

File No. 151688

Committee Item No. 10

Board Item No. 8

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date November 4, 2015

Board of Supervisors Meeting

Date November 17, 2015

Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input 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 |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>SPUC Resolution</u> |
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Completed by: Linda Wong Date October 30, 2015

Completed by: Linda Wong Date November 6, 2015

1 [Commercial Paper Notes Program - Authorization to Issue Power Revenue Bonds and
2 Commercial Paper Notes (Power Series) - Water Facilities, Electric Power Facilities,
3 Renewable Energy, and Energy Conservation - Not to Exceed \$90,000,000]

4 **Resolution approving the establishment by the Public Utilities Commission of its**
5 **Commercial Paper Notes (Power Series) program in an aggregate principal amount not**
6 **to exceed \$90,000,000 pursuant to Charter, Article IX, and Administrative Code,**
7 **Sections 43.5, et seq., as amended, and pursuant to Charter, Section 9.107(6), for the**
8 **purpose of the reconstruction or replacement of existing water facilities and electric**
9 **power facilities or combinations thereof under the jurisdiction of the Power Enterprise**
10 **and, pursuant to Charter, Section 9.107(8), for the purpose of the acquisition,**
11 **construction, installation, equipping, improvement or rehabilitation of equipment or**
12 **facilities for renewable energy and energy conservation.**

13
14 WHEREAS, Pursuant to Section 9.107(6) of the Charter (the "Charter") of the City and
15 County of San Francisco (the "City"), revenue bonds may be issued, without voter approval,
16 upon a three-fourths affirmative vote of the Board of Supervisors of the City (the "Board"), for
17 the purpose of the reconstruction or replacement of existing water facilities and electric power
18 facilities or combinations thereof under the jurisdiction of the San Francisco Public Utilities
19 Commission (the "Commission"); and

20 WHEREAS, Pursuant to Section 9.107(8) of the Charter, revenue bonds may be
21 issued, without voter approval, upon affirmative vote of the Board, for the purpose of the
22 acquisition, construction, installation, equipping, improvement or rehabilitation of equipment or
23 facilities for renewable energy and energy conservation; and

24 WHEREAS, Pursuant to Section 9.107(8) of the Charter, the Commission previously
25 issued \$6,325,000 aggregate principal amount of its Clean Renewable Energy Bonds in 2008,

1 \$8,291,000 aggregate principal amount of its Qualified Energy Conservation Bonds in 2011,
2 and \$6,600,000 aggregate principal amount of its New Clean Renewable Energy Bonds in
3 2012, in each case, payable from the net revenues of the Commission's Power Enterprise
4 (the "Power Enterprise"); and

5 WHEREAS, Pursuant to Ordinance No. 106-14, adopted by the Board on June 24,
6 2014, and signed by the Mayor on July 2, 2014 ("Ordinance No. 106-14"), the Board
7 previously authorized revenue bonds in an aggregate principal amount not to exceed
8 \$112,346,843 to finance the costs of various power capital projects benefiting the Power
9 Enterprise pursuant to Charter Section 9.107(8); and

10 WHEREAS, Pursuant to Ordinance No. 41-15, adopted by the Board on March 24,
11 2015, and signed by the Mayor on April 2, 2015 ("Ordinance No. 41-15"), the Board
12 authorized additional revenue bonds in an aggregate principal amount not to exceed
13 \$48,000,000 to finance various capital projects for the Power Enterprise pursuant to Charter
14 Sections 9.107(6) and 9.107(8), and supplemented by Ordinance No. 106-14 to permit its
15 bond authorization under Ordinance No. 106-14 to be issued for the purposes described
16 under Charter Section 9.107(6) or Section 9.107(8); and

17 WHEREAS, Pursuant to such authorizations, the Commission previously issued
18 \$39,555,000 aggregate principal amount of its Power Revenue Bonds, 2015 Series A Bonds
19 (Green Bonds) and 2015 Series B Bonds; and

20 WHEREAS, Pursuant to Section 43.5 of the San Francisco Administrative Code
21 ("Article V"), enacted by Ordinance No. 203-98 adopted by the Board on June 8, 1998, and
22 signed by the Mayor of the City on June 19, 1998 ("Ordinance No. 203-98"), as amended by
23 Ordinance No. 270-06, adopted on October 24, 2006 by the Board and signed by the Mayor
24 on October 31, 2006 ("Ordinance No. 270-06," and together with Ordinance No. 203-98, the
25 "Procedural Ordinance," and collectively with Ordinance No. 106-14, Ordinance No. 41-15

1 and Ordinance No. 203-98; the "Ordinances"), the Board established a procedure pursuant to
2 which the Commission may issue short-term indebtedness, including the issuance and
3 reissuance of commercial paper notes in anticipation of the issuance of revenue bonds; and

4 WHEREAS, The Commission has determined that it is desirable to make certain
5 improvements (the "Improvements") to the facilities of the Power Enterprise, all as included in
6 the Commission's ten-year Capital Plan, and to provide for short-term financing of capital
7 improvements and related costs for improvements, betterments and additions to the Power
8 Enterprise through the establishment of a Power Enterprise commercial paper program; and

9 WHEREAS, The Commission seeks to authorize the issuance and reissuance of
10 Power Enterprise commercial paper notes (the "CP Notes") from time to time in an aggregate
11 principal amount not to exceed \$90,000,000, subject to approval of this Resolution,
12 establishing a Power Enterprise commercial paper program (the "Power CP Program") and
13 authorizing the issuance of such CP Notes; and

14 WHEREAS, Pursuant to this Resolution and the Ordinances, the Director of Public
15 Finance or her designee, the City Attorney, the General Manager and other appropriate
16 officers, employees, representatives and agents of the Commission shall be authorized to
17 take all necessary action in connection with the establishment of the Power CP Program; and

18 WHEREAS, The Commission issued a request for bids from qualified banks to provide
19 for one or more letters of credit and/or revolving lines of credit to secure the payment of the
20 Power Enterprise CP Notes in an aggregate principal amount not to exceed \$90,000,000; and

21 WHEREAS, At its meeting on September 8, 2015, the Commission adopted a
22 resolution (the "Commission Resolution") approving the forms of documents relating to the
23 establishment of a commercial paper program, and approving the forms of documents
24 establishing a credit facility for the commercial paper program, and urging the Board to
25 authorize the issuance of such indebtedness on the terms set forth herein. Such resolution is

1 on file with the Clerk of the Board of Supervisors in File No. 151088, which is hereby declared
2 to be a part of this Resolution as if set forth fully herein; and now therefore be it

3 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
4 follows:

5 Section 1. Findings. The Board of Supervisors finds and determines that the
6 foregoing recitals are true and correct.

7 Section 2. Approval of the Issuance of Commercial Paper. This Board hereby
8 declares that, in accordance with the Charter and the Procedural Ordinance, the Public
9 Utilities Commission is hereby authorized to issue Commercial Paper Notes (Power Series)
10 (referred to herein as the "CP Notes") for the purpose of the reconstruction or replacement of
11 existing water facilities and electric power facilities or combinations thereof under the
12 jurisdiction of the Power Enterprise pursuant to Section 9.107(6) of the Charter and for the
13 purpose of the acquisition, construction, installation, equipping, improvement or rehabilitation
14 of equipment or facilities for renewable energy and energy conservation pursuant to Section
15 9.107(8) of the Charter, as well as paying costs of issuance and other incidental costs;
16 provided however, that (i) the maximum principal amount of CP Notes at any one time
17 outstanding, when combined with the total principal amount of outstanding and unpaid
18 obligations issued to the provider of any credit or liquidity facility executed in connection with
19 such CP Notes, shall not exceed \$90,000,000, and (ii) the principal amount of CP Notes
20 outstanding at any one time shall not exceed the principal component available to be drawn
21 under any credit facilities or liquidity facilities executed in connection therewith.

22 Section 3. Authorization of Credit or Liquidity Facility. The Director of Public
23 Finance, upon the recommendation of Commission, is hereby authorized to arrange for credit
24 or liquidity support for the CP Notes and to issue obligations to the credit or liquidity provider
25

1 (the "Bank Notes"), including the execution of any bank fee letter in connection therewith, all
2 subject to the requirements of Section 43.5.3 of the Administrative Code.

3 Section 4. No Conflict. The CP Notes and Bank Notes, if any, approved by this
4 Ordinance shall be issued pursuant to the terms of an issuing and paying agent agreement,
5 any other agreement or agreements relating to the credit or liquidity facility supporting the CP
6 Notes and such agreements and documents as the Commission shall deem necessary or
7 desirable for the purpose of implementing the issuance, sale and delivery of such CP Notes or
8 Bank Notes, if any, and as shall be approved by the City Attorney, which approval shall be
9 conclusively evidenced by the signature of the City Attorney on each such additional
10 agreement; provided, that the terms of such issuing and paying agent agreement, any other
11 agreement or agreements relating to the credit or liquidity facility supporting the CP Notes and
12 any such additional agreements and documents shall not conflict with the requirements of the
13 Charter, the Procedural Ordinance or this Ordinance.

14 Section 5. Maximum Interest Rate; CP Note Maturity. Pursuant to Section 43.5.2 of
15 the Procedural Ordinance, the maximum interest rate for any CP Notes or Bank Notes shall
16 not exceed 12% per annum, and any CP Notes shall not mature more than five years
17 following their date of issuance.

18 Section 6. Additional Agreements. Subject to the terms of the Charter, the
19 Procedural Ordinance or this Resolution, the approvals contained herein shall extend to any
20 agreements necessary are required to issue the CP Notes, including the appointment of
21 commercial paper dealers and the negotiation of any dealer agreements, the preparation and
22 distribution of any commercial paper offering memorandum, and any other agreements
23 relating to the credit or liquidity facility supporting the CP Notes and any and all agreements of
24 the Commission supplemental and/or incidental thereto, as well as to such additional
25 agreements as the Commission may deem necessary to adopt for the purpose of

1 implementing the issuance, sale and delivery of the CP Notes or Bank Notes, if any. The
2 approvals contained herein shall continue to apply to the CP Notes or the Bank Notes, if any,
3 in the event such CP Notes or Bank Notes, if any, are renamed, renumbered or reissued by
4 the Commission pursuant to an issuing and paying agent agreement and/or agreements
5 relating to any credit or liquidity facility supporting the CP Notes.

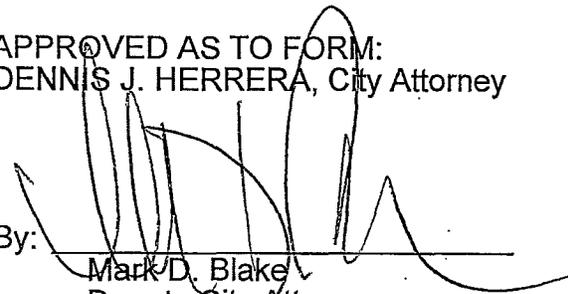
6 Section 7. Modifications, Changes, Additions. The General Manager, in consultation
7 with the City Attorney, is hereby authorized to approve and make such modifications, changes
8 or additions to any credit or liquidity facility or any of the other documents the Commission
9 approved in the Commission Resolution as may be necessary or advisable, subject to the
10 provisions of Section 2 and Section 3 hereof. The approval of any modification, addition or
11 change to any of the aforementioned documents shall be evidenced conclusively by the
12 execution and delivery of the document in question, and any such modification, addition or
13 change to such documents shall be on file with the Commission, and the Clerk of the Board.

14 Section 8. General Authority. The Controller, the Director of the Office of Public
15 Finance or her designee, the City Attorney, the General Manager and all other appropriate
16 officers, employees, representatives and agents of the Commission are hereby authorized
17 and directed to do everything necessary or desirable to provide for the issuance of the CP
18 Notes or Bank Notes, if any, subject to the terms of this Resolution and the Commission
19 Resolution.

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1 Section 9. Effective Date. This Resolution shall take effect from and after its
2 adoption by the Board and approval by the Mayor.

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

6
7 By: 
8 Mark D. Blake
9 Deputy City Attorney
10 n:\financlas2015\1300183\01049939.doc

<p>Item 10 File 15-1088</p>	<p>Department: Public Utilities Commission (PUC)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p>	
<ul style="list-style-type: none"> • The proposed resolution would (a) establish a new Power Enterprise Commercial Paper Program in the principal amount not to exceed \$90,000,000, (b) authorize the PUC to sell up to \$90,000,000 in commercial paper, (c) authorize PUC to enter into a credit facility agreement with Bank of America, and (d) authorize the PUC to enter into dealer agreements with Barclays, Goldman Sachs and RBC Capital Markets. 	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> • The Board of Supervisors previously authorized the sale of power revenue bonds up to approximately \$160.3 million. In May 2015, the Power Enterprise sold \$39,555,000 in 2015 Series A and 2015 Series B Power Revenue Bonds to fund certain power generation and transmission projects in the Hetch Hetchy Water and Power Capital Plan. • Under the City’s Administrative Code Section 43.5, the Public Utilities Commission (PUC) may issue short-term debt, including commercial paper, in anticipation of the issuance of revenue bonds. Under the Hetch Hetchy Power Commercial Paper Program, the PUC will use the commercial paper as short term, low interest financing for Hetch Hetchy Power capital projects prior to issuing long term Hetch Hetchy Power Revenue Bonds. This allows PUC to time the issuance of Hetch Hetchy Power Revenue Bonds to achieve better interest rates and meet the needs of the Hetch Hetchy Power capital program. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> • According to the proposed resolution, the interest rate shall not exceed 12 percent per year. However, according to Mr. Carlos Jacobo, PUC Budget Director, the proposed Power Commercial Paper Program will result in an “all-in” borrowing rate of approximately 1 percent per year, which includes interest payments on the commercial paper and associated fees. • PUC will incur estimated maximum fees of \$1,157,135 over the initial three-year term of the Hetch Hetchy Power Commercial Paper Program, including (1) fees of \$1,028,885 paid to the Bank of America for the LOC, and (2) a maximum total of \$128,250 to the three dealers noted above to sell and remarket the commercial paper to investors. 	
<p style="text-align: center;">Recommendation</p>	
<ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

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

BACKGROUND

The Public Utilities Commission (PUC) approved the 10-Year Capital Plan for Hetch Hetchy Water and Power in May 2014. The Public Utilities Commission updated the 10-Year Capital Plan for Hetch Hetchy Water and Power for FY 2015-16 through FY 2024-25 in February 2015. The Hetch Hetchy Power Enterprise's share of the 10-Year Capital Plan is \$760,000,000 of which \$530,000,000 is planned to be revenue bond funded. The Power Enterprise Capital Plan for FY 2014-15 and FY 2015-16 was approved by the Board of Supervisors as part of the current FY 2014-15 and 2015-16 two-year budget.

The Board of Supervisors previously authorized the sale of power revenue bonds up to approximately \$160.3 million as follows:

- \$112.3 million in June 2014 to finance various Power Enterprise capital projects; and
- \$48 million in March 2015 to finance the reconstruction or replacement of electric power facilities and acquisition, construction, installation, improvement or rehabilitation of equipment or facilities for renewable energy and energy conservation.

In May 2015, the Power Enterprise sold \$39,555,000 in 2015 Series A and 2015 Series B Power Revenue Bonds to fund certain power generation and transmission projects in the Hetch Hetchy Water and Power Capital Plan.

