

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 14-0139

WHEREAS, on November 5, 2002, the voters of the City and County of San Francisco (the "City") approved Proposition E, which among other things, authorized the San Francisco Public Utilities Commission (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 of Supervisors of the City (the "Board"), for the purpose of reconstructing, replacing, expanding, repairing or improving wastewater facilities under the jurisdiction of the Commission (the "Wastewater Enterprise"); 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, the Board established a procedure pursuant to which the Commission may issue short-term indebtedness, including the issuance of commercial paper in anticipation of the issuance of its revenue bonds; and

WHEREAS, the Commission has previously authorized pursuant to Resolution No. 06-0164, approved by the Commission on September 26, 2006, and the Board has previously approved pursuant to Ordinance No. 266-06, adopted by the Board on October 24, 2006, and signed by the Mayor on October 31, 2006, the establishment of a commercial paper program for the Wastewater Enterprise (the "Wastewater CP Program") and the issuance of up to \$150 million in principal amount of commercial paper notes (together with the additional New CP Notes (defined below) authorized hereunder, the "CP Notes"); and

WHEREAS, the Commission has previously authorized pursuant to Resolution No. 11-0197, approved by the Commission on December 13, 2011, and the Board has approved pursuant to Ordinance No. 91-12, adopted by the Board on May 1, 2012, and signed by the Mayor on May 14, 2012 (together with Ordinance No. 266-06, the "Ordinances"), an ordinance to authorize, an increase in the Wastewater CP Program to a not to exceed amount of \$300 million from \$150 million; and

WHEREAS, the Commission has determined that it is necessary and desirable to make certain additional improvements to the facilities of the Wastewater Enterprise (the "Improvements"), and has further determined to finance the Improvements through the issuance of wastewater revenue bonds, and in anticipation of the issuance of such wastewater revenue bonds, through the use of the Wastewater CP Program; and

WHEREAS, the Commission seeks to authorize an increase in the Wastewater CP Program an aggregate principal amount not to exceed \$500 million from \$300 million, contingent upon a resolution proposed for consideration and approval by the Board (the "Anticipated Resolution"); and

WHEREAS, pursuant to this Resolution, Resolution No. 11-0197, the Anticipated Resolution, if adopted, and the Ordinances, the Commission shall be authorized to take all necessary action in connection with the expansion of the Wastewater CP Program; and

WHEREAS, the Commission issued a request for bids from qualified banks to provide for one or more letters of credit or revolving lines of credit to secure the payment of the newly

authorized CP Notes in an aggregate principal amount not to exceed \$200 million (the "New CP Notes"); and

WHEREAS, after an evaluation of the responses to such request for bids, the Commission staff determined that the following offers were the most advantageous to the Commission (i) a reimbursement agreement (the "Reimbursement Agreement") with Barclays Bank PLC ("Barclays") pursuant to which Barclays will issue its direct-pay letter of credit (the "Letter of Credit") in an original stated amount not to exceed \$109 million (representing a principal amount of \$100,000,000 plus up to \$9,000,000 in interest, calculated at the maximum rate of twelve percent (12%) per annum for a period of two hundred seventy (270) days calculated on the basis of a year of 360 days and (ii) a revolving credit and term loan agreement (the "Revolving Loan Agreement") with State Street Bank and Trust ("State Street") with an aggregate principal commitment of \$100,000,000; and

WHEREAS, the proposed forms of the Reimbursement Agreement and its related fee agreement (the "Fee Agreement"), proposed to be entered into by the Commission and Barclays have been presented to the Commission and filed with the Secretary of the Commission, and the Commission finds it in its best interest to enter into such agreements; and

WHEREAS, the proposed forms of the Revolving Credit and Term Loan Agreement and its related fee letter (the "Fee Letter") to be entered into by the Commission and State Street have been presented to the Commission and filed with the Secretary of the Commission, and the Commission finds it in its best interest to enter into such agreements; and

WHEREAS, the Commission will issue a separate series of New CP Notes secured by the Letter of Credit and the Revolving Loan Agreement, respectively, and each such series may be further divided into separate tax-exempt and taxable subseries, and the Commission will prepare and cause the distribution of an offering memorandum related to the New CP Notes; and

