by the Series A-2 Letter of Credit plus a corresponding amount of interest coverage, reduce the Stated Amount of the Series A-2 Letter of Credit as the then outstanding Series A-2 Notes are paid and terminate the Series A-2 Letter of Credit when no Series A-1 Notes remain outstanding; or

(c) issue the Final Drawing Notice (the effect of which shall be to cause the Termination Date of the Series A-2 Letter of Credit to occur on the fifteenth (15) calendar day after the date of receipt thereof by the Issuing and Paying Agent); or

(d) pursue any rights and remedies it may have under the Basic Documents; or pursue any other action available at law or in equity.

Upon the occurrence and during the continuance of an "event of default" under the Issuing and Paying Agent Agreement, the Series A-2 Bank may, pursuant to the Issuing and Paying Agent Agreement, by notice to the Commission and the Issuing and Paying Agent (such notice, the "Acceleration Notice"), (i) declare the principal of all outstanding Series A-2 Notes, and the interest accrued thereon, to be due and payable immediately, whereupon the same shall become and shall be immediately due and payable and (ii) instruct the Issuing and Paying Agent to submit a Drawing under the Series A-2 Letter of Credit to pay such immediately due and payable amount.

## THE BANKS

*The following information has been furnished by the Banks for use in this Offering Memorandum. Such information has not been independently confirmed or verified by the Commission. No representation is made as to the accuracy or adequacy of such information subsequent to the date hereof. No representation is made herein by the Commission that the information contained and incorporated herein by reference is correct. The Commission has assumed no obligation to update such information in the future, or to advise of any adverse change in the financial condition of the Banks. Investors are advised to obtain and carefully review any financial reports and other information published after the date hereof about the Banks prior to making a decision to purchase the applicable Commercial Paper Notes.*

### Bank of America, N.A.

Bank of America, N.A. ("Bank of America") is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. Bank of America is a wholly-owned indirect subsidiary of Bank of America Corporation (the "Corporation") and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of September 30, 2018, Bank of America had consolidated assets of \$[\_\_\_\_\_] trillion, consolidated deposits of \$[\_\_\_\_\_] trillion and stockholder's equity of \$[\_\_\_\_\_] billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2017, together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the "SEC").

Filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov> which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation and Bank of America is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the referenced documents and financial statements referenced therein.

Bank of America will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the SEC pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of Bank of America delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications  
100 North Tryon St, 18th Floor  
Charlotte, North Carolina 28255  
Attention: Corporate Communication

PAYMENTS OF PRINCIPAL AND INTEREST ON SERIES A-1 NOTES WILL BE MADE FROM DRAWINGS UNDER THE SERIES A-1 LETTER OF CREDIT. ALTHOUGH THE SERIES A-1 LETTER OF CREDIT IS A BINDING OBLIGATION OF BANK OF AMERICA, THE SERIES A-1 NOTES ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE SERIES A-1 NOTES ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery of this information shall not create any implication that there has been no change in the affairs of the Corporation or Bank of America since the date of the most recent filings referenced herein, or that the information contained or referred to under this caption is correct as of any time subsequent to the referenced date.

#### **Sumitomo Mitsui Banking Corporation**

*General.* Sumitomo Mitsui Banking Corporation (Kabushiki Kaisha Mitsui Sumitomo Ginko) ("SMBC") is a joint stock corporation with limited liability (Kabushiki Kaisha) under the laws of Japan. The registered head office of SMBC is located at 1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan.

SMBC was established in April 2001 through the merger of two leading banks, The Sakura Bank, Limited and The Sumitomo Bank, Limited. In December 2002, Sumitomo Mitsui Financial Group, Inc. ("SMFG") was established through a stock transfer as a holding company under which SMBC became a wholly-owned subsidiary. SMFG reported ¥200,110,993 million (US\$1.81 trillion) in consolidated total assets as of June 30, 2018.

SMBC is one of the world's leading commercial banks and provides an extensive range of banking services to its customers in Japan and overseas. In Japan, SMBC accepts deposits, makes loans and extends guarantees to corporations, individuals, governments and governmental entities. It also offers financing solutions such as syndicated lending, structured finance and project finance. SMBC also underwrites and deals in bonds issued by or under the guarantee of the Japanese government and local government authorities, and acts in various administrative and advisory capacities for certain types of corporate and government bonds. Internationally, SMBC operates through a

network of branches, representative offices, subsidiaries and affiliates to provide many financing products, including syndicated lending and project finance.