Under the City's Administrative Code Section 43.5, the PUC may issue short-term debt, including commercial paper, in anticipation of the issuance of revenue bonds. Based on estimated cash flow needs of the PUC's capital program and bond authorization, it is proposing a new not to exceed \$90,000,000 Power Commercial Paper Program to meet the interim capital expenditure requirements and provide low-cost capital project funding. The proposed commercial paper program is modeled after the existing Water and Wastewater Enterprises' programs. Any commercial paper sold as interim financing will be repaid with proceeds from revenue bonds that the PUC will subsequently issue according to its 10 Year Capital Plan.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would establish (a) a new Power Enterprise Commercial Paper Program in the principal amount not to exceed \$90,000,000, (b) authorize the PUC to sell up to \$90,000,000 in commercial paper, (c) authorize PUC to enter into a credit facility agreement with Bank of America, and (d) authorize the PUC to enter into dealer agreements with Barclays, Goldman Sachs and RBC Capital Markets.

Credit Facility Provider

PUC selected Bank of America as the proposed credit facility provider through a competitive Request for Proposal (RFP) sent to ten qualified banks. Four proposals were received. The PUC selected Bank of America as the lowest cost, and most responsive and responsible proposal. As short term debt, commercial paper is resold up to every 270 days. Bank of America guarantees sufficient funds to PUC through a Letter of Credit to cover problems with the resale of the commercial paper.

The \$90,000,000 principal amount of the Letter of Credit will be equal to the authorized amount of the proposed commercial paper. The Letter of Credit term will be for three years, with two one-year options to extend. PUC may terminate the Bank of America agreement, with the early termination fee waived, if the bank's short-term rating is downgraded below A-1 (S&P) and F1 (Fitch).

There are four documents that make up the credit facility with Bank of America.

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

(2) An Irrevocable Letter of Credit would be issued by the Bank of America in favor of the Issuing and Paying Agent (U.S. Bank). If PUC does not make the interest and principal payments on the commercial paper, these payments are made by the Issuing and Paying Agent (U.S. Bank) drawing on the Irrevocable Letter of Credit. The Irrevocable Letter of Credit is direct-pay and is irrevocable, once issued, until it expires or is terminated in certain limited circumstances, as described in the Reimbursement Agreement.

(3) The Reimbursement Agreement between the PUC and Bank of America sets out the terms by which the Letter of Credit is issued as well as the terms under which the PUC repays the Bank of America for draws on the Letter of Credit.

(4) The Fee Agreement between the PUC and Bank of America sets out the fees charged by the Bank of America.

Dealers

The proposed dealers, Barclays, Goldman Sachs and RBC Capital Markets, were selected through a competitive RFP sent to the City's Office of Public Finance Underwriter Pool of 24 firms. The annual fee for each is 0.0475% of the \$90,000,000, which is lower than the 0.05% dealer fees obtained in the past for the Water and Wastewater CP Programs and is only paid on the amount of outstanding commercial paper remarketed by each dealer. The proposed term for the dealer agreements is three years, with two one-year options to extend.

There is a separate Dealer Agreement between the PUC and each respective dealer (Barclays, Goldman Sachs and RBC Capital Markets), which sets out the terms by which such dealer may purchase or arrange for the sale of the commercial paper.

FISCAL IMPACT

Under the Hetch Hetchy Power Commercial Paper Program, the PUC will use the commercial paper as short term, low interest financing for Hetch Hetchy Power capital projects prior to issuing long term Hetch Hetchy Power Revenue Bonds. This allows PUC to time the issuance of Hetch Hetchy Power Revenue Bonds to achieve better interest rates and meet the needs of the Hetch Hetchy Power capital program.

Under the Hetch Hetchy Power Commercial Paper Program, PUC can sell up to \$90,000,000 in commercial paper. According to the proposed resolution, the interest rate shall not exceed 12 percent per year. However, according to Mr. Carlos Jacobo, PUC Budget Director, the proposed Power Commercial Paper Program will result in an "all-in" borrowing rate of approximately 1 percent per year.

The all-in borrowing rate includes interest on the commercial paper as well as fees paid to the Bank of America and to the three dealers. PUC will incur estimated maximum fees of \$1,157,135 over the initial three-year term of the Hetch Hetchy Power Commercial Paper Program, including (1) fees of \$1,028,885 paid to the Bank of America for the LOC, and (2) a maximum total of \$128,250 to the three dealers noted above to sell and remarket the commercial paper to investors.

RECOMMENDATION

Approve the proposed resolution.



TO: Angela Calvillo, Clerk of the Board

FROM: Patrick Caceres, Policy and Government Affairs Manager

DATE: September 18, 2015

SUBJECT: Authorization for the Public Utilities Commission to Issue Power Revenue Bonds and Commercial Paper Notes (Power Series) in Anticipation of Such Power Revenue Bonds in Aggregate Principal Amount Not Exceeding \$90,000,000

Attached please find an original and one copy of a proposed resolution approving the establishment by the Public Utilities Commission of its Commercial Paper Notes (Power Series) program in an aggregate principal amount not exceeding \$90,000,000 pursuant to Article IX of the City Charter and Article V of Chapter 43 of Part I of the San Francisco Administrative Code, as amended, and (a) pursuant to Section 9.107(6) of the Charter, for the purpose of the reconstruction or replacement of existing water facilities and electric power facilities or combinations thereof under the jurisdiction of the Power Enterprise and, (b) pursuant to Section 9.107(8) of the Charter, for the purpose of the acquisition, construction, installation, equipping, improvement or rehabilitation of equipment or facilities for renewable energy and energy conservation.

The following is a list of accompanying documents (2 sets):

1. Board of Supervisors Resolution
2. BOS Ordinance No. 106-14
3. BOS Ordinance No. 41-15
4. BOS Ordinance No. 203-98
5. BOS Ordinance No. 270-06
6. SFPUC Ten-Year Capital Plan
7. SFPUC Resolution No. 15-0183
8. Form of Issuing and Paying Agent Agreement
9. Form of Irrevocable Letter of Credit
10. Form of Reimbursement Agreement
11. Form of Fee Agreement
12. Form of Dealer Agreement
13. Form of Offering Memorandum

Please contact Patrick Caceres at 554-0706 if you need any additional information on these items.

Edwin M. Lee
 Mayor

Ann Moller Caen
 President

Francesca Viotor
 Vice President

Vince Courtney
 Commissioner

Anson Moran
 Commissioner

Ike Kwon
 Commissioner

Harlan L. Kelly, Jr.
 General Manager





September [*], 2015

Public Utilities Commission
of the City and County of San Francisco
Commercial Paper Notes (Power Series), Series [***] (Tax-Exempt)

Fee Agreement

City and County of San Francisco
Public Utilities Commission
525 Golden Gate Avenue, 13th Floor
San Francisco, California 94102
Attention: Chief Financial Officer
& Assistant General Manager, Business Services

Ladies and Gentlemen:

Reference is made to the Reimbursement Agreement, dated as of September [*], 2015 (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 provision by the Bank of a Letter of Credit for the Commission's Commercial Paper Notes (Power Series), Series [***] (Tax-Exempt) (the "**Notes**"). Any capitalized term below that is defined in the Agreement shall have the same meaning when used herein. This letter agreement ("**this Fee Agreement**") is the Fee Agreement described in the Agreement.

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 "A1" by Moody's (in the event Moody's provides a Rating with respect to the long-term unenhanced Bonds), 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):

[Remainder of page intentionally left blank; pricing grid follows.]

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	COMMITMENT FEE RATE
Level 1:	A1 or above	A+ or above	A+ or above	0.35%
Level 2:	A2	A	A	0.55%
Level 3:	A3	A-	A-	0.75%
Level 4:	Baa1	BBB+	BBB+	0.95%
Level 5:	Baa2	BBB	BBB	1.15%
Level 6:	Baa3 or below	BBB- or below	BBB- or below	2.85%

As used herein, the "**Rating**" means, with respect to a Rating Agency, 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 any Rating Agency 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 the Rating Agencies as presently determined by the respect Rating Agency and in the event of adoption of any new or changed rating system by a Rating Agency, the Ratings from such Rating Agency 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.

The Commitment Fee shall accrue from and including the Closing Date to and including the Termination Date. The Commitment Fee shall be payable quarterly in arrears on the first Business Day of April, July, October and January of each calendar year (each, a "**Payment Date**") and on the Termination Date.

(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 Senior Wastewater Bonds or Subordinated Wastewater Bonds 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 simple (*i.e.*, non-complex) amendment, modification, waiver, supplement or restatement of, or simple (*i.e.*, non-complex) 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.

(6) Not later than five Business Days following the Closing Date, the fees and expenses of counsel to the Bank in connection with the preparation of this Fee Agreement, the Agreement and the Letter of Credit, which fees shall not exceed \$45,000 and which expenses shall be paid on an as incurred 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.

[Remainder of page intentionally left blank.]

Please confirm that the foregoing is our mutual understanding by signing and returning to the Bank an executed counterpart of this Fee Agreement. This Fee Agreement shall become effective as of the date first above referenced upon our receipt of an executed counterpart of this Fee Agreement from the Commission.

Very truly yours,

BANK OF AMERICA, N.A.

By: _____
Name: Nancy Nuereberg
Title: Senior Vice President

Accepted and agreed to
as of the date first
written above by:

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:

Name: Nadia Sesay

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

APPENDIX I

IRREVOCABLE TRANSFERABLE LETTER OF CREDIT

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

September [*], 2015

U.S. \$97,989,042

No. [**]

U.S. Bank National Association,
as Issuing and Paying Agent
100 Wall Street, 16th 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 Issuing and Paying Agent Agreement, dated as of September 1, 2015 (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 [***] Notes (as hereinafter defined) our Irrevocable Transferable Letter of Credit No. [**] (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) September [*], 2018; (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 [***] Notes Outstanding within the meaning of the Issuing and Paying Agent Agreement and that you elect to terminate this Letter of Credit and (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 (b) the date on which the Drawing resulting from the delivery of the Final Drawing Notice is honored hereunder (the earliest of the foregoing dates herein referred to as the "*Termination Date*"), a maximum aggregate amount not exceeding \$97,989,042 (the "*Original Stated Amount*") to pay the unpaid principal amount of, and accrued interest on, the Commission's Commercial Paper Notes

(Power Series) Series [***] (Tax-Exempt) (the "*Series [] Notes*"), in accordance with the terms hereof (said \$97,989,042 having been calculated to be equal to (A) \$90,000,000, the maximum aggregate principal amount of the Series [***] 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 [***] 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 [***] 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 [***] 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 [***] Notes bearing registered in the name of the Bank or its nominee or (ii) Series [***] Notes owned by or on behalf of the Commission ("*Ineligible Series [***] 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. 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), 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 J 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 I 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. [**]

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. [**] dated September [*,] 2015 (as amended, the "*Letter of Credit*"), issued by Bank of America, N.A. (the "*Bank*") in favor of the Beneficiary; (ii) those certain Series [***] 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 [***] Notes, other than Ineligible Series [***] 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 shall be made to the Issuing and Paying Agent in accordance with the instructions set forth in the Letter of Credit.

6. Payment by the Bank pursuant to this Drawing should be made to:

[Name of bank]

ABA No.: _____

Account No.: _____

Account Name: _____

Attention: _____

7. 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 [***] Notes and the interest amount owing on account of the Series [***] 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 [***] Notes have been presented for payment and paid by the Beneficiary, the Beneficiary will cancel such matured Series [***] 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. [**]

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. [**] dated September [*,] 2015 (as amended, the "*Letter of Credit*"), issued by Bank of America, N.A. (the "*Bank*") in favor of the Beneficiary; (ii) those certain Series [***] 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 [***] Notes maturing on or after the Final Drawing Notice, other than Ineligible Series [***] 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 (15th) calendar day after receipt by the Beneficiary of the Final Drawing Notice.

7. Payment by the Bank pursuant to this Drawing shall be made to the Issuing and Paying Agent in accordance with the instructions set forth in the Letter of Credit.

8. Payment by the Bank pursuant to this Drawing should be made to:

[Name of bank]

ABA No.: _____

Account No.: _____

Account Name: _____

Attention: _____

9. 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 [***] Notes and the interest amount owing on account of the Series [***] 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 [***] Notes have been presented for payment and paid by the Beneficiary, the Beneficiary will cancel such matured Series [***] 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. [**]

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. [**] dated September [*,] 2015 (as amended, the "*Letter of Credit*"), issued by Bank of America, N.A. (the "*Bank*") in favor of the Beneficiary; (ii) those certain Series [***] 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 [***] 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. [**]

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. [**] dated September [*], 2015

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 Issuing and Paying Agent Agreement, dated as of July 1, 2012 (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 (Wastewater Series, Proposition E) Series [***] (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. [**]**

NOTICE OF EXTENSION

[ISSUING AND PAYING AGENT]

Attention: _____

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. [**] dated September [*], 2015 (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. [**]

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. [**] dated September [*], 2015 (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 [***] Notes.
2. No Series [***] Notes (other than Series [***] 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 [***] 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. [**]

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. [**] dated September [*], 2015 (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 [***] 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 [***] 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. [**]

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. [**] dated September [*], 2015 (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 Reimbursement Agreement, dated as of September [*], 2015, 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 [***] 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 [***] 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. [**]

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. [**] dated September [*], 2015 (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 Reimbursement Agreement, dated as of September [*], 2015, 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 [***] 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 [***] 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 [***] 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 [***] 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 J
TO
BANK OF AMERICA, N.A.
LETTER OF CREDIT NO. [**]

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. [**] dated September [*], 2015 (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: _____

DEALER AGREEMENT
(Dated as of October 1, 2015)

THIS DEALER AGREEMENT (this "Agreement") is entered into as of October 1, 2015 by and between the Public Utilities Commission (the "Commission") of the City and County of San Francisco (the "City") and _____ ("Dealer"). [Dealer] is referred to as the "Dealer" herein.

RECITALS

The Commission proposes to issue and reissue its Commercial Paper Notes (Power Series), Series A-1, in the maximum amount of \$90,000,000 at any time outstanding (the "Notes"). The Notes are issued pursuant to Resolution No. _____, adopted by the Commission on _____, 2015 and Resolution No. _____, adopted by the City Council of the City on _____, 2015, and signed by the Mayor on _____, 2015 (collectively, the "Resolutions"), Ordinance No. 270-06, adopted on October 24, 2006 by the Board of Supervisors of the City (the "Board") and signed by the Mayor of the City on October 31, 2006, and Ordinance No. 106-14, adopted on June 24, 2014 by the Board and signed by the Mayor on July 2, 2014, Ordinance No. 40-15, adopted on March 24, 2015 by the Board and signed by the Mayor on April 2, 2015 and Ordinance No. 41-15, adopted on March 24, 2015 by the Board and signed by the Mayor on April 2, 2015 (collectively, the "Ordinances").

The Notes are issued pursuant to the terms of the Issuing and Paying Agent Agreement, dated as of October 1, 2015 (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 an irrevocable direct-pay Letter of Credit (the "Letter of Credit"), issued pursuant to the terms of a Reimbursement Agreement, dated as of October ____, 2015 (the "Reimbursement Agreement"), by and between the Commission and Bank of America, N.A. (the "Bank"). [Dealer] has agreed to act as a non-exclusive Dealer for the Notes and to perform the duties imposed by this Agreement.