WHEREAS, in order to accommodate the use of the Reimbursement Agreement and the Revolving Loan Agreement, the Commission finds it appropriate and in its best interest to execute a new issuing and paying agent agreement (the "Paying Agent Agreement") with U.S. Bank, National Association, as issuing and paying agent (the "Paying Agent") for each series of the New CP Notes; and

WHEREAS, the forms of the proposed Paying Agent Agreements and the proposed offering memorandum (the "Offering Memorandum") have also been submitted to the Commission and filed with the Secretary; and

WHEREAS, the Commission finds it necessary to execute one or more commercial paper dealer agreements for the New CP Notes with the commercial paper dealers for the Commission's existing CP Notes; and

WHEREAS, the proposed form of amended dealer agreement (the "Dealer Agreement") has been presented to the Commission and filed with the Secretary, and the Commission finds it in its best interest to enter into such agreement with one or more of the qualified commercial paper dealers currently serving as commercial paper dealers for the Commission's other series of CP Notes; and

WHEREAS, on May 19, 2014, the Environmental Review Officer issued a Certificate of the City and County of San Francisco Planning Department (pursuant to Section 8B.124(b) of the Charter of the City) (the "Planning Department Certificate") with respect to environmental review for projects to be funded by the issuance of the debt to the Board of Supervisors and as a result of the issuance of the Planning Department Certificate the issuance of any subsequent certificate is unnecessary; and now therefore be it

RESOLVED by the Public Utilities Commission of the City and County of San Francisco, as follows:

Section 1. Increase of Authorized Amount of Commercial Paper Notes. The Commission hereby approves the \$200 million increase in the Wastewater CP Program to a not to exceed amount of \$500 million from \$300 million, contingent upon adoption by the Board of the Anticipated Resolution. The General Manager of the Commission (the "General Manager") or his or her designee is authorized to issue up to \$500 million of Commercial Paper Notes in accordance with the terms hereof.

Section 2. Approval of Reimbursement Agreement. The Reimbursement Agreement and Fee Agreement, in substantially the forms submitted to this Commission, are hereby approved and recommended to the Director of the City's Office of Public Finance (the "Director") for approval pursuant to Article V. The General Manager or his or her designee is authorized and directed to negotiate and execute and deliver the Reimbursement Agreement and the Fee Agreement, subject to 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 Reimbursement Agreement and Fee Agreement, provided that the Commission may enter into the Reimbursement Agreement so long as the original stated amount does not to exceed \$109 million (representing a principal amount of \$100,000,000 plus up to \$9,000,000 in interest, calculated at the maximum rate of twelve percent (12%) per annum for a period of two hundred seventy (270) days calculated on the basis of a year of 360 days, and the initial term of the Reimbursement Agreement is for a period not to exceed four years, with optional annual extensions not to exceed five years from the commencement date of the initial term.

Section 3. Approval of Revolving Loan Agreement. The Revolving Loan Agreement and Fee Letter, in substantially the forms submitted to this Commission, are hereby approved and recommended to the Director for approval pursuant to Article V. The General Manager or his or her designee is authorized and directed to negotiate and execute and deliver the Revolving Loan Agreement and the Fee Letter, subject to 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 Revolving Loan Agreement and Fee Letter, provided that the General Manager may enter into the Revolving Loan Agreement so long as the principal commitment does not exceed \$100,000,000, and the initial term of the Revolving Loan Agreement is for a period not to exceed two years, with optional annual extensions not to exceed five years from the commencement date of the initial term.

Section 4. Appointment of Banks. The General Manager is hereby authorized to appoint Barclays to provide a Letter of Credit to secure the payment of up to \$100,000,000 in principal amount of New CP Notes and State Street to provide a Revolving Loan Agreement to secure the payment of up to \$100,000,000 in principal amount of New CP Notes, or to select and appoint another financial institution or financial institutions if Barclays is unwilling to agree to acceptable terms of Reimbursement Agreement and the Fee Agreement, or State Street is unwilling to agree to acceptable terms of the Revolving Loan Agreement and the Fee Letter, in either case, that have been submitted to the Commission subject to such additions thereto or changes therein which the General Manager, upon consultation with the City Attorney and Director have approved, provided, however, that the General Manager, upon consultation with the City Attorney and Director, shall determine that such agreements shall not impose any obligations materially more onerous than under the agreements approved in Section 2 or Section 3 of this Resolution, respectively.