The New York Branch of SMBC is licensed by the New York State Department of Financial Services to conduct branch banking business at 277 Park Avenue, New York, New York, and is subject to examination by the New York State Department of Financial Services and the Federal Reserve Bank of New York.

**Financial and Other Information.** Audited consolidated financial statements for SMFG and its consolidated subsidiaries for the fiscal year 2017 ended March 31, 2018, as well as other corporate data, financial information and analyses, are available in English on SMFG's website at [www.smfg.co.jp/english](http://www.smfg.co.jp/english).

The information herein has been obtained from SMBC, which is solely responsible for its content. The delivery of this Offering Memorandum shall not create any implication that there has been no change in the affairs of SMBC since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

### RATINGS

Fitch has assigned a rating of "[ ]" to the Series A-1 Notes. S&P has assigned a rating of "[ ]" to the Series A-1 Notes. Each of such ratings is based on the understanding that the Series A-1 Letter of Credit has been issued by the Series A-1 Bank.

Fitch has assigned a rating of "[ ]" to the Series A-2 Notes. S&P has assigned a rating of "[ ]" to the Series A-2 Notes. Each of such ratings is based on the understanding that the Series A-2 Letter of Credit has been issued by the Series A-2 Bank.

Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained only from the agencies at the following addresses: Fitch Ratings, Inc., 33 Whitehall Street, New York, New York 10004 and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, 55 Water Street, New York, New York 10041. The Commission furnished to such rating agencies certain information and materials regarding the Commercial Paper Notes and the Power Enterprise. In addition, each Bank furnished certain information to such rating agencies regarding such Bank and its applicable Letter of Credit and applicable Reimbursement Agreement. There is no assurance such ratings will continue for any given period or that they will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant and, therefore, any prospective purchaser should confirm the ratings prior to purchasing the Commercial Paper Notes. Any such change in or withdrawal of such ratings could have an adverse effect on the market for or market price of the Commercial Paper Notes. The above ratings are not recommendations to buy, sell or hold the Commercial Paper Notes. The Commission has not undertaken to provide notice to the holders of the Commercial Paper Notes of any change in the ratings on the Commercial Paper Notes.

The ratings on the Commercial Paper Notes may be adversely affected by a downgrade of the credit ratings of the Banks. The Commission undertakes no responsibility to oppose any such change or withdrawal. Although the Commission has covenanted to maintain a liquidity facility for the Commercial Paper Notes, it is not obligated to replace any Bank in the event of a downgrade of such Bank's rating. The Commission has not covenanted to provide notice to holders of the Commercial Paper Notes of any downgrade of the credit ratings of any Bank.

### ABSENCE OF LITIGATION

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body pending or, to the best of the knowledge of the Commission after reasonable investigation, threatened in any way (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Commercial Paper Notes or (ii) challenging the validity of the Commercial Paper Notes.

## THE DEALERS

The Commission has appointed Barclays Capital Inc., Goldman, Sachs & Co. and RBC Capital Markets, LLC, each as a non-exclusive dealer with respect to the offering and sale of the Commercial Paper Notes.

## TAX MATTERS

On December [ ], 2018, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission (“Bond Counsel”), will deliver its opinion that, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Commercial Paper Notes, when issued in accordance with the Issuing and Paying Agent Agreement and the Tax Certificate of the Commission, dated December [ ], 2018 (the “Tax Certificate”), is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel’s opinion will state that interest on the Commercial Paper Notes is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the payment at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity of the short-term debt obligations (the “original issue discount”). For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of Dealer, placement agents or wholesalers). Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Prospective purchasers of Commercial Paper Notes should consult their own tax advisors with respect to the tax consequences of ownership of Commercial Paper Notes if the prospective purchaser elects original issue discount treatment.

Commercial Paper Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Notes”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of notes, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Commercial Paper Notes. The Commission has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Commercial Paper Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Commercial Paper Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Commercial Paper Notes. The opinion of Bond Counsel will assume the accuracy of these representations and compliance with these covenants. Bond Counsel will not undertake to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after December [ ], 2018, may adversely affect the value of, or the tax status of interest on, the Commercial Paper Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel will render an opinion on December [ ], 2018, that interest on the Commercial Paper Notes, when issued in accordance with the Issuing and Paying Agent Agreement and the Tax Certificate, is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Commercial Paper Notes may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Commercial Paper Notes to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Commercial Paper Notes. Prospective purchasers of the Commercial Paper Notes should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel delivered on December [ ], 2018, will be based on then current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Commercial Paper Notes for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Commission, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Commission has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Commercial Paper Notes will end on December [ ], 2018, and, unless separately engaged, Bond Counsel is not obligated to defend the Commission or the beneficial owners regarding the tax-exempt status of the Commercial Paper Notes in the event of an audit examination by the IRS. Under current procedures, parties other than the Commission and their appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt notes is difficult, obtaining an independent review of IRS positions with which the Commission legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Commercial Paper Notes for audit, or the course or result of such audit, or an audit of notes presenting similar tax issues may affect the market price for, or the marketability of, the Commercial Paper Notes, and may cause the Commission or the beneficial owners to incur significant expense.