AGREEMENTS

NOW, THEREFORE, for and in consideration of the covenants herein made, and subject to the conditions herein set forth, the parties hereto agree as follows:

Section 1. Definitions. Unless the context clearly indicates a contrary meaning, each capitalized term used in this Agreement shall have the meaning given to that term in the Issuing and Paying Agent Agreement.

Section 2. Appointment of Dealer; Acceptance; Allocations; Evaluations.

(a) Subject to the terms and conditions set forth in this Agreement, the Commission hereby appoints [Dealer] as a Dealer for the Notes, and [Dealer] hereby accepts such appointment and accepts and agrees to perform the duties and obligations imposed upon it as a Dealer under this Agreement, subject to the terms, conditions and limitations set forth in this Agreement.

(b) The Dealer shall act as a non-exclusive Dealer with respect to the Notes and shall be responsible to solicit and arrange sales of the Notes allocated to it, including, without limitation, the initial placement of such Notes and subsequent sales, establishing the rates and maturities of such Notes from time to time. The Dealer acknowledges that the Commission may enter into agreements with other dealers in connection with the offering and sale of the Notes. The Commission reserves the right to allocate and reallocate Notes among the Dealer and the other dealers with respect to the Notes at any time in its sole discretion for any reason.

(c) The Dealer acknowledges that the Commission intends to conduct a regular evaluation of the Dealer. Such evaluation will consider, among other things, an analysis of interest rates on the Notes allocated hereunder and managed by the Dealer in comparison to the interest rates provided by other dealers.

(d) The Dealer acknowledges that the Commission has delivered to it executed copies of the Resolutions, the Issuing and Paying Agent Agreement, the Letter of Credit, the Reimbursement Agreement and a Certificate of Designated Representatives in accordance with Section 6 hereof.

(e) The Dealer hereby agrees that it will comply with all statutes and regulations applicable to it, including without limitation, all applicable securities laws and requirements of the Securities Exchange Commission, the Municipal Securities Rulemaking Board or any regulatory body having jurisdiction over the Dealer, non-compliance with which would adversely affect the Notes or the Commission's Note program.

Section 3. Sale and Purchase of Notes. (a) The Dealer acknowledges that the terms and conditions of the Notes are set forth in the Issuing and Paying Agent Agreement and that in particular, the Notes (i) shall be issued in denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof, (ii) shall bear interest payable at maturity at an annual rate (calculated on the basis of a year consisting of 365 or 366 days, as applicable, and the actual number of days elapsed) payable at maturity which shall not in any event exceed the Maximum Interest Rate of 12%, (iii) shall mature on a Business Day not more than 270 days after their respective issuance dates, but in no event later than the Business Day immediately preceding the Termination Date, and (iv) shall be sold at a price equal to 100% of the principal amount thereof.

(b) 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. 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. Transactions in Notes. All transactions in Notes between the Dealer and the Commission shall be in accordance with the Resolutions, the Ordinances, the Issuing and Paying Agent Agreement, this Agreement, the Letter of Credit, the Reimbursement Agreement and with the customs and practices in the commercial paper market regarding settlement and delivery formally adopted in writing from time to time by the New York Clearinghouse, to the extent not inconsistent with the Issuing and Paying Agent Agreement. As early as possible, but not later than [11:00 a.m.] (New York City time) on the date on which any Notes are to be issued, the Dealer shall notify the Commission and the Director of the City's Office of Public Finance of the City (which shall be deemed to include his or her designee) of the proposed final maturities, prices and interest rates (which interest rates shall not exceed the Maximum Interest Rate) at which the Dealer has arranged for the sale of or will purchase the Notes, and provide the Commission and the Director of the City's Office of Public Finance with any other information as required for delivery of such Notes. The Dealer shall not be obligated to purchase any Notes unless and until agreement, as described in the following sentence, has been reached in each case on the proposed final maturities, prices and interest rates and the Dealer has agreed to such purchase. Not later than [11:45 a.m.] (New York City time) on the date of issuance of the Notes, the Commission and the Director of the City's Office of Public Finance may approve or disapprove of such final maturities, prices and interest rates (provided that if either the Commission or the Director of the City's Office of Public Finance does not provide notice to the Dealer of disapproval then the Commission or the Director of the City's Office of Public Finance, as applicable, shall be deemed to have approved such terms) and such Dealer shall either (a) confirm each transaction made with or arranged by it or (b) notify the Commission and the Issuing and Paying Agent of the difference, if any, between the amount of maturing Notes and the amount of Notes which the Dealer has arranged to sell or has agreed to purchase. Such confirmation or notification shall be given by telephone (or by other telecommunications medium acceptable to the Commission) and confirmed in writing to the Commission and the Issuing and Paying Agent in the Dealer's customary form.

Section 5. Payment for Notes. The Dealer shall pay for the Notes purchased by the Dealer or sold by the Dealer in immediately available funds [by 12:00 p.m. (New York City time)] on the Business Day such Notes are delivered to the Dealer. All Notes will be sold at par, and will be executed in the manner provided for in the Issuing and Paying Agent Agreement.

Section 6. Designated Representative. Note transactions with the Commission, pursuant to Section 4 hereof, shall be with the Director of the City's Office of Public Finance and

any one of the officers or employees of the Commission or the City who are designated as a Designated Representative by a certificate signed by the General Manager of the Commission. The Commission will deliver to the Dealer a Certificate of Designated Representatives in the form appended to the Issuing and Paying Agent Agreement as Exhibit B. The General Manager and the Director of the City's Office of Public Finance agree to provide the Dealer with a revised Certificate of Designated Representatives in substantially said form when and as required by changes in the Designated Representatives. The Dealer may rely upon such Certificate of Designated Representatives unless and until otherwise notified in writing by the General Manager or the Director of the City's Office of Public Finance.

The Controller of the City shall, throughout the term of this agreement, be authorized to initiate Note transactions, notwithstanding any provision hereof or future amendment hereof to the contrary.

Section 7. Certain Representations of the Commission. The Commission represents to the Dealer as follows:

(a) As of the date of each issuance of Notes: (i) the Commission has full power and authority to issue the Notes, to enter into, perform and observe the covenants and agreements on its part contained in this Agreement, the Issuing and Paying Agent Agreement, the Letter of Credit and the Reimbursement Agreement (collectively, the "Documents"); (ii) such Documents have been duly authorized, executed and delivered by the Commission; and such Documents constitute legally valid and binding obligations of the Commission, in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and subject, as to enforceability, to the general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(b) As of the date of each issuance of Notes, the Resolutions are in full force and effect and have not been repealed, modified or amended since their adoption.

(c) As of the date of each issuance of Notes, the Ordinances are in full force and effect and has not been repealed, modified or amended since their adoption.

(d) As of the date of each issuance of Notes, such Notes have been duly authorized and executed by the Commission, and when authenticated and delivered by the Issuing and Paying Agent, will be in conformity with, and entitled to the benefits of the Resolutions and the Issuing and Paying Agent Agreement.

(e) The then-current Offering Memorandum related to the Notes, as supplemented or amended (the "Offering Memorandum") will not as of its respective date, and as of each date of issuance or resale of one or more Notes pursuant to an Issuance Request, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that the Commission makes no representation with respect to information therein regarding

the Bank, the Letter of Credit, the Reimbursement Agreement, the Dealer or any other dealers, the Issuing and Paying Agent and DTC and its book-entry only system.)

(f) Although the Notes are exempted from the provisions of Rule 15c-2-12, the Commission has not failed during the previous five years to comply with any previous undertakings in a written continuing disclosure contract or agreement under Rule 15c2-12, except as otherwise disclosed in writing to the Dealer.

(g) 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 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.

(h) The adoption by the City of the Ordinances and the Resolutions, and the making and performance by the Commission of the other Documents and the Notes do not and will not materially conflict with or result in a material breach or violation of any of the terms or provisions of, or constitute a default under, any resolution, indenture, deed of trust, mortgage commitment, agreement or other instrument to which the Commission is a party or by which the Commission is bound, or any constitutional provision, existing law, administrative regulation, court order or consent decree to which the Commission or its property is subject.

(i) The Commission shall not adopt any amendment to the Documents that adversely affects the rights or obligations of the Dealer without the Dealer's prior written consent.

Section 8. Offering Memorandum and Disclosure.

(a) The Commission shall prepare or cause to be prepared the Offering Memorandum. The Commission shall prepare or cause to be prepared an update to the Offering Memorandum on an annual basis by December 31 of each year (or at any other time in the sole discretion of the Commission) if in the judgment of the Commission, the then-existing Offering Memorandum is misleading in any material respect.

(b) The Commission shall file on the Electronic Municipal Market Access ("EMMA") database of the Municipal Securities Rulemaking Board ("MSRB") or shall provide the Dealer with:

(i) copies of any notices filed by the Commission in accordance with Rule 15c2-12(b)(5)(i)(C) promulgated under the Securities Exchange Act of 1934 with respect to any outstanding revenue bonds, notes or other obligations for borrowed money of the Commission relating to the Power Enterprise (the "Commission Bonds") promptly following the filing thereof;

(ii) copies of annual reports filed by the Commission in accordance with Rule 15c2-12(b)(5)(i)(A) with respect to Commission Bonds promptly following the filing thereof;

(iii) copies of the official statements or other disclosure documents with respect to Commission Bonds promptly following the issuance thereof;

(iv) prompt notice and a copy of any amendment to the Issuing and Paying Agent Agreement, or of the substitution, termination or extension of the Letter of Credit;

(v) prompt notice of the occurrence and continuance of an event of default under the Issuing and Paying Agent Agreement or the Reimbursement Agreement;

(vi) prompt notice of the suspension, reduction or withdrawal of the rating on any Commission Bonds or the public announcement of the possibility thereof by the Rating Agencies then rating the Commission Bonds; and

(vii) prompt notice of the receipt by the Commission of notification from Bond Counsel that the Commission may not continue to rely on their opinion regarding the validity or tax-exempt status of the Notes.

(c) The Commission will furnish the Dealer such documents and information concerning the business, operations and financial condition of the Commission, as the Dealer may from time to time reasonably request.

(d) If in the reasonable opinion of the Dealer, with the concurrence of Bond Counsel (or the Commission's Disclosure Counsel) and the City Attorney, changes in applicable law require that a disclosure document more extensive than the Offering Memorandum be prepared and distributed, the Commission agrees to prepare such document.

(e) The Dealer shall provide a copy of the Offering Memorandum, as supplemented, amended and updated from time to time, to each person to whom it sells Notes prior to or with the delivery of any payment confirmation. The Dealer agrees to promptly post the Offering Memorandum and any supplements thereto, upon receipt from the Commission, to EMMA and will advise customers that the Offering Memorandum, as supplemented, is available from EMMA and the Commission agrees that this shall satisfy the Dealer's obligations in the previous sentence. The Dealer shall not provide prospective or actual purchasers of the Notes with any written offering materials, disclosure documents or other documents or information in connection with the solicitation of purchases and sales of the Notes other than the Offering Memorandum and any supplements, amendments or updates thereto and the Issuing and Paying Agent Agreement, the Letter of Credit or the Reimbursement Agreement, as the same may be amended, supplemented or replaced from time to time.

(f) The Commission authorizes the use and distribution of copies of the Offering Memorandum by the Dealer in connection with the sale (or potential sale) of the Notes.

Section 9. Conditions To Dealer's Obligations. The obligations of the Dealer under this Agreement have been undertaken in reliance on, and shall be subject to, the due performance by the Commission of its obligations and agreements to be performed hereunder and to the accuracy of and compliance with the respective representations, warranties, covenants and agreements of the Commission contained herein, in each case on and as of the date of delivery of this Agreement and on and as of each date on which the Notes are to be issued. The obligations of the Dealer hereunder with respect to each date on which the Notes are to be issued are also subject, in the discretion of the Dealer, to the following further conditions precedent:

(a) 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 Sidley Austin 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.

(b) No Event of Default (as such term is defined in the Reimbursement Agreement) shall have occurred and be continuing; and no event shall have occurred and be continuing which with the passage of time or giving of notice or both, would constitute such an Event of Default.

(c) The Dealer shall have received:

(i) executed copies of the Letter of Credit, the Reimbursement Agreement and the Issuing and Paying Agent Agreement; together, upon request, with a copy of the transcript of all proceedings relating to the authorization of the Notes certified by a duly authorized official of the Commission;

(ii) an opinion of Sidley Austin LLP, Bond Counsel, in the form attached as Appendix B to the Offering Memorandum;

(iii) a certificate of the Commission executed by any duly authorized official of the Commission, dated as of or prior to such date, to the effect that the information concerning the Commission which is contained in the Offering Memorandum (or other disclosure materials provided by or on behalf of the Commission) is true and correct and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements

made therein, in light of the circumstances under which they were made, not misleading; and

(iv) copies of such other documents, certificates and opinions as the Dealer shall have reasonably requested in writing.

Section 10. Compensation to Dealer.

(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, 2015.

(b) The Commission's obligations under this Section 9 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 11. Termination or Suspension. This Agreement may be terminated by the Commission at any time with respect to the Dealer and by the Dealer upon not less than 90 days' prior written notice to the Commission and the Bank, provided that the Dealer may terminate with 60 days' prior written notice to the Commission and the Bank if other dealers are in place with respect to the Notes. Notwithstanding the previous sentence, if the Dealer notifies the Commission and the Bank that it believes the Offering Memorandum (or other disclosure materials provided by the Commission) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and the Commission shall fail to cure such defect within 45 days in a manner reasonably satisfactory to the Dealer, the Dealer may suspend its obligations under this Agreement until the Offering Memorandum is appropriately amended or supplemented. Notwithstanding the foregoing, no such termination or suspension shall affect the rights or obligations of the Commission or the Dealer hereunder arising prior to such termination or suspension. In addition the Dealer may suspend its obligations under this Agreement if any of the rating agencies then rating the Notes shall either (i) downgrade its respective rating assigned to the Notes so that such Notes are not an "Eligible Security" as defined under Rule 2a-7 of the Investment Company Act, or (ii) suspend or withdraw its respective then-current rating assigned to the Notes.

Section 12. Counterparts. This Agreement may be executed in several counterparts, each of which shall be regarded as an original but all of which shall constitute one and the same document.

Section 13. Governing Law; Venue. The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

Section 14. Notices. Except as otherwise specifically provided herein, all notices required or provided for under this Agreement shall be in writing and shall be delivered by hand,

first class mail (postage prepaid), overnight express delivery or electronic mail, and shall be effective when received at the following addresses or at such other address as a party may designate in a notice delivered to the other part hereto in accordance herewith:

If to the Commission: City and County of San Francisco
Public Utilities Commission
525 Golden Gate Ave., 13th Floor
San Francisco, California 94102
Tel: (415) 554-3155
Fax: (415) 554-3161
Attention: Chief Financial Officer & Assistant General
Manager, Business Services
E-Mail: esandler@sfwater.org

With copies to: City and County of San Francisco
Office of Public Finance
City Hall, Room 336
San Francisco, California 94102
Fax: (415) 554-4864
Attention: Nadia Sesay
Director of Public Finance

City and County of San Francisco
Office of the Controller
City Hall, Room 316
San Francisco, California 94102
Fax: (415) 554-7466
Attention: Benjamin Rosenfield
Controller

If to [Dealer]: [Dealer Name]
[Address]
[City, State Zip]
Attention:
Tel:
Fax:
E-Mail:

Section 15. Assignment. This Agreement shall not be assignable by any party hereto without the prior written consent of the other parties. This Agreement shall inure to the benefit of and shall be binding upon the Commission and the Dealer and their respective successor and assigns. This Agreement shall not be deemed to give any legal or equitable right, remedy or claim to any other person or entity other than the parties hereto.