Section 5. Approval of Paying Agent Agreements. The proposed forms of the Paying Agent Agreements between the Commission and the Paying Agent, submitted to this Commission, are hereby approved and recommended to the Director for approval pursuant to

Article V. The General Manager or his or her designee is authorized and directed to negotiate and execute and deliver the Paying Agent Agreements, subject to 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 Paying Agent Agreement.

Section 6. Appointment of Paying Agent. The General Manager or his or her designee is hereby authorized to appoint U.S. Bank National Association as Paying Agent for each series of the New CP Notes, provided that the General Manager or his or her designee, upon consultation with the City Attorney and Director, may select an alternative paying agent if such selection is more advantageous to the Commission.

Section 7. Approval of Dealer Agreement. The Dealer Agreement, in substantially the form submitted to this Commission, is hereby approved and recommended to the Director for approval pursuant to Article V. The General Manager or his or her designee is authorized and directed to negotiate and execute and deliver one or more Dealer Agreements in substantially said form, subject to 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 such Dealer Agreements, provided that the Dealer Agreement(s) are awarded to one or more qualified commercial paper dealers for a period not to exceed three years, with optional annual extensions not to exceed five years from the commencement date of the initial term.

Section 8. Appointment of Commercial Paper Dealers. The General Manager or his or her designee is hereby authorized to select and appoint one or more qualified commercial paper dealers from the pool of dealers that contract with the Commission to market its CP Notes, provided that the General Manager or his or her designee, upon consultation with the City Attorney and Director, shall select one or more dealers that are more advantageous to the Commission.

Section 9. Limitations. This Resolution shall be ineffective unless and until the Anticipated Resolution is adopted by the Board, and approved by the Mayor. Consistent with the Ordinances, in no event shall the aggregate principal amount of CP Notes exceed \$500,000,000 and in no event shall the interest rate or interest rates cause the aggregate average interest cost to exceed 12% per annum, and in no event shall the term of any bank reimbursement obligation exceed 5 years.

Section 10. Offering Memorandum. The General Manager or his or her designee, in consultation with the City Attorney and the Director, is hereby authorized and directed to prepare and cause the distribution of an Offering Memorandum relating to the New CP Notes, in substantially the form submitted to this Commission, subject to such additions thereto and changes therein, and any amendments or supplements thereto from time to time which the General Manager, in consultation with the City Attorney and the Director, shall approve.

Section 11. Further Actions; Extensions of Term of Reimbursement Agreement, Revolving Loan Agreement or Dealer Agreement(s). The General Manager or his or her designee, and in consultation with the City Attorney and the Director, is hereby authorized and directed to negotiate and execute such other agreements, certifications or documents and to take any and all action necessary and in furtherance of the marketing and sale of the CP Notes. The General Manager is further authorized, in consultation with the City Attorney and the Director, to execute amendments to extend the term of either the Reimbursement Agreement or the Revolving Loan Agreement or both for an aggregate period not exceeding five years from their respective commencement date(s), provided that the annual facility fee payable to the Banks

shall not exceed \$750,000 per year in the aggregate for the New CP Notes and the amendments shall otherwise comply with Section 6 hereof. The General Manager is further authorized, in consultation with the City Attorney and the Director, to execute one or more amendments to extend the term of any Dealer Agreement authorized hereunder for a period not to exceed three years, with optional annual extensions not to exceed five years from the commencement date of the initial term, so long as the total compensation to the commercial paper dealer(s) for their services with respect to the New CP Notes shall not exceed an aggregate of \$100,000 per year.

Section 12. 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 13. Ratification. All actions heretofore taken by the officials, employees and agents of the Commission with respect to increasing the aggregate principal amount of the Wastewater CP Program and obtaining credit support for the Wastewater CP Program, a paying agent for each series of New CP Notes and dealers for the New CP Notes and the issuance and sale of the New CP Notes are hereby approved, confirmed and ratified.

Section 14. Effective Date. This resolution shall take effect from and after its adoption. PASSED AND ADOPTED on August 26, 2014, by the following vote:

AYES: Courtney, Caen, Vietor, Moran, Torres
NOS: None.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of August 26, 2014



Secretary, Public Utilities Commission