#### **NO CONTINUING DISCLOSURE FOR COMMERCIAL PAPER NOTES**

The Commercial Paper Notes are exempt from the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12, and the Commission has not undertaken to provide annually any secondary market information with respect to the Commercial Paper Notes.

Pursuant to continuing disclosure undertakings of the Commission in connection with certain outstanding bonds, the Commission is obligated to provide certain financial information and operating data (each, an "Annual Report") not later than 270 days following the end of its fiscal year (presently June 30), and to provide notices of the occurrence of certain listed events under securities laws. The Commission will file each Annual Report with the MSRB. The Commission will file any notices of listed events with the MSRB. The most recent Annual Report filed with the MSRB was prepared for the fiscal year ended June 30, 2018. The information and opinions herein and in any reports or filings pursuant to the Commission's continuing disclosure undertakings described above are subject to change without notice, and neither the delivery thereof nor the delivery of this Offering Memorandum shall, under any circumstances, create any implication that there has been no change in the affairs of the Commission or other matters described therein or herein.

## LEGAL MATTERS

On December [ ], 2018, Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, will render the legal opinion described in "TAX MATTERS" above, the form of which is set forth in Appendix B hereto. Bond Counsel is not passing upon and undertakes no responsibility for the accuracy, completeness or fairness of the information contained in this Offering Memorandum. Certain matters will be passed upon for the Series A-1 Bank by Nixon Peabody LLP and for the Series A-2 Bank by Hawkins Delafield & Wood LLP.

## ADDITIONAL INFORMATION

Information herein concerning the Commission is limited. No attempt has been made to summarize the Issuing and Paying Agent Agreement, the Letters of Credit or the Reimbursement Agreements. The descriptions of and reference to such documents contained herein do not purport to be complete, and such references to and descriptions of such documents and all other documents and other items described herein are qualified in their entirety by reference to each such document and item. Capitalized terms used herein not otherwise defined shall have the meanings ascribed thereto in the Issuing and Paying Agent Agreement.

Copies of the Resolution, the Ordinance, the Letters of Credit, the Reimbursement Agreements, and the Issuing and Paying Agent Agreement may be obtained from the Dealers, and may also be obtained from the Commission at the following address:

Public Utilities Commission  
of the City and County of San Francisco  
Attention: Chief Financial Officer & Assistant General Manager, Business Services  
525 Golden Gate Avenue, 13th Floor  
San Francisco, California 94102  
Tel: (415) 554-3155  
Fax: (415) 554-3161

No dealer or other person has been authorized by the Commission to give any information or to make any representations other than those contained in this Offering Memorandum, and if given or made, such other information or representations must not be relied upon as having been authorized by the Commission.

The Dealers have provided the following sentence for inclusion in this Offering Memorandum. The Dealers have reviewed the information in this Offering Memorandum in accordance with, and as part of, their responsibility to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Dealers do not guarantee the accuracy or completeness of such information.



## APPENDIX A

### BOOK-ENTRY SYSTEM FOR COMMERCIAL PAPER NOTES

#### General

One master Commercial Paper Note in the aggregate principal amount not exceeding the \$125,000,000 available to secure the Commercial Paper Notes (Power Series) Series A-1 and one master Commercial Paper Note in the aggregate principal amount not exceeding the \$125,000,000 available to secure the Commercial Paper Notes (Power Series) Series A-2 under the applicable Letters of Credit have been registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, NY. DTC will act as securities depository for the Commercial Paper Notes.

#### Book-Entry System

DTC will act as securities depository for the Commercial Paper Notes. The Commercial Paper Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for the Commercial Paper Notes, in the aggregate principal amount of the Commercial Paper Notes, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Commercial Paper Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Commercial Paper Notes on DTC's records. The ownership interest of each actual purchaser of each Commercial Paper Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Commercial Paper Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Commercial Paper Notes, except in the event that use of the book-entry system for the Commercial Paper Notes is discontinued.