Section 16. Headings. The section headings hereof have been inserted for convenience of reference only, shall not be part of this Agreement, and shall not be used to construe, define, limit or interpret the meaning of any provision hereof.

Section 17. Severability. If any provision of this Agreement shall be held or deemed by a court of competent jurisdiction to be invalid, inoperative or unenforceable for any reason, such determination shall not affect the validity or enforceability of the remaining provisions hereof.

Section 18. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties. This Agreement shall only be amended, supplemented or modified in a writing signed by all of the parties hereto.

Section 19. No Personal Liability. The Commission, the City and their respective supervisors, members, officers, employees, representatives, agents and attorneys shall not be held personally liable for the execution or performance of this Agreement, or any breach or default of the provisions hereof.

Section 20. City Requirements. The Dealer hereby agrees to the City's requirements, as provided in Exhibit A attached hereto and incorporated hereby by this reference.

Section 21. Term. The initial term of this Agreement shall be from the date first written above through _____, 2018. The initial term of this Agreement may be extended by written instrument signed by the parties hereto, provided that such extension is authorized under the Resolutions and the Ordinances. The Commission shall use its best efforts to notify the Dealer of its intent to terminate or extend this Agreement at least sixty (60) days prior to such termination or extension.

Section 22. Dealing in Notes by the Dealer; No Obligation to Purchase Notes.

(a) The Dealer, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Notes, including, without limitation, any Notes offered and sold by the Dealer pursuant to this Agreement, and may join in any action which any owner of the Notes may be entitled to take with like effect as if it did not act in any capacity hereunder. The Dealer may sell any of the Notes at prices above or below par, at any time. The Dealer, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Commission and may act as depository, account party, or agent for any committee or body of owners of the Notes or other obligations of the Commission as freely as if it did not act in any capacity hereunder.

(b) Nothing in this Agreement shall be deemed to constitute the Dealer as an underwriter of the Notes or to obligate the Dealer to purchase any Notes for its own account at any time.

Section 23. No Advisory or Fiduciary Role; Municipal Advisor Rules.

(a) The Commission acknowledges and agrees that (i) the placement of Notes pursuant to this Agreement is an arm's-length commercial transaction between the Commission and the Dealer; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Dealer is and has been acting solely as a principal and is not acting as the agent, advisor,

municipal advisor or fiduciary of the Commission; (iii) the Dealer has not assumed an advisory or fiduciary responsibility in favor of the Commission with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Dealer has provided other services or is currently providing other services to the Commission on other matters) and the Dealer has no obligation to the Commission with respect to the transactions contemplated hereby except the obligations expressly set forth in this Agreement; (iv) the Dealer and the Commission have different financial interests; and (v) the Commission has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

(b) The Commission acknowledges that [Dealer] may not be able to perform some of the services the Commission may request of [Dealer] from time to time in connection with [Dealer]'s engagement as Dealer to the extent that such services would cause [Dealer] to be considered a "municipal advisor" under SEC Rel. No. 34-70462 (Sept. 20, 2013)) (such final rules and to the extent referenced therein, Section 975, the "Municipal Advisor Rules") implementing Section 975 ("Section 975") of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

PUBLIC UTILITIES COMMISSION OF THE
CITY AND COUNTY OF SAN FRANCISCO

By: _____
Harlan L. Kelly, Jr.
General Manager

APPROVED AS TO FORM:

DENNIS HERRERA
City Attorney

By: _____
Mark D. Blake
Deputy City Attorney

ACKNOWLEDGED:

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

By: _____
Director of Public Finance

[DEALER NAME]

By: _____
Authorized Signatory

EXHIBIT A

City Requirements

For purposes of this Exhibit A the term Dealer shall mean [Dealer].

(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) *Dealer Shall Not Discriminate.* In the performance of this Agreement, the Dealer agrees not to discriminate against any employee, City and County employee working with the Dealer or subcontractor, applicant for employment with the Dealer 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 Dealer 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 Dealer's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(iii) *Non-Discrimination in Benefits.* The Dealer 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 Dealer 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 Dealer 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 Dealer 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 Dealer and/or deducted from any payments due the Dealer; *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 Dealer 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 Dealer 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 Dealer further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of the Dealer's board of directors; the Dealer'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 Dealer; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Dealer. Additionally, the Dealer acknowledges that the Dealer 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 Dealer acknowledges and agrees that he or she has read and understood this section.

(e) *Conflict of Interest.* Through its execution of this Agreement, the Dealer 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 Dealer 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 Dealer 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 Dealer; 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 Dealer of the terms of this Agreement. If, within thirty days after the Dealer receives written notice of such a breach, the Dealer fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, the Dealer 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 Dealer 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 Dealer 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 Dealer's obligations or liabilities, or materially diminish the Dealer'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 Dealer's willful failure to comply with any applicable provisions of the LBE Ordinance is a material breach of the Dealer'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 Dealer 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 Dealer 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 Dealer shall be liable for liquidated damages in an amount equal to the Dealer'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 Dealer authorized in the LBE Ordinance, including declaring the Dealer to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Dealer'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 Dealer acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to City upon demand. The Dealer further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to the Dealer on any contract with City.

The Dealer 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 Dealer 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 Dealer agrees that any violation of this prohibition by the Dealer, its employees, agents or assigns will be deemed a material breach of this Agreement.

(i) *Compliance with Americans with Disabilities Act.* The Dealer 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 Dealer 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 Dealer 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 Dealer, 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 Dealer 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. A partial listing of some of the Dealer's obligations under the MCO is set forth in this Section. The Dealer 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 Dealer to pay the Dealer'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 Dealer is obligated to keep informed of the then-current requirements. Any subcontract entered into by the Dealer 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 Dealer'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 Dealer.

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

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

(vi) The Dealer'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 Dealer fails to comply with these requirements. The Dealer 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 Dealer'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 Dealer 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 Dealer fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Dealer 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 Dealer 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 Dealer. 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 Dealer 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 Dealer 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 Dealer shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If the Dealer 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 Dealer 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 Dealer's failure to comply with the HCAO shall constitute a material breach of this Agreement. The City shall notify the Dealer 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 Dealer fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Dealer 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 Dealer 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 Dealer 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 Dealer 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 Dealer based on the subcontractor's failure to comply, provided that City has first provided the Dealer with notice and an opportunity to obtain a cure of the violation.

(v) The Dealer shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to the Dealer'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 Dealer 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 Dealer 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 Dealer shall keep itself informed of the current requirements of the HCAO.

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

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

(xiii) If the Dealer is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but the Dealer later enters into an agreement or agreements that cause the Dealer'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 Dealer 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 Dealer 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 Dealer 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 Dealer 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 Dealer from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider the Dealer'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 Dealer shall remove all graffiti from any real property owned or leased by such Dealer in the City and County of San Francisco within forty eight (48) hours of the earlier of such Dealer'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 Dealer 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 Dealer to comply with this Section of this Agreement shall constitute a material breach of this Agreement.

(o) *Food Service Waste Reduction Requirements.* The Dealer 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 Dealer agrees that if it breaches this provision, the City will suffer actual damages that will be impractical or extremely difficult to determine; further, the Dealer 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 Dealer's failure to comply with this provision.

(p) *Preservative-treated Wood Containing Arsenic.* The Dealer 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 Dealer 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 Dealer 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 Dealer 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 Dealer agrees to all of the following:

(i) Neither the Dealer 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 Dealer 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 Dealer 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 Dealer, or bring a false claim action against the Dealer.

(r) *Proprietary or Confidential Information of City.* The Dealer 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 Dealer 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 Dealer 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 Dealer 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 Dealer contained in this Exhibit A to this Agreement.

ISSUING AND PAYING AGENT AGREEMENT

Dated as of October 1, 2015

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

PUBLIC UTILITIES COMMISSION
OF THE CITY AND COUNTY OF SAN FRANCISCO
COMMERCIAL PAPER NOTES
\$90,000,000
(POWER SERIES)
SERIES A-1

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ISSUING AND PAYING AGENT AGREEMENT

WITNESSETH

This Issuing and Paying Agent Agreement (the "Agreement") is dated as of October 1, 2015, 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 below) of the City and County of San Francisco (the "City") and U.S. Bank National Association, as Issuing and Paying Agent;

WHEREAS, pursuant to Article V of Section 43 of the San Francisco Administrative Code, enacted by Ordinance No. 203-98 adopted by the Board of Supervisors of the City (the "Board") on June 8, 1998, and signed by the Mayor of the City on June 19, 1998 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 [October 1], 2015, \$39,555,000 aggregate principal amount of power revenue bonds have been issued and outstanding pursuant to Sections 9.107(6) and 9.107(8) of the Charter of the City (the "Charter"), Ordinance No. 40-15 passed by the Board on March 24, 2015, a resolution adopted by the Commission on December 9, 2014 and Ordinance No. 41-15 passed by the Board on March 24, 2015; and

WHEREAS, the Commission has authorized, pursuant to Resolution No. _____, and the Board has approved, pursuant to Ordinance No. _____, the establishment of a commercial paper program (the "Power CP Program") for the City's Power Enterprise (as defined herein) and the issuance of up to \$90,000,000 in principal amount of commercial paper notes (which commercial paper notes constitute Parity Notes, as defined herein) payable from the proceeds of power revenue bonds authorized under Sections 9.107(6) and 9.107(8) of the Charter; 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 a letter of credit, in the initial stated amount of \$97,989,042.00, to be issued by Bank of America, N.A. pursuant to the terms of a Reimbursement Agreement (as defined below); and

WHEREAS, pursuant to Resolution No. _____, the General Manager of the Commission is authorized to execute the Reimbursement Agreement, dated as of October ____, 2015, by and between the Commission and Bank of America, N.A., relating to the \$90,000,000 Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-1; and

WHEREAS, in order to accommodate the terms of the letter of credit, provided by Bank of America, N.A., 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 Resolutions (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 \$90,000,000;

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:

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

“Agreement” means this 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 the 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 (a) the payments required by Subsections 5.5(a)-(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 and (b) all amounts required to be paid for principal, interest, reserve fund and any other debt service or other requirements under any other indenture or resolution of the Commission relating to any Subordinate Obligations as the same become due and payable.

“Bank” means Bank of America, N.A., which is issuing the initial Letter of Credit, or any other entity that provides an Alternate Facility then outstanding and effective hereunder.

“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 Bank. Initial Bank Notes payable from Available Power Enterprise Revenues shall be designated as “San Francisco Public Utilities Commission Bank Notes (Power Series) Bank of America, N.A.”, with any subsequent Bank Notes substituting the appropriate Bank name in the designation.

“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 Reimbursement Agreement, including both scheduled principal and interest and principal and interest payable upon prepayment of a Bank Note.

“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 Reimbursement Agreement.

“Beneficial Owner” means a person who has a beneficial ownership interest in the Commercial Paper Notes purchased through a participant in the book-entry system of Cede & Co., as nominee of The Depository Trust Company, or its registered assigns.

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

“Bond Counsel” means Sidley Austin 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 Bank (initially, Scranton, Pennsylvania) 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.

“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.

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

“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 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.

(xii) 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 President or 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 C 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 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 Letter of Credit or any Alternate Facility then in effect.

“Final Drawing Notice” shall have the meaning assigned to that term in the 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 the portion of the Letter of Credit, in the maximum amount of \$7,989,042, used to pay interest on the 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 D. 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 Issuing and Paying Agent Agreement, dated as of October 1, 2015, between the Commission and the Issuing and Paying Agent, and any and all modifications, alterations, amendments and supplements thereto.

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

“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 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 on June 24, 2015 by the Board and signed by the Mayor on July 2, 2015,] Ordinance No. 106-14, adopted on June 24, 2014 by the Board and signed by the Mayor on July 2, 2014, Ordinance No. 40-15, adopted on March 24, 2015 by the Board and signed by the Mayor on April 2, 2015, Ordinance No. 41-15, adopted on March 24, 2015 by the Board and signed by the Mayor on April 2, 2015 and Resolution No. _____, adopted on _____, 2015 by the Board and signed by the Mayor on _____, 2015.

“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 commercial paper notes or other short-term indebtedness payable from or secured by Available Power Enterprise Revenues.

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Note Depository holds Commercial Paper Notes as depository.

“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.

“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 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, as set forth in the certification by an independent engineer retained by the Commission pursuant to Section 8B.124 of the Charter.

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

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

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

“Principal Portion” means the portion of the Letter of Credit, in the maximum amount of \$75,000,000, used to pay principal on the 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 of Supervisors of the City 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, 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 Standard & Poor’s, 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 “Standard & Poor’s” or “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 Reimbursement Agreement, dated as of October __, 2015, as amended, supplemented, modified and restated from time to time, in accordance with the provisions thereof, together with the Fee Agreement, dated October __, 2015, between the Commission and the Bank, as amended, supplemented, modified and restated from time to time, and any similar document entered into with respect to an Alternate Facility.

“Resolutions” means Resolution No. 14-0197, adopted by the Commission on December 9, 2014 and Resolution No. ____, adopted by the Commission on August __, 2015.

“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).

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

“Subordinate Obligations” means, collectively, 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 junior and inferior to the Power Bonds and the payments required to be made into the Bond Funds and the Reserve Fund (as such terms are defined in the Power Bonds Indenture).

“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 date established pursuant to the Letter of Credit.

“Unpaid Drawing” means a Drawing on the Letter of Credit for which the Bank has not been reimbursed by the Commission in accordance with the 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" (the "Commercial Paper Notes") 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 Commercial Paper Notes shall be issued from time to time as provided herein to finance and refinance the Cost of Power Enterprise Projects. Proceeds of Commercial Paper Notes issued to refinance other Commercial Paper Notes may be used to pay or reimburse the Bank for Unpaid Drawings or Advances used to pay principal or interest due on such maturing Commercial Paper Notes. The authorization hereunder specifically includes the authorization to issue and reissue Commercial Paper Notes for the purposes contemplated herein. The aggregate principal amount of Commercial Paper Notes that may be Outstanding at any one time hereunder shall not at any time exceed the lesser of (a) \$90,000,000 or (b) the Principal Portion then available under the Letter of Credit. At no time shall the aggregate amount of interest payable on the Outstanding Commercial Paper Notes exceed the Interest Portion then available under the Letter of Credit.

(c) The 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 the Commercial Paper Notes shall be separately stated by rate and amount on the face of each Commercial Paper Note. Commercial Paper Notes shall bear interest from their respective dates, payable on their respective maturity dates.

(d) The 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 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) The Commercial Paper Notes shall be numbered in such manner as the Issuing and Paying Agent may deem appropriate.