To facilitate subsequent transfers, all Commercial Paper Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Commercial Paper Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Commercial Paper Notes; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Commercial Paper Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Commercial Paper Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Commercial Paper Notes. For example, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Commercial Paper Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Commercial Paper Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Commercial Paper Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission or the Issuing and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Issuing and Paying Agent, or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest evidenced by the Commercial Paper Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Issuing and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NEITHER THE COMMISSION NOR THE ISSUING AND PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

Neither the Commission nor the Issuing and Paying Agent can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of and interest on the Commercial Paper Notes paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Offering Memorandum.

#### **Discontinuation of the Book-Entry Only System**

DTC may discontinue providing its services as securities depository with respect to the Commercial Paper Notes at any time by giving reasonable notice to the Commission or the Issuing and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Commercial Paper Note certificates will be printed and delivered as described in the Issuing and Paying Agent Agreement.

The Commission may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Commercial Paper Note certificates will be printed and delivered as described in the Issuing and Paying Agent Agreement.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE COMMERCIAL PAPER NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE OWNERS OR HOLDERS OF THE COMMERCIAL

PAPER NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS" HEREIN) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE COMMERCIAL PAPER NOTES.

NEITHER THE COMMISSION, THE ISSUING AND PAYING AGENT, NOR THE DEALERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC DIRECT PARTICIPANT, OR INDIRECT PARTICIPANT; (II) THE DELIVERY OF ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE COMMERCIAL PAPER NOTES UNDER THE ISSUING AND PAYING AGENT AGREEMENT; (III) THE PAYMENT BY DTC OR ANY DTC DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE COMMERCIAL PAPER NOTES; (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED OWNER OF COMMERCIAL PAPER NOTES; OR (V) ANY OTHER MATTER.

**APPENDIX B**  
**FORM OF BOND COUNSEL OPINION**

**APPENDIX C**

**POWER ENTERPRISE FINANCIAL STATEMENTS**

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO.: 18-0188

WHEREAS, Pursuant to Article V of Chapter 43 ("Article V") of the San Francisco Administrative Code ("City's Administrative Code"), enacted by Ordinance No. 203-98, adopted by the Board of Supervisors ("Board") of the City and County of San Francisco ("City") on June 8, 1998, and signed by the Mayor of the City ("Mayor") on June 19, 1998 ("Ordinance No. 203-98"), as amended by Ordinance No. 270-06, adopted by the Board on October 24, 2006, and signed by the Mayor on October 31, 2006 ("Ordinance No. 270-06" and, together with Ordinance No. 203-98, the "Ordinances"), the Board established a procedure pursuant to which the San Francisco Public Utilities Commission ("Commission") may issue short-term indebtedness, including the issuance and reissuance of commercial paper notes in anticipation of the issuance of revenue bonds; and

WHEREAS, On June 5, 2018, the voters of the City approved Proposition A ("Proposition A"), which among other things, amended Charter Section 8B.124 to authorize the Commission to issue indebtedness, including revenue bonds, notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board, for the purpose of reconstructing, replacing, expanding, repairing or improving power facilities under the jurisdiction of the Commission ("Power Enterprise"), or for any other lawful purpose of the power facilities of the City in furtherance of the purposes specified in Charter Section 8B.124, provided that the Commission is prohibited from financing the construction of power plants that generate electricity using fossil fuels or nuclear energy under Proposition A; and

WHEREAS, The Board's authority to authorize issuance of debt under Section 8B.124 of the Charter is subject to (i) receipt of certification from an independent engineer that (x) the projects to be financed by such debt meet utility standards, and (y) estimated net revenue will be sufficient to meet operating, maintenance, debt service coverage and other indenture or resolution requirements; (ii) receipt of certification from the San Francisco Planning Department that facilities financed with such debt will comply with applicable requirements of the California Environmental Quality Act ("CEQA") (collectively, "Proposition A Certifications"); and

WHEREAS, Pursuant to Article V and the Ordinances, the Commission previously established its commercial paper program for the Power Enterprise ("Power CP Program") to provide for the short-term financing of capital improvements and related costs for improvements, betterments and additions to the Power Enterprise; and

WHEREAS, On September 8, 2015, by Resolution 15-0183, the Commission authorized the issuance and reissuance of commercial paper notes (the "CP Notes") under the Power CP Program in an aggregate principal amount not to exceed \$90,000,000 (the "Existing CP Program"); and

WHEREAS, In connection with the Existing CP Program, the Commission previously authorized, executed and delivered (i) a Reimbursement Agreement, dated as of December 1, 2015 ("Existing Bank of America Reimbursement Agreement"), between the Commission and Bank of America, N.A. ("Bank of America"), (ii) a Fee Agreement, dated December 17, 2015 ("Existing Bank of America Fee Agreement"), between the Commission and Bank of America, and (iii) an Issuing and Paying Agent Agreement, dated as of December 1, 2015 ("Existing

Issuing and Paying Agent Agreement”), between the Commission and U.S. Bank National Association, as issuing and paying agent (“Paying Agent”); and

WHEREAS, In order to market and remarket the CP Notes, the Commission also previously authorized, executed and delivered (i) a Dealer Agreement, dated as of December 1, 2015, by and between the Commission and Barclays Capital Inc., which expires on December 17, 2018, (ii) a Dealer Agreement, dated as of December 1, 2015, by and between the Commission and Goldman, Sachs & Co., which expires on December 17, 2018, and (iii) a Dealer Agreement, dated as of December 1, 2015, by and between the Commission and RBC Capital Markets, LLC, which expires on December 17, 2018 (collectively, “Original Dealer Agreements”); and

WHEREAS, To secure repayment of the CP Notes, Bank of America issued its direct-pay letter of credit (“Existing Bank of America Letter of Credit”), which will terminate by its terms on December 17, 2018; and

WHEREAS, The Commission desires to approve, confirm and ratify any actions heretofore taken by and the continuing authorization of the General Manager or his or her designee to (i) execute amendments to extend the term of the Existing Bank of America Reimbursement Agreement, (ii) extend the stated expiration date of the Existing Bank of America Letter of Credit, and (iii) extend the term of the Original Dealer Agreements; and

WHEREAS, The Commission now desires to increase the aggregate principal amount of commercial paper notes authorized to be outstanding at any one time under the Power CP Program from \$90,000,000 to \$250,000,000 (hereinafter the “CP Notes”) pursuant to the provisions of (i) Article V of the City’s Administrative Code; (ii) Sections 9.107(6) and 9.107(8) of the Charter, and (iii) Section 8B.124 of the Charter subject to filing with the Clerk of the Board the Proposition A Certifications (collectively, the “City Authorizations”), exclusive of accruing interest, for the short-term financing of capital improvements and related costs for improvements, betterments and additions to the Power Enterprise, and to approve the issuance from time to time of such CP Notes, and subject to approval of an ordinance proposed for consideration by the Board (“Proposed Ordinance”); and

WHEREAS, Pursuant to Article V, the Director of the City’s Office of Public Finance (“Director”), upon recommendation of the Commission, is authorized to negotiate and execute credit or liquidity facilities to support the CP Notes and any additional agreements related thereto; and

WHEREAS, The Commission issued a request for bids from qualified banks to provide for one or more letters of credit and/or revolving lines of credit to secure the payment of the CP Notes in an aggregate principal amount not to exceed \$250,000,000; and

WHEREAS, After an evaluation of the responses to such request for bids, the Commission staff determined that the following two were the most advantageous to the Commission: (i) a direct-pay letter of credit from Bank of America replacing the Existing Bank of America Letter of Credit in an original stated principal amount not to exceed \$125,000,000, plus an amount equal to 270 days interest on such principal amount at a rate of twelve percent (12%) per annum, to secure payment of a portion of the CP Notes outstanding from time to time (“Bank of America Letter of Credit”); and (ii) a direct-pay letter of credit from Sumitomo Mitsui Banking Corporation, acting through its New York Branch (“SMBC”), in the original stated amount not to exceed \$125,000,000, plus an amount equal to 270 days interest on such principal amount at a rate of twelve percent (12%) per annum, to secure payment of a portion of the CP

Notes outstanding from time to time ("SMBC Letter of Credit" and, together with the Bank of America Letter of Credit, the "Letters of Credit"); and

WHEREAS, The Commission finds it appropriate and in its best interest to (i) amend the Existing Bank of America Reimbursement Agreement (as amended, "Bank of America Reimbursement Agreement") and the Existing Bank of America Fee Agreement (as amended, the "Bank of America Fee Agreement"), and (ii) enter into a Reimbursement Agreement between the Commission and SMBC ("SMBC Reimbursement Agreement" and, together with the Bank of America Reimbursement Agreement, "Reimbursement Agreements") and a Fee Agreement between the Commission and SMBC ("SMBC Fee Agreement" and, together with the Bank of America Fee Agreement, "Fee Agreements"); and

WHEREAS, In order to accommodate the use of the Letters of Credit, the Commission finds it appropriate and in its best interest to amend and restate the Existing Issuing and Paying Agent Agreement (as amended and restated, the "Amended and Restated Issuing and Paying Agent Agreement") with the Paying Agent for the CP Notes; and