Section 2.02. Payment. The Commission covenants to duly and punctually pay or cause to be paid from proceeds of Drawings made on the Letter of Credit in accordance with this Agreement, the principal of and interest on each and every Commercial Paper Note when due, whether at maturity or because the Issuing and Paying Agent has received a Final Drawing Notice. The Issuing and Paying Agent is authorized and directed to use amounts paid by the Commission to reimburse the Bank for each Unpaid Drawing made on the Letter of Credit in accordance with Section 3.04 hereof and Advances under the Reimbursement Agreement. The principal of and interest on the 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 the Letter of Credit for the purpose of paying principal of and interest on maturing Commercial Paper Notes, or on Commercial Paper Notes with respect to which the Issuing and Paying Agent has received a Final Drawing Notice, together with Note Proceeds from Commercial Paper Notes issued on such date, are insufficient to pay principal of and interest on maturing Commercial Paper Notes, or on Commercial Paper Notes with respect to which the Issuing and Paying Agent has received a Final Drawing Notice, 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 any Commercial Paper Note, whether at maturity or because the Issuing and Paying Agent has received a Final Drawing Notice.

The principal of and the interest on the 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 Commercial Paper Notes have become due and payable, whether at maturity or because the Issuing and Paying Agent has received a Final Drawing Notice, provided that such 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 the 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 Commercial Paper Notes which mature later than the Business Day immediately preceding the Termination Date, (ii) authenticate 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 or a Final Drawing Notice, which No-Issuance Notice or Final Drawing Notice has not been withdrawn or rescinded by the 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 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 the Commercial Paper Notes shall be issued in bearer form or registered form other than in book-entry form, the Commercial Paper Notes shall initially be issued in book-entry form as further provided in this Section 2.05.

(a) The 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 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 the 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 Commercial Paper Notes.

(a) Prior to the issuance of the first Commercial Paper Notes hereunder, 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 D or upon oral receipt by the Issuing and Paying Agent of information as set forth in Exhibit D, 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 Notes and the amount of 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 Commercial Paper Notes Outstanding being in excess of (i) \$90,000,000 or (ii) the Principal Portion then available under the Letter of Credit, or would result in the aggregate amount of interest payable on the Commercial Paper Notes to exceed the Interest Portion then available under the Letter of Credit. Notwithstanding any provision herein to the contrary, no such Commercial Paper Notes 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 Stated Expiration Date of the Letter of Credit or (E) the Issuing and Paying Agent shall have received a No-Issuance Notice or a Final Drawing Notice. 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 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) hereof; (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 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 or Final Drawing Notice from the 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 so 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) Prior to the initial delivery of the 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;

(ii) The executed Letter of Credit;

(iii) The opinions of the United States counsel (and foreign counsel if the 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 Bank, addressed to the Commission, the City and the Issuing and Paying Agent, to the effect that the Letter of Credit is a valid and binding obligation of the 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 Notes 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 President or the Vice President 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 President or the Vice President, 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 Bank so much of such money as the Bank certifies to the Issuing and Paying Agent, with notice to the Commission and the City, that the Commission owes to the Bank with respect to any Commercial Paper Note or under the 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, 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:

- (1) Debt Service Account;
- (2) Bank Payment Account; and
- (3) 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 Bank Payment Account in an amount equal to the Unpaid Drawings, if any, made on the Letter of Credit to pay principal of and/or interest on the Commercial Paper Notes and unreimbursed Advances under the Reimbursement Agreement; and shall then transfer the remaining proceeds to the City Treasurer for deposit in the Construction Fund.

Section 3.03. Application of Moneys in Construction Fund.

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

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 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 Bank Payment Account, an amount sufficient, together with all other amounts available to the Issuing and Paying Agent in the Bank Payment Account which the Issuing and Paying Agent shall immediately apply to reimburse the Bank in full for the amounts to be drawn under the Letter of Credit to pay principal of and interest due on all Commercial Paper Notes on such maturity date or on the date on which the Bank honors payment of a Drawing in connection with a Final Drawing Notice and unreimbursed Advances under the 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 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 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 the 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 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.

(d) Any lien that the Issuing and Paying Agent may have on any proceeds received by it from Drawings under the Letter of Credit shall be expressly subordinate to the lien on such proceeds created for the benefit of the holders of the Commercial Paper Notes.

Section 3.05. Drawings Under the Letter of Credit. The Issuing and Paying Agent agrees to hold the Letter of Credit in trust for the benefit of the Holders, from time to time, of the 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 Bank and demand payment be made under the Letter of Credit on such maturity date at such time and in such amount not in excess of the Stated Amount so as to be timely and sufficient to pay the entire amount of principal and interest becoming due on all 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 Bank, the Issuing and Paying Agent shall draw on the Letter of Credit no later than the second Business Day prior to the 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.

The Issuing and Paying Agent shall not make any Drawing on the Letter of Credit for the purpose of paying any Commercial Paper Notes registered in the name of the Commission or the 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 Bank, shall be issued on the date the Letter of Credit is delivered to evidence the obligation of the Commission to repay any Unpaid Drawings. Any Bank Notes issued for the Bank shall be designated the "San Francisco Public Utilities Commission Bank Notes (Power Series) Bank of America, N.A.", with any subsequent Bank Notes substituting the appropriate Bank name in the designation. Bank Notes shall be issued in consideration of the payment of all Unpaid Drawings and Advances. The aggregate principal amount of Bank Notes that may be Outstanding at any one time hereunder shall not at any time exceed the applicable Stated Amount of the 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 Reimbursement Agreement. Principal of Bank Notes shall be the date on which the Letter of Credit has terminated and all amounts due and owing under the Reimbursement Agreement have been paid in full.

(c) The maturity date and other terms of each Bank Note, so long as not inconsistent with the terms of this Agreement shall be as set forth in the certificate of a Designated Representative directing the issuance of such Bank Note.

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

(e) 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 Letter of Credit as provided in Section 4.01(a) hereof. On the date of issuance of the 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 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 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 Section 7.3 of the 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 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 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 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 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 Nonpurpose 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. The Commission hereby covenants to maintain in effect the Letter of Credit or an Alternate Facility meeting the requirements hereof at all times that 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, it shall use its best efforts, to the extent permitted by law, to endeavor to refinance the 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 Bank Notes, all other amounts due and owing under the 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 bonds, notes or other obligations for borrowed money payable from revenues of the Power Enterprise 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 additional bonds, notes or other indebtedness are or will be sufficient to satisfy Section 5.06 hereof, assuming the issuance of such bonds, notes or other indebtedness to pay any maturing Commercial Paper Notes, the Bank Notes and all other amounts due and owing under the Reimbursement Agreement.

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 Bank 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 Bank 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 (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, including the Funds and Accounts created hereunder 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 and the Bank Notes and all obligations of the Commission relating to such Notes hereunder and under the Reimbursement Agreement and all Parity Notes secured by Available Power Enterprise Revenues. The Available Power Enterprise Revenues are hereby pledged to the payment 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 Reimbursement Agreement without priority or distinction of one over the other, except as expressly provided hereunder. The pledge of Available Power Enterprise Revenues herein made shall be irrevocable until all of the Commercial Paper Notes and the Bank Notes and any Parity Notes secured by Available Power Enterprise Revenues have been paid and retired and any related obligations of the Commission under the 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 Bank 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 schedule 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 the 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 Bank Payment Account;

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

(e) to keep amounts on deposit in 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 Stated Amount of the Letter of Credit below the amount of Commercial Paper Notes outstanding, together with interest to accrue thereon.

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

The Issuing and Paying Agent acknowledges that, prior to the issuance of any Commercial Paper Notes, it shall accept delivery of the Letter of Credit. In making Drawings on the Letter of Credit, the Issuing and Paying Agent shall be acting solely on behalf and for the benefit of the Owners of the 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 E. 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 Commercial Paper proceeds or on any Drawing under the 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 Bank, as applicable, the Issuing and Paying Agent agrees promptly to provide the Commission, the City or the Bank, as applicable, with information with respect to the Commercial Paper Notes, including without limitation the 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 Bank, the City and the Commission. The Issuing and Paying Agent may be removed, with the written consent of the Bank, 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 Bank. 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 the 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 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 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 Commercial Paper Notes when and as such interest installment shall become due and payable; or

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

then, and in every such event, (i) any Holder of any 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 Commercial Paper Notes contained to the contrary notwithstanding and the Issuing and Paying Agent shall, to the extent the Letter of Credit so provides, immediately make thereafter a Drawing under the Letter of Credit to pay the amount of interest and principal then due on the Commercial Paper Notes and; (ii) the Bank may, by notice to the Commission, declare the principal of the 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 Commercial Paper Notes or in the 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 the Bank to honor a properly presented and conforming Drawing made on the 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 the Bank shall be entitled to proceed to protect and enforce such Holder's rights or the 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 the 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 the 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 the 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 the Bank (subject to Section 8.04 hereof) or the Holder of any one or more of the Commercial Paper Notes.

Section 8.04. Bank to Control Remedies. So long as the Bank is not insolvent and has not failed to honor a properly presented and conforming Drawing under the Letter of Credit, no remedy (other than the right of the Issuing and Paying Agent to make a Drawing under the Letter of Credit) under this Agreement with respect to the Commercial Paper Notes may be pursued without the prior written consent of the Bank. The 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 Letter of Credit shall have been reinstated and shall be in full force and effect.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Supplemental Agreements. The Commission may modify or amend this Agreement and the rights and obligations of the Bank 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 the 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 affect on the Holders or the Bank; (iii) granting or conferring upon the Holders and the Bank 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, shall not have a material adverse affect on the interests of the Holders or the Bank. The Commission shall provide a copy of any such amendment to the Bank 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 the 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 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 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) The Issuing and Paying Agent shall deliver written notice of such substitution to the registered Holders of the Commercial Paper Notes at least 30 days prior to the substitution date. If any Outstanding Note is in bearer form, the Issuing and Paying Agent shall publish notice of the substitution of such Alternate Facility in a newspaper in which the Commission regularly publishes its legal notices at least 30 days prior to the substitution date.

(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 Bank, unless the Commission shall have first obtained the consents to such amendments by the Bank. Upon the execution of any such amendment without the consents of the Bank, 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. 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 the Commercial Paper Notes either (a) shall have been made or caused to be made in accordance with the terms of the 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) moneys, or, if at least one day prior to the date of such deposit, there shall not have been 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 defeasance will not, in and of itself, result in any rating then assigned to the Commercial Paper Notes being suspended, reduced or withdrawn, 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 the Commercial Paper Notes, including accrued interest thereon; provided that if payment of the principal of, and interest on the 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 nationally recognized 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 the Commercial Paper Notes in full on the maturity date, and (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 the Commercial Paper Notes are no longer Outstanding under this Issuing and Paying Agent Agreement, a copy of which opinion shall be provided to Moody's Investor Services.

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 the Letter of Credit, (iv) the expiration, termination, substitution or extension of the 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; and notice to Standard and Poor's 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, 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 the Bank:

As set forth in the Reimbursement Agreement.

or such other account as the Bank may from time to time designate in writing to the Commission. Notwithstanding the foregoing, any notices required to be sent or received under the 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 set-off, offset, lien or counterclaim it may have with respect to any amounts held by it in the Bank Payment Account and the Commercial Paper Debt Service Account by reason of any claim it may have against the Commission, the 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 Bank 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 Bank 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 Bank. Notwithstanding any provisions contained herein to the contrary, after the expiration or termination of the Letter of Credit or Alternate Facility, by its terms (or if a Bank shall have failed to honor a properly presented and conforming Drawing under the Letter of Credit or Alternate Facility), and after all obligations owed to a Bank pursuant to the Letter of Credit or Alternate Facility and the 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 Bank contained herein shall be null and void and of no further force and effect.

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

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:

NADIA SESAY
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

*Signature page to Issuing and
Paying Agent Agreement Series A-1*

208672322 31790/00030

EXHIBIT A

FORM OF POWER ENTERPRISE SERIES A-1 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**

No. DTC Master Note 1

Registered Owner: CEDE & CO.

Principal Sum: Not to Exceed \$90,000,000 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. 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, including Article V of Chapter 43 of Part I of the San Francisco Administrative Code, enacted by Ordinance No. 203-98, adopted by the Board of Supervisors of the City and County of San Francisco (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 so amended, the "Procedural Ordinance"), a Resolution of the Commission adopted August __, 2015 and [Ordinance No. 104-14, adopted on June 24, 2015 by the Board and signed by the Mayor on July 2, 2015,] Ordinance No. 106-14, adopted on June 24, 2014 by the Board and signed by the Mayor on July 2, 2014, Ordinance No. 40-15, adopted on March 24, 2015 by the Board and signed by the Mayor on April 2, 2015, Ordinance No. 41-15, adopted on March 24, 2015 by the Board and signed by the Mayor on April 2, 2015 and Ordinance No. _____, adopted by the Board on _____, 2015, and approved by the Mayor on _____, 2015 (collectively, the "Approving Ordinance" and together with the Procedural Ordinance, the "Ordinances"). 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" which is limited to \$90,000,000 in aggregate principal amount. This Master Commercial Paper Note has been issued pursuant to the Issuing and Paying Agent Agreement (the "Agreement"), dated as of October 1, 2015, 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 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. 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 October, 2015.

PUBLIC UTILITIES COMMISSION OF THE
CITY AND COUNTY OF SAN FRANCISCO

By _____
Harlan L. Kelly, Jr.
General Manager

[SEAL]

Countersigned

Secretary

CERTIFICATE OF AUTHENTICATION

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

Dated: _____, 2015

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
[RESERVED]

EXHIBIT C

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 Issuing and Paying Agent Agreement, dated as of October 1, 2015 (the "Issuing and Paying Agent Agreement"), between the Commission and U.S. Bank National Association relating to the Public Utilities Commission of the \$90,000,000 City and County of San Francisco Commercial Paper Notes (Power Series) Series A-1 (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 Issuing and Paying Agent Agreement. I hereby designate the following persons to act on my behalf in accordance with the 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 Reimbursement Agreement relating to the Commercial Paper Notes, dated as of October ____, 2015, by and between the Commission and Bank of America, N.A., (ii) the Fee Letter relating to the Commercial Paper Notes, dated as of October ____, 2015, by and between the Commission and Bank of America, N.A., and (iii) the Dealer Agreements, each dated as of October 1, 2015, by and between the Commission and each of RBC Capital Markets, LLC, Goldman, Sachs & Co. and Barclays Capital Inc.

<u>Designated Persons</u>	<u>Title</u>	<u>Specimen Signature</u>
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	_____
Nadia Sesay	Director of Public Finance	_____

EXECUTED THIS OCTOBER __, 2015.

PUBLIC UTILITIES COMMISSION
OF THE CITY AND COUNTY OF
SAN FRANCISCO

By: _____
Harlan L. Kelly, Jr.
General Manager

EXHIBIT D

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 Issuing and Paying Agent Agreement, dated as of October 1, 2015 (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/Purchase Price for Notes:
4. Term of Commercial Paper Notes: \$
5. Rate of Interest:
6. Amount of Interest:
7. Maturity (specified actual date and number of days):
8. 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 \$90,000,000:
9. Amount of Principal Portion of then available under the Letter of Credit (excluding this request):
10. Stated Expiration Date of the Letter of Credit:

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 E

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

EXHIBIT F

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. 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/lwlv.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 F to this Agreement.

**OFFERING MEMORANDUM
DATED OCTOBER __, 2015**

Ratings: See "RATINGS" herein



Services of the San Francisco Public Utilities Commission

**Not to Exceed \$90,000,000
Public Utilities Commission
of the City and County of San Francisco
Commercial Paper Notes
(Power Series)
Series A-1 (Tax-Exempt)**

The Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-1 (Tax-Exempt) (the "Commercial Paper Notes"), are special obligations of the Public Utilities Commission of the City and County of San Francisco (the "Commission") payable solely from and secured by a pledge of Available Power Enterprise Revenues (as defined herein).