WHEREAS, In order to market and remarket the CP Notes, the Commission finds it appropriate and in its best interest to amend the Original Dealer Agreements (each, as amended, an "Amended Dealer Agreement" and together, the "Amended Dealer Agreements"); and

WHEREAS, The Commission finds it appropriate and in its best interest to deliver an offering memorandum ("Offering Memorandum") in connection with the issuance and sale of the CP Notes; and

WHEREAS, The Program will fund planning and design, technical and feasibility studies, as well as environmental review, prior to consideration and approval of the individual projects listed in the Power Enterprise Capital Project Budget for FY 2018-19 and FY 2019-20, in Resolution No. 18-0023, and the Program could also fund construction and implementation of projects, following completion of environmental review, if the Commission approves the project. No project would commence construction or implementation without the Commission's project review and approval following consideration of completed environmental review. This action does not constitute approval of any project for purposes of CEQA; and

WHEREAS, Proposed forms of the Reimbursement Agreements, which include, as exhibits, proposed forms of the respective Bank Notes ("Bank Notes"), the Fee Agreements, the Amended and Restated Issuing and Paying Agent Agreement, the Amended Dealer Agreements, the Offering Memorandum and the Proposed Ordinance have been submitted to the Commission and filed with the Secretary;

NOW THEREFORE BE IT RESOLVED by the Public Utilities Commission of the City and County of San Francisco, as follows:

Section 1. Proposed Ordinance. This Resolution and the approvals and authorizations set forth in the following Sections are subject to, and contingent upon, adoption by the Board of Supervisors and approval by the Mayor of the Proposed Ordinance. The General Manager or his or her designee is authorized and directed to submit the Proposed Ordinance to the Board requesting consideration and approval of the increase to the aggregate principal amount of commercial paper notes outstanding at any one time under the Power CP Program from \$90,000,000 to \$250,000,000 pursuant to the City Authorizations, subject to filing with the Clerk of the Board the necessary Proposition A Certifications in the case of any projects to be financed under Section 8B.124 of the Charter.



Section 2. Increase of Authorized Amount of CP Notes. The Commission hereby approves the increase to the aggregate principal amount of commercial paper notes outstanding at any one time under the Power CP Program from \$90,000,000 to \$250,000,000 pursuant to the City Authorizations, and authorizes the issuance thereof. The General Manager of the Commission ("General Manager") or his or her designee is authorized to issue and reissue, or to cause the issuance and reissuance of, up to \$250,000,000 of CP Notes in accordance with the terms hereof. The CP Notes shall bear interest at a rate or rates not to exceed 12% per annum, and, in conformance with Section 43.5.2 of the City's Administrative Code, shall mature not more than 270 days following their date of issuance.

Section 3. Approval of Reimbursement Agreements, the Respective Bank Notes and Fee Agreements. The Reimbursement Agreements, the respective Bank Notes and the Fee Agreements, in substantially the forms submitted to this Commission, are hereby approved and recommended to the Director for approval pursuant to Article V of the City's Administrative Code. The General Manager or his or her designee is authorized and directed to execute and deliver the Reimbursement Agreements, the respective Bank Notes and the Fee Agreements, including such additions thereto or changes therein which the General Manager, upon consultation with the City Attorney and Director, shall approve, such approval to be conclusively evidenced by the execution and delivery of each such Reimbursement Agreement, the respective Bank Notes and the Fee Agreements.

Section 4. Approval of Amended and Restated Issuing and Paying Agent Agreement. The Reimbursement Agreements, the Amended and Restated Issuing and Paying Agent Agreement, in substantially the form submitted to this Commission, is hereby approved and recommended to the Director for approval pursuant to Article V of the City's Administrative Code. The General Manager or his or her designee is authorized and directed to execute and deliver the Amended and Restated Issuing and Paying Agent Agreement, including such additions thereto or changes therein which the General Manager, upon consultation with the City Attorney and Director, shall approve, such approval to be conclusively evidenced by the execution and delivery of the Amended and Restated Issuing and Paying Agent Agreement.

Section 5. Approval of Amended Dealer Agreements. The Amended Dealer Agreements, in substantially the form submitted to this Commission, are hereby approved and recommended to the Director for approval pursuant to Article V of the City's Administrative Code. The General Manager or his or her designee is authorized and directed to execute and deliver one or more Amended Dealer Agreements, including such additions thereto or changes therein which the General Manager, upon consultation with the City Attorney and Director, shall approve, such approval to be conclusively evidenced by the execution and delivery of each such Amended Dealer Agreement.