The Commission has entered into a reimbursement agreement with Bank of America, N.A. (the "Bank"), pursuant to which the Bank will issue an irrevocable direct-pay letter of credit (the "Letter of Credit") for the account of the Commission supporting payment of principal of and interest on maturing Commercial Paper Notes. If for any reason the Bank fails to make a payment due under the Letter of Credit, the Commission would have no obligation to make any payments with respect to the Commercial Paper Notes except from Available Power Enterprise Revenues, but 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 the Commercial Paper Notes. Prospective investors therefore should base their investment decision on the credit standing of the Bank, rather than of the Commission.

**Bank of America 
Merrill Lynch**

The Commercial Paper Notes are payable from Available Power Enterprise Revenues (as defined herein) on a subordinate basis to the Commission's outstanding Power Revenue Bonds (as described herein) and other Senior Debt. 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.

The Commercial Paper Notes have not been registered under the Securities Act of 1933, as amended (the "Act"), in reliance upon an exemption from registration contained in the Act.

DEALERS

RBC Capital Markets

Goldman, Sachs & Co.

Barclays

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In the opinion of Sidley Austin LLP, San Francisco, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions and assuming compliance with certain covenants set forth in the documents pertaining to the Commercial Paper Notes and requirements of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Commercial Paper Notes is not includable in the gross income of the owners of the Commercial Paper Notes for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Commercial Paper Notes is not treated as an item of tax preference in calculating the alternative minimum taxable income of individuals or corporations. Such interest, however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability. In the further opinion of Bond Counsel, interest on the Commercial Paper Notes is exempt from personal income taxes imposed by the State of California (the "State"). See "TAX MATTERS" herein.

OFFERING MEMORANDUM

**Not to Exceed \$90,000,000
Public Utilities Commission
of the City and County of San Francisco
Commercial Paper Notes
(Power Series)
Series A-1 (Tax-Exempt)**

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 (the "Commercial Paper Notes").

Capitalized terms used below and not defined shall have the respective meanings given such terms in the Issuing and Paying Agent Agreement, dated as of October 1, 2015 (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"), by and between the Issuing and Paying Agent and 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 Commercial Paper Notes will be payable solely from Available Power Enterprise Revenues of the Commission and will be payable on a subordinate basis to the Commission's outstanding Power Revenue Bonds. **The general fund of the City and County of San Francisco (the "City") is not liable, and neither the credit nor the taxing power of the City is pledged for the payment of the Commercial Paper Notes or the interest thereon.** The Commercial Paper Notes are issued pursuant to the Charter of the City (the "Charter").

The Commission may issue and have outstanding at any one time an aggregate principal amount of Commercial Paper Notes up to \$90,000,000.

The Commission has entered into a reimbursement agreement with Bank of America, N.A. (the "Bank"), dated as of October __, 2015 (the "Reimbursement Agreement"), pursuant to which the Bank will issue an irrevocable direct pay Letter of Credit (the "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 Commercial Paper Notes. The Letter of Credit, which has a Stated Expiration Date of _____, 20__, may not be drawn on for any purpose other than as stated in the immediately preceding sentence.

The information in this Offering Memorandum has been obtained from the Commission, the Bank and other sources believed to be reliable. The references herein to the Ordinances (as defined herein), the Resolutions (as defined herein), the Issuing and Paying Agent Agreement, the Letter of Credit and the Reimbursement Agreement 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. The information contained herein will not typically be distributed or updated upon each new sale of Commercial Paper Notes, although the information will be distributed from time to time.

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, governed by 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 the Water Enterprise, the Wastewater Enterprise and the Hetch Hetchy Water and Power Enterprise (which is composed of two component funds: Hetch Hetchy Water and Hetch Hetchy Power, the latter being referred to hereinafter as 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 stormwater collection, treatment and disposal system for the City. The Hetch Hetchy Water and Power Enterprise consists of water supply facilities and a hydroelectric generating system, and, through the Power Enterprise, provides power to City agencies, the Modesto Irrigation District, the Turlock Irrigation District and certain other customers. Each of the Commission's enterprises is operated and managed as a separate financial entity and separate enterprise funds are maintained for each enterprise. No revenues from either the Water Enterprise or the Wastewater Enterprise have been pledged for payment of the Power Enterprise Commercial Paper Notes and no such revenues shall be available for the repayment thereof.

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 Power Enterprise

Hetch Hetchy Water and Power is comprised of two key components: Hetch Hetchy Water, which operates and maintains the Hetch Hetchy Project, and Hetch Hetchy Power (known as the "Power Enterprise"), which is responsible for all SFPUC power utility commercial transactions and in-City power operations. The Hetch Hetchy Project 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 and are used for both water transmission and power generation and transmission, benefitting both Hetch Hetchy Water and the Power Enterprise. All 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.

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 SFMTA's streetcars and electric buses, San Francisco General Hospital, City Hall, police stations, fire stations and schools, certain Port facilities, street and traffic lights, municipal buildings and other City facilities, such as SFO 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 and Turlock Irrigation Districts and to other customers consistent with prescribed contractual obligations and federal law.

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 CPUC tariffs. Customers within a CCA's jurisdiction may choose to opt-out of the program.

The SFPUC has developed a CCA program called "CleanPowerSF" for customers in San Francisco. After many years of study and development, Phase 1 of CleanPowerSF is planned to be launched in early 2016. 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 committed to provide certain initial development funding to help launch CleanPowerSF's program until such time that CleanPowerSF is financially independent and can repay the Power Enterprise using revenues collected from its CCA customers.

The Power Enterprise's Trust Indenture requires that any city-wide retail electric power program, such as a CCA, be a "Separate System." As such, CleanPowerSF is deemed to be a separate utility system apart from the Power Enterprise electric system, with CleanPowerSF's costs supported by revenues received by its CCA customers.

Senior and Parity Indebtedness

As of October 1, 2015, the Power Enterprise had \$39,555,000 in outstanding aggregate principal amount of Power Revenue Bonds (the "Series 2015 A and B Power Revenue Bonds"). The Commercial Paper Notes are secured on a subordinate basis to the Series 2015 A and B Power Revenue Bonds. The Series 2015 A and B Power Revenue Bonds have underlying ratings of AA- by Fitch, Inc. ("Fitch") and A+ by Standard & Poor's Ratings Services ("Standard & Poor's").

As of October 1, 2015, the Power Enterprise also had \$17,766,855 in outstanding aggregate principal amount of Subordinate Obligations. The Subordinate Obligations 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 Commission intends to issue, on a privately-placed, non-rated basis, \$4,100,000 of new clean renewable energy bonds (the "2015 NCREBs") in mid-October 2015. The 2015 NCREBs will also be Subordinate Obligations of the Power Enterprise. The Commercial Paper Notes are secured on a parity basis to the Subordinate Obligations.

Subject to the rate covenant and additional bonds test discussed under the caption "THE COMMERCIAL PAPER NOTES—Limited Obligation of Commercial Paper Notes," there is no limitation in the Charter, the Resolutions, the Ordinances or the Issuing and Paying Agent Agreement on Commission indebtedness senior to the Commercial Paper Notes. The Commission can, with majority voter approval or a two-thirds vote of the Board, authorize additional Power Revenue Bonds, the payment of which will be prior to the payment of the Commercial Paper Notes. The Commission also can authorize additional indebtedness on parity with the Commercial Paper Notes, including additional Subordinate Obligations, without notice to, or consent of, any holder of the Commercial Paper Notes.

Timely payment of the Commercial Paper Notes may be dependent upon the availability of the funds under the Letter of Credit.

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, 2014 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. See "ADDITIONAL INFORMATION."

THE COMMERCIAL PAPER NOTES

The Commercial Paper Notes are authorized to be issued pursuant to the Charter; Article V of Chapter 43 of Part I of the San Francisco Administrative Code, enacted by Ordinance No. 203-98 (the "Procedural Ordinance"), adopted on June 8, 1998 by the Board and signed by the Mayor on June 19, 1998, as amended by Ordinance 270-06 adopted on October 24, 2006 by the Board and signed by the Mayor on October 31, 2006, to establish a procedure for the Commission to issue commercial paper; Resolution No. _____ adopted on _____, 2015 by the Commission; and Ordinance No. 106-14, adopted on June 24, 2014 by the Board and signed by the Mayor on July 2, 2014, Ordinance No. 40-15, adopted on March 24, 2015 by the Board and signed by the Mayor on April 2, 2015, Ordinance No. 41-

15, adopted on March 24, 2015 by the Board and signed by the Mayor on April 2, 2015 and Ordinance No. _____, adopted on _____, 2015 by the Board and signed by the Mayor on _____, 2015 (collectively, the "Approving Ordinance" and collectively with the Procedural Ordinance, the "Ordinances"), providing for and approving of the issuance by the Commission of not to exceed \$90,000,000 principal amount of Commercial Paper Notes.

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 Commercial Paper Notes up to \$90,000,000.

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 Letter of Credit (defined below).

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 of Commercial Paper Notes

The Commercial Paper Notes will be payable solely from the proceeds of Commercial Paper Notes, Available Power Enterprise Revenues or amounts drawn pursuant to the related Letter of Credit, as provided in the Issuing and Paying Agent Agreement. 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. Capitalized terms used below and not defined have the respective meanings given such terms in the Issuing and Paying Agent Agreement or the Power Bonds Indenture.

“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 (a) the payments required by Subsections 5.5(a)-(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 and (b) all amounts required to be paid for principal, interest, reserve fund and any other debt service or other requirements under any other indenture or resolution of the Commission relating to any Subordinate Obligations (including the Commercial Paper Notes) as the same become due and payable.

“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, including any Bank Notes that are outstanding. 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 defined above, assuming the issuance of such additional bonds, notes or other indebtedness to pay any maturing Commercial Paper Notes.

LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

The following description is a summary of certain provisions of the Letter of Credit and the Reimbursement Agreement. Such summary does not purport to be a complete description or restatement of the material provisions of the Letter of Credit or the Reimbursement Agreement. Investors should obtain and review copies of the Letter of Credit and the Reimbursement Agreement in order to understand

all of the terms of those documents. All capitalized terms appearing under this heading "LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT" shall have the meanings assigned to them in the Reimbursement Agreement.

Letter of Credit

The Letter of Credit is an irrevocable transferable obligation of the Bank and supports the payment of principal of and interest on maturing Commercial Paper Notes only. The Letter of Credit may not be drawn on for any other purpose. The Letter of Credit will be issued in an amount equal to the maximum principal amount of \$90,000,000 of the Commercial Paper 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 Letter of Credit in an aggregate amount not to exceed the Stated Amount of the 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 Letter of Credit, in one or more Drawings (as defined in the Letter of Credit), payable as set forth in the Letter of Credit on any Business Day (as defined in the Letter of Credit), by presentation of the appropriate certifications, (i) for the payment at maturity of the principal of and interest on Commercial Paper Notes or (ii) for the payment at maturity of the principal of and interest to maturity on Commercial Paper Notes that otherwise mature on or after the date that the Issuing and Paying Agent receives a Final Drawing Notice (as defined in the Letter of Credit) from the Bank.

Upon the Bank honoring any Drawing, the Stated Amount and the amount available to be drawn under the 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 Bank on the date such Drawing is honored of proceeds of Commercial Paper Notes issued on such date or (B) the Issuing and Paying Agent receives written notice from the Bank that the Bank has been reimbursed by or on behalf of the Commission for any amount drawn under the 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 Letter of Credit) from the Bank.

The Letter of Credit shall expire at the close of business of Bank of America, on the date (the earliest of such date to occur referred to as the "Termination Date") which is the earliest of (i) _____, 2017 (unless extended pursuant to the terms of the Letter of Credit), (ii) the later of the date on which the 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 Letter of Credit in accordance with the Issuing and Paying Agent Agreement and the effective date of any such Alternate Facility (after the Bank honors any properly presented and conforming Drawing on such date), (iii) the date on which the Bank receives written notice from the Issuing and Paying Agent that there are no longer any Commercial Paper Notes Outstanding within the meaning of the Issuing and Paying Agent Agreement and that the Issuing and Paying Agent elects to terminate the Letter of Credit, and (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 Letter of Credit.

Reimbursement Agreement Events of Default

If any of the following events occurs, each such event will be an "Event of Default" under the 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 Reimbursement Agreement), or (ii) any Obligation (as defined in the Reimbursement Agreement) (other than a Reimbursement Obligation) under the Reimbursement Agreement or under the Fee Agreement (as defined in the Reimbursement Agreement) and, in such case, such failure continues for five (5) Business Days (as defined in the Reimbursement Agreement);

(b) any representation or warranty made by or on behalf of the Commission in the Reimbursement Agreement or in any other Basic Document (as defined in the 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 Reimbursement Agreement;

(d) the Commission defaults in the due performance or observance of any other term, covenant or agreement contained in the 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 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 "LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT— 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 "LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT— 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 Reimbursement Agreement) of the Commission by the Commission or any Governmental Authority with appropriate jurisdiction;

(h) any material provision of the 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, 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 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 (as defined in the 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) 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 Commercial Paper Notes is

includable in the gross income of the holder(s) or owner(s) of such Commercial Paper 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 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 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 Reimbursement Agreement or the other Basic Documents or to result in a material adverse effect on the enforceability or validity of the Reimbursement Agreement or any of the other Basic Documents.

Reimbursement Agreement Remedies

Upon the occurrence of any Event of Default under the Reimbursement Agreement, the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies provided in the 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 "LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT— Reimbursement Agreement Events of Default," such acceleration will automatically occur (unless such automatic acceleration is waived by the Bank in writing); or

(b) issue a No Issuance Notice (the effect of which will be as provided in the Reimbursement Agreement), reduce the Stated Amount of the Letter of Credit to the amount of the then outstanding Commercial Paper Notes supported by the Letter of Credit plus a corresponding amount of interest coverage and/or terminate the Stated Amount as the then outstanding Commercial Paper Notes are paid; or

(c) issue the Final Drawing Notice (the effect of which will 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.

THE BANK

The following information has been furnished by the Bank for use in this Offering Memorandum. Such information has not been independently confirmed or verified by the Commission. No representation is made herein by the Commission as to the accuracy or adequacy of such information subsequent to the date hereof, or 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 Bank. Investors are advised to obtain and carefully review any financial reports and other information published after the date hereof about the Bank prior to making a decision to purchase the Commercial Paper Notes.

Bank of America, N.A. (the "Letter of Credit Bank") is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Letter of Credit Bank 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 March 31, 2015, the Letter of Credit Bank had consolidated assets of \$1.60 trillion, consolidated deposits of \$1.24 trillion and stockholder's equity of \$203.51 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, 2014, 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 the Letter of Credit Bank 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.

The Letter of Credit Bank 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 the Letter of Credit Bank 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 THE SERIES A-3 NOTES WILL BE MADE FROM DRAWINGS UNDER THE BANK OF AMERICA LETTER OF CREDIT. ALTHOUGH THE BANK OF AMERICA LETTER OF CREDIT IS A BINDING OBLIGATION OF

THE LETTER OF CREDIT BANK, THE SERIES A-3 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-3 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 the Letter of Credit Bank 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.

RATINGS

Fitch Ratings has assigned a rating of “___” on the Commercial Paper Notes. Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services, LLC business, has assigned a rating of “___” on the Commercial Paper Notes. Each of such ratings is based on the understanding that the Letter of Credit has been executed and delivered by the 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, 99 Church Street, New York, New York 10004 and Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, 55 Water Street, New York, New York 10004. The Commission furnished to such rating agencies certain information and materials regarding the Commercial Paper Notes and the Power Enterprise. In addition, the Bank furnished certain information to such rating agencies regarding the Bank and its Letter of Credit and 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 Bank. 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 the Bank in the event of a downgrade of the 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 the 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 RBC Capital Markets, LLC, Goldman, Sachs & Co., and Barclays Capital Inc., each as a non-exclusive dealer with respect to the offering and sale of the Commercial Paper Notes.

TAX MATTERS

General

In the opinion of Sidley Austin LLP, San Francisco, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions and assuming compliance with certain covenants set forth in the Issuing and Paying Agent Agreement and requirements of the Internal Revenue Code of 1986, as amended, regarding the use, expenditure and investment of proceeds of the Commercial Paper Notes and the timely payment of certain investment earnings to the United States, interest on the Commercial Paper Notes is not includable in the gross income of the owners of the Commercial Paper Notes for federal income tax purposes. Failure to comply with such covenants and requirements may cause interest on the Commercial Paper Notes to be included in gross income retroactively to the date of issuance of the Commercial Paper Notes.

In the further opinion of Bond Counsel, interest on the Commercial Paper Notes is not treated as an item of tax preference in calculating the alternative minimum taxable income of individuals and corporations. Such interest, however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual receipts of Social Security or Railroad Retirement benefits, and taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Bond Counsel expresses no opinion as to any collateral tax consequences and, accordingly, prospective purchasers of the Commercial Paper Notes should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Issuing and Paying Agent Agreement and other relevant documents may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Bond Counsel expresses no opinion as to the effect of any change to any document pertaining to the Commercial Paper Notes or of any action taken or not taken where such change is made or action is taken or not taken without Bond Counsel's approval or in reliance upon the advice of counsel other than Bond Counsel with respect to the exclusion from gross income of interest on the Commercial Paper Notes for federal income tax purposes.

Information Reporting and Backup Withholding

Interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. While this reporting requirement does not, by itself, affect the excludability of interest from gross income for federal income tax purposes, the reporting requirement

causes the payment of interest with respect to the Commercial Paper Notes to be subject to backup withholding if such interest is paid to beneficial owners that (a) are not “exempt recipients,” and (b) either fail to provide certain identifying information (such as the beneficial owner’s taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner’s federal income tax liability so long as the required information is furnished to the IRS.

State Tax-Exemption

In the further opinion of Bond Counsel, interest on the Commercial Paper Notes is exempt from personal income taxes imposed by the State.

Future Developments

Future or pending legislative proposals, if enacted, regulations, rulings or court decisions may cause interest on the Commercial Paper Notes to be subject, directly or indirectly, to federal income taxation or to State or local income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Legislation or regulatory actions and future or pending proposals may also affect the economic value of the federal or State tax exemption or the market value of the Commercial Paper Notes. Prospective purchasers of the Commercial Paper Notes should consult their tax advisors regarding pending or proposed federal or State tax legislation, regulations, rulings or litigation, as to which Bond Counsel expresses no opinion.

For example, various proposals have been made in Congress and by the President that would subject interest on bonds that is otherwise excludable from gross income for federal income tax purposes, including interest on the Bonds, to federal income tax payable by certain bondholders with adjusted gross income in excess of specified thresholds. Prospective purchasers should consult their tax advisors as to the effect of such proposals on their individual situations.

A copy of the form of opinion of Bond Counsel is attached hereto as APPENDIX B.

NO CONTINUING DISCLOSURE

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.

LEGAL MATTERS

Upon the issuance of the Commercial Paper Notes, Sidley Austin 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 Bank by McGuireWoods LLP.

ADDITIONAL INFORMATION

Information herein concerning the Commission is limited. No attempt has been made to summarize the Issuing and Paying Agent Agreement, the Letter of Credit, or the Reimbursement Agreement. 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.

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, 2014.

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.

Copies of the Resolutions, the Ordinances, the Letter of Credit, the Reimbursement Agreement, 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:

City and County of San Francisco
Public Utilities Commission
Attention: Assistant General Manager, Business Services & Chief Financial Officer
525 Golden Gate Ave., 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 \$90,000,000 available to secure the Commercial Paper Notes (Power Series) Series A-1 under the Letter of Credit has 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 and 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

_____, 2015

Public Utilities Commission
of the City and County of San Francisco
San Francisco, California 94102

\$90,000,000
Public Utilities Commission
of the City and County of San Francisco
Commercial Paper Notes
(Power Series)
Series A-1

Ladies and Gentlemen:

We have acted as bond counsel to the Public Utilities Commission (the "Commission") of the City and County of San Francisco (the "City") in connection with the issuance of the Commission's Commercial Paper Notes (Power Series) Series A-1 (the "Commercial Paper Notes"). The Commercial Paper Notes are being issued pursuant to the Charter of the City and County of San Francisco, Article V of Chapter 43 of Part I of the San Francisco Administrative Code, enacted by Ordinance No. 203-98 adopted by the Board of Supervisors of the City (the "Board") on June 8, 1998 and signed by the Mayor of the City (the "Mayor") 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, Ordinance No. 266-06 adopted on October 24, 2006 by the Board and signed by the Mayor on October 31, 2006, Ordinance No. 106-14, adopted on June 24, 2014 by the Board and signed by the Mayor on July 2, 2014, Ordinance No. 40-15, adopted on March 24, 2015 by the Board and signed by the Mayor on April 2, 2015, Ordinance No. 41-15, adopted on March 24, 2015 by the Board and signed by the Mayor on April 2, 2015 and Resolution No. _____ adopted on _____, 2015 by the Board and signed by the Mayor on _____, 2015 (collectively, the "Ordinances"), Resolution No. _____ adopted by the Commission on _____, 2015, and Resolution No. 15-_____, adopted by the Commission on _____, 2015] (collectively, the "Resolutions"), with respect to the Commercial Paper Notes, an Issuing and Paying Agent Agreement, dated as of October 1, 2015 (the "Issuing and Paying Agent Agreement"), by and between the Commission and U.S. Bank National Association (in such capacity, the "Issuing and Paying Agent").

The Commercial Paper Notes are supported by an irrevocable direct pay Letter of Credit (the "Letter of Credit"), issued pursuant to the terms of a Reimbursement Agreement, dated as of October ___, 2015 (the "Reimbursement Agreement"), by and between the Commission and Bank of America, N.A. (the "Bank"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Issuing and Paying Agent Agreement.

In our capacity as bond counsel, we have reviewed the Charter of the City, the Ordinances, the Resolutions, the Issuing and Paying Agent Agreement, the Letter of Credit, the Reimbursement Agreement, certifications of the City, the Commission, the Bank and others, opinions of the City Attorney and of counsel for the Bank and such other documents, opinions and instruments as we deemed necessary to render the opinions set forth herein. Our services as bond counsel were limited to such examination and to rendering the opinions set forth below.

We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Issuing and Paying Agent Agreement, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Commercial Paper Notes to be included in gross income for federal income tax purposes.

Certain requirements and procedures contained or referred to in the Issuing and Paying Agent Agreement and other relevant documents may be changed and certain actions may be taken or not taken under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. We express no opinion as to the effect of any change to any document pertaining to the Commercial Paper Notes or of any action taken or not taken where such change is made or action is taken or not taken without our approval or in reliance upon the advice of counsel other than our firm with respect to the exclusion from gross income of the interest on the Commercial Paper Notes for federal income tax purposes.

Our opinion in item 2 below is subject to the limitations on the imposition of fees and charges by the Commission relating to the Power Enterprise under Articles XIII C and XIII D of the California Constitution and to bankruptcy, insolvency, reorganization, arrangement, moratorium and other similar laws affecting creditors' rights, to the application of general equitable principles (regardless of whether considered in a proceeding in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California. In addition, we express no opinion with respect to any indemnification, contribution, penalty, choice of forum or waiver provisions contained in the foregoing documents.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Commercial Paper Notes have been duly authorized and issued by the Commission and in accordance with the laws of the State of California in accordance with the terms of the Issuing and Paying Agent Agreement, and will constitute valid, legal and binding obligations of the Commission, payable from and secured by a pledge of Available Power Enterprise Revenues. The Commercial Paper Notes are also payable from the proceeds of refunding Notes or refunding bonds authorized for such purpose and from drawings under the Letter of Credit, as described above.

2. The Issuing and Paying Agent Agreement has been duly authorized, executed and delivered by the Commission and assuming due authorization, execution and delivery by the Issuing and Paying Agent, constitutes a valid, legal and binding obligation of the Commission enforceable against the Commission in accordance with its terms. The Issuing and Paying Agent Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Commercial Paper Notes, of the Available Power Enterprise Revenues, as and to the extent set forth in the Issuing and Paying Agent Agreement and subject to the provisions of the Issuing and Paying Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein.

3. The Commercial Paper Notes are limited obligations of the Commission and are payable exclusively from and are secured by a pledge of Available Power Enterprise Revenues from the proceeds of Commercial Paper Notes or drawings under the Letter of Credit as aforesaid. The general fund of the City is not liable, and the credit or taxing power of the City is not pledged, for the payment of the Commercial Paper Notes or the interest thereon.

4. Under existing statutes, regulations, rulings and judicial decisions and assuming continuing compliance by the Commission with certain covenants in the Issuing and Paying Agent Agreement and requirements of the Internal Code of 1986, as amended, regarding the use, expenditure and investment of proceeds of the Commercial Paper Notes and the timely payment of certain investment earnings to the United States, interest on the Commercial Paper Notes is not includable in gross income of the owners of the Commercial Paper Notes for purposes of federal income taxation. Failure to comply with such covenants and requirements may cause interest on the Commercial Paper Notes to be included in federal gross income retroactively to the date of issuance of the Commercial Paper Notes.

5. Interest on the Commercial Paper Notes is not treated as an item of tax preference in calculating the alternative minimum taxable income of individuals or corporations. Such interest, however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability.

6. Interest on the Commercial Paper Notes is exempt from personal income tax imposed by the State of California.

Other than as described herein, we have neither addressed nor are we opining on the tax consequences to any person of the investment in, or other receipt of interest on, the Commercial Paper Notes.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur, and we have no obligation to update this opinion in light of any such actions or events.

Unless otherwise notified by us, you may continue to rely on this opinion to the extent that (i) there is no change in pertinent existing state or federal law; (ii) the representations and warranties of the parties contained in the Issuing and Paying Agent Agreement, the Letter of Credit, the Reimbursement Agreement, and certain certificates, dated the date hereof and delivered by authorized officers of the Commission, remain true and accurate; (iii) no amendment has been made to the Issuing and Paying Agent Agreement, the Letter of Credit, the Reimbursement Agreement, or the Commercial Paper Notes without our prior written consent; and (iv) no litigation affecting the issuance or legality is pending or threatened at the time of the delivery of any such instruments. We undertake no obligation to determine, at any time, whether the conditions described in (i) through (iv) of the preceding sentence have been met.

This opinion is limited to the laws of the State of California and the federal laws of the United States. The opinions in this letter are expressed solely as of the date hereof for your benefit and may not be relied upon in any manner for any purpose by any other person.

Respectfully submitted,

APPENDIX C

POWER ENTERPRISE FINANCIAL STATEMENTS

REIMBURSEMENT AGREEMENT

Dated as of September [*], 2015,

between

PUBLIC UTILITIES COMMISSION OF
THE CITY AND COUNTY OF SAN FRANCISCO

and

BANK OF AMERICA, N.A.

relating to:

\$90,000,000
PUBLIC UTILITIES COMMISSION
OF THE CITY AND COUNTY OF SAN FRANCISCO
COMMERCIAL PAPER NOTES
(POWER REVENUES)
SERIES [A-1]

REIMBURSEMENT AGREEMENT

(This Table of Contents is not a part of this
Reimbursement Agreement and is only for
convenience of reference)

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Appendix I – Form of Letter of Credit

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Exhibit E – List of Qualified Dealers

This REIMBURSEMENT AGREEMENT, dated as of September [*], 2015 (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 BANK OF AMERICA, N.A. (together with its successors and assigns, the "Bank").

WITNESSETH:

WHEREAS, pursuant to Sections 4.112 and Article 8B of the Charter of the City and County of San Francisco (the "Charter"), the Commission has exclusive charge of the construction, management, supervision, maintenance, extension, operation, use and control of all water and energy supplies and utilities of the City under the Commission's jurisdiction, including the hereinafter defined Power Enterprise;

WHEREAS, pursuant to Section 9.107(6) of the Charter, the Board of Supervisors of the City (the "Board") is authorized to provide for the issuance of revenue bonds, without voter approval, issued for the purpose of the reconstruction or replacement of existing water facilities and/or electric power facilities under the jurisdiction of the Commission when authorized by resolution adopted by a three-fourths majority of all of the members of the Board;

WHEREAS, pursuant to Section 9.107(8) of the Charter, the Board is also authorized to provide for the issuance of revenue bonds, without voter approval, issued to finance or refinance the acquisition, construction, installation, equipping, improvement or rehabilitation of equipment or facilities for renewable energy and energy conservation;

WHEREAS, pursuant to Section 43.5.2 of the Administrative Code of the City, following Board approval of the issuance of revenue bonds by the Commission pursuant to Section 9.107 of the Charter, the Commission may incur short-term indebtedness in the form of commercial paper, temporary notes or other forms of indebtedness as long as such short-term indebtedness is incurred in anticipation of the issuance of such revenue bonds;

WHEREAS, the Commission deems it necessary and desirable and in the public interest to authorize the issuance of commercial paper notes in anticipation of the issuance of revenue bonds, payable from and secured by the revenues of the Power Enterprise, after the payment of operating and maintenance expenses and any required deposits for repairs and replacements to the Power Enterprise, under and in accordance with Section 9.107, 9.109 and 9.111 of the Charter and pursuant to the terms and conditions set forth herein, for any lawful purposes of the Power Enterprise, which commercial paper notes and the interest thereon shall constitute a subordinate lien and charge on the revenues provided for the payment thereof; and

WHEREAS, pursuant to Resolution No. 15-[], adopted by the Commission on August [], 2015 (the "Resolution") and Ordinance No. []-15 adopted by the Board on September [], 2015 by the Board and approved by the Mayor on September [], 2012 (the "Ordinance"), the Commission and the Board established procedures for the issuance by the Commission of revenue bonds and commercial paper notes for its Power Enterprise and addressed certain other matters in connection therewith, including the issuance of commercial paper notes by the Commission in an aggregate principal amount not to exceed \$90,000,000 at any one time;

WHEREAS, the Commission has authorized, executed and delivered that certain Issuing and Paying Agent Agreement, dated as of September [], 2015 (as from time to time supplemented and amended in accordance with the terms hereof and thereof, the "*Issuing and Paying Agent Agreement*"), with U.S. Bank National Association, as issuing and paying agent (the "*Issuing and Paying Agent*"), relating to the Public Utilities Commission of the City and County of San Francisco Notes (Power Revenues) Series [A-1] (Tax-Exempt) (the "*Notes*");

WHEREAS, the Commission has requested the Bank issue a letter of credit in the original stated amount of \$97,989,042 (representing an amount supporting Notes in an aggregate principal amount of \$90,000,000 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 (and rounded up to the nearest dollar)) for the payment by the Issuing and Paying Agent, when and as due, of the principal of and interest on the 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 1

DEFINITIONS

Section 1.1 **Definitions.** As used in this Agreement:

"*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 San Francisco Public Utilities Commission, Assistant General Manager and Chief Financial Officer, Business Services, Deputy Chief Financial Officer, Financial Services, Debt Manager, Financial Planning, Utility Specialist, Financial Planning, Controller of the City and County of San Francisco, Director of Public Finance, and any other individual designated from time to time as a "*Designated*

Representative” in a certificate executed by the General Manager of the San Francisco Public Utilities Commission and 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 (or in the case of any capital appreciation bond, the accreted value thereof) 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 Revenues (but excluding Reserve Account Credit Facility).