Section 6. Approval of Offering Memorandum. The Offering Memorandum, in substantially the form submitted to this Commission, is hereby approved and recommended to the Director for approval pursuant to Article V of the City's Administrative Code. The General Manager or his or her designee is hereby authorized and directed to distribute or to cause the distribution of one or more Offering Memoranda relating to the CP Notes, including such additions thereto and changes therein, and any amendments or supplements thereto from time to time, which the General Manager, upon consultation with the City Attorney and the Director, shall approve, such approval to be conclusively evidenced by the distribution of each such Offering Memorandum.

Section 7. Extensions of Term of Letters of Credit. The General Manager or his or her designee is further authorized, upon consultation with the City Attorney and the Director, to execute one or more amendments to extend the term of each Letter of Credit authorized

hereunder for an aggregate period not to exceed nine years from the effective date of such Letter of Credit, provided that the annual facility fee payable thereunder to each of Bank of America or SMBC, as applicable, shall not exceed \$550,000, and that there shall be no material change in terms of the documents securing the letters of credit that would materially increase the obligations of, or risk of loss to, the Commission.

Section 8. Extensions of Term of Amended Dealer Agreements. The General Manager or his or her designee is further authorized, upon consultation with the City Attorney and the Director, to execute one or more amendments to extend the term of any Amended Dealer Agreement authorized hereunder for an aggregate period not to exceed nine years from the effective date of such Amended Dealer Agreement, provided that the total compensation to the commercial paper dealers shall not exceed an aggregate of \$150,000 per year, and that there shall be no material change in terms of the documents setting forth the duties and obligations of the dealers that would materially increase the obligations of, or risk of loss to, the Commission.

Section 9. Further Actions. The General Manager or his or her designee, upon consultation with the City Attorney and the Director, is authorized and directed to execute and delivery such other agreements, certifications or documents, and to take any and all necessary action in furtherance of the purposes of this Resolution, the issuance of the Letters of Credit and the marketing and sale of the CP Notes.

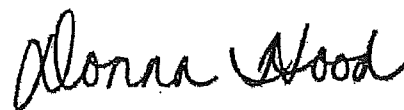
Section 10. Compliance with CEQA. The Program will fund planning and design, technical and feasibility studies, as well as environmental review, prior to consideration and approval of the individual projects listed in the Power Enterprise Capital Project Budget for FY 2018-19 and FY 2019-20, in Resolution No. 18-0023, and the Program could also fund construction and implementation of projects, following completion of environmental review, if the Commission approves the project. No project would commence construction or implementation without the Commission's review and approval following environmental review. This action does not constitute approval of any project for purposes of CEQA.

Section 11. Delegation. The General Manager is authorized to delegate any of the responsibilities or duties set forth in this Resolution to the Assistant General Manager, Business Services and Chief Financial Officer of the Commission.

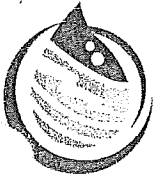
Section 12. Ratification. All actions heretofore taken by the officials, employees and agents of the Commission, with respect to the issuance of the Letters of Credit for the Power CP Program, the extension of the stated expiration date of the Existing Bank of America Reimbursement Agreement and Existing Bank of America Fee Agreement and the extension of the initial terms of the Original Dealer Agreements, are hereby approved, confirmed and ratified.

Section 13. Effective Date. This Resolution shall take effect from and after the date of its adoption.

*I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting on November 13, 2018.*



Secretary, Public Utilities Commission



**San Francisco  
Water Power Sewer**

Services of the San Francisco Public Utilities Commission

525 Golden Gate Avenue, 13th Floor  
San Francisco, CA 94102  
T 415.554.3155  
F 415.554.3161  
TTY 415.554.3488

**TO: Angela Calvillo, Clerk of the Board**  
**FROM: John Scarpulla, Policy and Government Affairs**  
**DATE: November 16, 2018**  
**SUBJECT: Increase to a Principal Amount Not to Exceed \$250,000,000**

Ordinance authorizing an increase of the principal amount of the Power Enterprise's Commercial Paper Program to a principal amount not to exceed \$250,000,000 from \$90,000,000, such Commercial Paper Notes to be issued or caused to be issued from time to time by the San Francisco Public Utilities Commission to finance and refinance on an interim basis various capital projects benefitting the Power Enterprise; and ratifying previous actions taken in connection therewith, as defined herein.

The following is a list of accompanying documents (2 sets):

1. Board of Supervisors Ordinance
2. Legislative Digest
3. SFPUC Reso 18-0188
4. First Amended and Restated Issuing and Paying Agent Agreement
5. First Amendment to Reimbursement Agreement
6. Fee Agreement - BAML – SFPUC [2018]
7. Reimbursement Agreement - SMBC - SFPUC - Power A-2
8. Fee Agreement - SMBC - SFPUC - Power Series A-2
9. Dealer Agreement - First Amendment
10. Offering Memorandum - Power CP 2018 4123-2073-7560 5

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SAN FRANCISCO  
2018 NOV 16 PM 1:27  
BY AK

Please contact John Scarpulla at (415) 934-5782 if you need any additional information on these items.

- London N. Breed**  
Mayor
- Vince Courtney**  
President
- Ann Moller Caen**  
Vice President
- Francesca Vietor**  
Commissioner
- Anson Moran**  
Commissioner
- Ike Kwon**  
Commissioner
- Harlan L. Kelly, Jr.**  
General Manager



2005-11, Aides, Clerk, Mayor's Office, Dep. City Atty

President, District 10  
BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689

Tel. No. 554-7670  
Fax No. 554-7674  
TDD/TTY No. 544-5227

Malia Cohen

2018 NOV 26 PM 3:31  
AK  
BOARD OF SUPERVISORS  
SAN FRANCISCO

**PRESIDENTIAL ACTION**

Date: 11/20/2018  
To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,  
Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No. 181109 Department \_\_\_\_\_  
(Primary Sponsor)

Title. Increase of Power Enterprise Commercial Paper Program - Not to Exceed \$250,000,000

Transferring (Board Rule No 3.3)

File No. \_\_\_\_\_  
(Primary Sponsor)

Title. \_\_\_\_\_

From: \_\_\_\_\_ Committee

To: \_\_\_\_\_ Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor \_\_\_\_\_

Replacing Supervisor \_\_\_\_\_

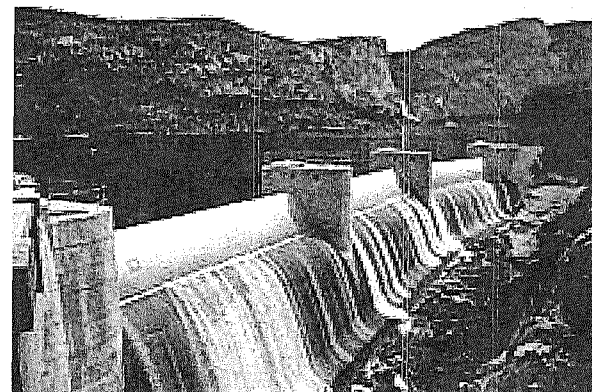
For: \_\_\_\_\_ Meeting  
(Date) (Committee)

Malia Cohen, President  
Board of Supervisors

File # 181109  
Received in Committee  
12/6/18



Services of the San Francisco Public Utilities Commission



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# SFPUC Power Enterprise Commercial Paper Program Expansion

December 6, 2018

Richard Morales, Debt Manager



# SFPUC Power Enterprise Debt Funding Effort to Date

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Services of the San Francisco Public Utilities Commission

- 2005: SFPUC Power Enterprise created as separate system / accounting unit within Hetch Hetchy Water and Power
- 2008-2015: Non-rated Federal subsidy bonds sold
- May 2015: Inaugural Power Revenue Bonds sold after establishment of new, rated credit
- December 2015: New Power Commercial Paper (CP) Program established following Commission and BOS authorizations
- February 2018: SFPUC adopts 10-Year Capital Plan, \$371M
- June 2018: Proposition A approved by SF voters

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# Proposed Power CP Program Expansion

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Services of the San Francisco Public Utilities Commission

- \$160M increased authorization sought- from \$90M to \$250M
- Supports larger Power Capital Plan that can be bond financed (Proposition A)
- Provides low-cost interim funding for Power capital projects; taken out with long-term Power Bonds – approx. 2.5% all-in cost in current market
- Similar to existing SFPUC Water & Wastewater CP Programs
- Secured with Letters of Credit from Bank of America and Sumitomo Mitsui Bank, after RFP procurement
- Extension of 3 Dealer agreements (Barclays Capital Inc., Goldman, Sachs & Co., and RBC Capital Markets)-Sell & remarket CP to investors



# Requested Action Summary

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Services of the San Francisco Public Utilities Commission

- Authorize increase of Power Enterprise Commercial Paper Program to the principal amount of \$250M from \$90M; and approve issuance and sale of Commercial Paper Notes by SFPUC





Services of the San Francisco Public Utilities Commission

# Questions?