“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 with respect to an Advance or Term Loan, as applicable, (i) for any day commencing on the date such Advance is made up to and including the ninetieth (90th) day succeeding the date such Advance is made, equal to the Base Rate from time to time in effect and (ii) for any day commencing on the ninety-first (91st) day succeeding the date such Advance is made and thereafter, equal to the Base Rate from time to time in effect *plus* one percent (1.00%); *provided, further, 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”* will mean the Default Rate; and *provided, further,* that at no time shall the Bank Rate be less than the highest rate on any outstanding Notes.

“Base Rate” means, for any day, the rate of interest per annum equal to the highest of: (i) the Prime Rate plus one percent (1%), (ii) the Federal Funds Rate plus two percent (2%), and (iii) seven percent (7%). 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 or the Federal Funds Rate, as the case may be.

“Basic Documents” means, at any time, each of the following documents and agreements as in effect or as outstanding, as the case may be, at such time: (a) the Notes, (b) the Resolution, (c) the Ordinance, (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.

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

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

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

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

“Certificate” of the Commission means a written certificate signed by a duly authorized officer or employee of the Commission.

“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 Risk-Based Capital Guidelines, (b) any change in any Law or in the enforcement, administration, interpretation, implementation or application thereof by any Governmental Authority or compliance by the Bank or any Participant therewith 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 (or any other statute referred to therein or amended thereby) and all laws, requests, rules, regulations, policies, rulings, guidelines, regulations, standards or directives thereunder or issued in connection therewith and any interpretation, application or promulgation implementing, invoking or in any way the Dodd-Frank Wall Street Reform and Consumer Protection Act and (ii) all laws, requests, rules, rulings, standards, policies, guidelines, regulations or directives promulgated by, or in response to requests, guidelines or directives published 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 will, 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 recitals hereof.

“City” has the meaning set forth in the recitals hereof.

“Closing Date” means the date on which the Letter of Credit is issued, which, subject to the satisfaction of the conditions precedent set forth in Section 3.1 hereof, is expected to be September , 2015.

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

“Commission” has the meaning set forth in the introductory paragraph 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 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 reasonably acceptable to the Bank, as such agreement may be amended and supplemented from time to time in accordance with the terms thereof and 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.

“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” means, for any day, subject to the terms of Section 2.16 hereof, a per annum rate of interest equal to the sum of the Base Rate from time to time in effect *plus* four percent (4.00%).

“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, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to the Bank on such day on such transactions as determined by the Bank. Each determination of the Federal Funds Rate by the Bank shall be deemed conclusive and binding on the Commission absent manifest error.

“Fee Agreement” means the 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 Master Trust Indenture.

“Fitch” means Fitch Ratings, Inc.

“GAAP” means generally accepted accounting principles in the United States of America from time to time as set forth in (a) the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and (b) statements and pronouncements of the Government Accounting Standards Board, as modified by the opinions, statements and pronouncements of any similar accounting body of comparable standing having authority over accounting by governmental entities.

“Governmental Approval” 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.

“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.

“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.

“Issuing and Paying Agent Agreement” has the meaning set forth in the recitals to this Agreement.

“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 Notes, in the form of Appendix I 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 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 Commission’s power revenue bonds.

“Material Litigation” shall have the meaning assigned to such term in Section 4.5.

"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 set forth in clause (b) of this "Maximum Rate" definition, at any time during the term hereof, then such increased rate shall be the Maximum Rate.

"Moody's" means Moody's Investors Service, Inc.

"Net Revenues" for any Fiscal Year (or other designated twelve-month period) means 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).

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

"Notes" has the meaning set forth in the recitals to this Agreement.

"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 or the Fee Agreement.

"Offering Memorandum" means any offering memorandum or similar disclosure document relating to the Notes, among others, 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 Notes.

"Operation and Maintenance Expenses" means the costs of the proper operation, maintenance and repair of the Power Enterprise and taxes, assessments or other governmental charges lawfully imposed on the Power Enterprise or the Revenues, or payments in lieu thereof, as determined in accordance with GAAP (as defined in the Master Trust Indenture). Operation and Maintenance Expenses shall include the payment of pension charges and proportionate payments to such compensation and other insurance or outside reserve funds as the Commission may establish or the Board may require with respect to employees of the Power Enterprise, as provided in Section 16.103(a) of the Charter. Operation and Maintenance Expenses shall also include repairs and maintenance costs that constitute operating expenses in accordance with GAAP (as defined in the Master Trust Indenture). Operation and Maintenance Expenses shall not include (a) any allowance for amortization, depreciation or obsolescence, (b) operation and maintenance expenses of the Water Enterprise, (c) operation and maintenance expenses of the Wastewater Enterprise, (d) operation and maintenance expenses of any Separate System, (e) any expense for which, or to the extent to which, the Commission is or will be paid or reimbursed from or by any source that is not included or includable as Revenues, (e) losses from any sale or other disposition of Power Enterprise assets, and (g) non-cash losses and costs that may be required or permitted under GAAP (as defined in the Master Trust Indenture) to be expensed, including deferred expenses and unrealized mark-to-market losses.

"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 Bank Note and Parity Notes.

"Parity Notes" has the meaning set forth in the Issuing and Paying Agent Agreement.

"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 Section 7.2 hereof.

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

"Power Enterprise" means the Commission's Power Enterprise established and existing as of the date of the Master Trust Indenture 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 Debt" means Debt of the Commission secured by Revenues, including, without limitation, Bonds, Notes and Parity Debt.

"Prime Rate" means on any day, the rate of interest in effect for such day as publicly announced from time to time by the Bank as its "prime rate." The *"prime rate"* is a rate set by the Bank based upon various factors including the Bank's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by the Bank shall take effect at the opening of business on the day specified in the public announcement of such change.

"Priority R&R Fund Deposits" means, for any Fiscal Year or other designated twelve-month period, the amount, if any, required by the Charter to be deposited in the Reconstruction and

Replacement Fund established pursuant to the Master Trust Indenture from Revenues prior to deposits in such Fiscal Year into the Bond Fund established pursuant to the Master Trust Indenture.

"Program Size" means \$90,000,000 less the aggregate amount, if any, of all Reduction Amounts.

"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 December.

"Qualified Counterparty" means a party other than the Commission which is the party to a Swap Agreement and, at the time of execution and delivery of the Swap Agreement, (a) (i) whose senior debt obligations are or claims-paying ability is rated in one of the three highest rating categories of each of at least two Rating Agencies (without regard to any gradations within a rating category) or (ii) whose obligations under the Swap Agreement are guaranteed for the entire term of the Swap Agreement by a Person whose senior debt obligations are or claims-paying ability is rated in one of the three highest rating categories of each of at least two Rating Agencies (without regard to any gradations within a rating category) and (b) which is otherwise qualified to act as the party to a Swap Agreement with the Commission under any applicable law.

"Qualified Dealer" means, (i) _____, (ii) _____, (iii) any other financial institution on the list set forth in Exhibit E hereto which financial institution (or any parent or affiliate of such financial institution) has capital of not less than \$500,000,000, and underlying ratings from Moody's, S&P and Fitch of at least "A3" (or its equivalent), "A-" (or its equivalent) and "A-" (or its equivalent), respectively (unless, in each instance, the Bank in its discretion provides in writing an exception for a particular Dealer under specified circumstances), and (iv) at any time after the Closing Date, any other financial institution (or any parent or affiliate of such financial institution) with capital of not less than \$500,000,000, and underlying ratings from Moody's, S&P and Fitch of at least "A3" (or its equivalent), "A-" (or its equivalent) and "A-" (or its equivalent), respectively (unless, in each instance, the Bank in its sole discretion consents in writing to any other financial institution acting as a Dealer) approved in writing by the Bank, which approval shall not be unreasonably withheld or delayed.

"Rating Agency" and *"Rating Agencies"* means, individually or collectively, as applicable, Fitch, Moody's and S&P.

"Reduction Amount" has the meaning set forth in Section 2.18(c) hereof.

"Refundable Credits" means amounts payable by the Federal government to the Commission under direct-pay subsidy programs substantially similar to the Build America Bond program under Section 54AA of the Code.

"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 Account Credit Facility” has the meaning set forth in the Master Trust Indenture.

“Resolution” has the meaning set forth in the recitals hereof.

“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 (as defined in the Master Trust Indenture). Revenues shall include payments to the Power Enterprise on or with respect to loans from any Separate System maintained by the Commission. Revenues shall 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 (as defined in the Master Trust Indenture), 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.

“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.

“Sanction(s)” 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.

“Senior Debt” means any Debt issued or incurred by the Commission and secured by or payable from Revenues on a basis senior or superior to the Lien in favor of the Notes and other Parity Notes and includes, without limitation, the Bonds.

“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.

"Series" has the meaning set forth in the Master Trust Indenture.

"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.

"Swap Agreement" means any financial instrument that: (a) is entered into by the Commission with a party that is a Qualified Counterparty at the time the instrument is entered into; (b) is entered into with respect to all or a portion of a Series of Bonds; (c) is for a term not extending beyond the final maturity of the Series of Bonds or portion thereof to which it relates; (d) provides that the Commission shall pay to such Qualified Counterparty an amount accruing at either a fixed rate or a variable rate, as the case may be, on a notional amount equal to or less than the principal amount of the Series of Bonds or portion thereof to which it relates, and that such Qualified Counterparty shall pay to the Commission an amount accruing at either a variable rate or fixed rate, as appropriate, on such notional amount; (e) provides that one party shall pay to the other party any net amounts due under such instrument; and (f) has been designated to the Trustee in the Supplemental Trust Indenture (as defined in the Master Trust Indenture) authorizing the issuance of the related Series of Bonds or portion thereof or in a Certificate (as defined in the Master Trust Indenture) of the Commission as a Swap Agreement with respect to such Bonds.

"Swap Agreement Receipts" means the regularly scheduled net amounts required to be paid by a Qualified Counterparty to the Commission pursuant to a Swap 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 of (a) the third anniversary of the Term Loan Conversion Date for such Term Loan, (b) the third anniversary of the Stated Expiration Date as in effect on the date on which the related Term Loan was made, (c) the date an Alternate Facility becomes effective in accordance with Section 9.02 of the Issuing and Paying Agent Agreement, (d) the date on which the Stated Amount is permanently reduced to zero or the Letter of Credit is otherwise terminated prior to the Stated Expiration Date, including as a result of the occurrence of an Event of Default and (e) the Business Day when Notes or bonds are sold to fund the repayment of any Term Loan.

"Termination Date" has the meaning set forth in the Letter of Credit.

"2014 Audited Financial Statements" has the meaning set forth in Section 4.6

"Unpaid Drawing" has the meaning set forth in Section 2.3 hereof.

"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.

The foregoing definitions are equally applicable to both the singular and plural forms of the defined terms. Any capitalized terms used herein which are not specifically defined herein have the same meanings herein as in the Issuing and Paying Agent Agreement. All references in this Agreement to times of day are references to New York time unless otherwise expressly provided herein. Unless otherwise inconsistent with the terms of this Agreement, all accounting terms are interpreted and all accounting determinations hereunder are made in accordance with GAAP.

ARTICLE 2

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 into Section 4.7 hereof, the Bank agrees to issue the Letter of Credit substantially in the form of Appendix I hereto. The Letter of Credit will be in the original stated amount of \$97,989,042 (the "*Original Stated Amount*"), which is the sum of (i) the aggregate principal amount of the 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 (and rounded up to the nearest dollar).

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 authorizes the Bank to make payments under the Letter of Credit in the manner therein provided. The Commission irrevocably approves reductions and reinstatements of the Stated Amount as provided in the Letter of Credit.

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 honors any demand for payment under the Letter of Credit (each such payment by the Bank being 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 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 will constitute reimbursement of a Drawing in an amount equal to the amount of such Advance), the Commission is obligated, without notice of a Drawing or demand for reimbursement (which notice is waived by the Commission), to reimburse the Bank for all Drawings on the same day as made. The amount of any Drawing relating to accrued interest on the related Notes must 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 of 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. on the same day on which it is made, no interest will be payable on such Drawing.

Section 2.4 **Advances; Term Loans.**

(a) *Making of Advances.* The Bank agrees that if (i) the Bank pays any Drawing under the Letter of Credit, (ii) the portion of such Drawing relating to the principal amount of the related Notes will 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 Four of this Agreement are true and correct as of the date of such Drawing, (B) no Material Litigation shall be pending; (C) no event has occurred and is continuing which has or is having 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 and (D) no Default or Event of Default has occurred and is continuing on the date of such Drawing, the portion of such Drawing relating to the principal amount of the related Notes (or the portion thereof) which is not so reimbursed by the Commission to the Bank will automatically constitute an advance (individually an "Advance" and, collectively, the "Advances") made by the Bank to the Commission on the date of and in an amount equal to the amount of such Drawing relating to the principal amount of the related Notes (or portion thereof) which is not so reimbursed by the Commission to the Bank. For purposes of Section 2.3 hereof, each Advance when made will constitute reimbursement of the portion of the related Drawing relating to the principal amount of the related Notes in an amount equal to the amount of such Advance; and each Advance when made will preclude, to the extent of the amount of such Advance, the portion of the related Drawing relating to the principal amount of the related Notes from being or constituting an Unpaid Drawing. Unless the Commission has otherwise previously advised the Bank in writing, payment by the Bank of any Drawing under the Letter of Credit will 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 Four hereof are true and correct on such date, (ii) no Material Litigation shall be pending on such date, (iii) no event has occurred and is continuing which has or is having 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 and (iv) no Default or Event of Default has occurred and is continuing on such date.

(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 principal amount of each Advance on the earlier to occur of (i) the

ninetieth (90th) day 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 will 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. The amount of accrued interest on any Advance must be reimbursed by the Commission on the Term Loan Conversion Date.

(c) *Mandatory Prepayment of Advances and Term Loans.* The Commission shall prepay Advances and Term Loans if the aggregate proceeds of the issuance of Notes exceed the aggregate principal amount of 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 paragraph (c) or paragraph (d) below will 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 paragraph (c) above.

(e) *Term Loan Option.* On a Term Loan Conversion Date, each Advance maturing on such date will, 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.* Principal amounts owed by the Commission for Advances remaining unpaid on their respective Term Loan Conversion Dates will be converted to Term Loans if and only if:

(i) the representations and warranties of the Commission contained in Article Four of this Agreement are true and correct on and as of the Term Loan Conversion Date, and deemed made as of such date, as though made on and as of such date;

(ii) no Material Litigation shall be pending;

(iii) no event has occurred and is continuing which has or is having 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;

(iv) no Default or Event of Default has occurred and is continuing or would result from converting the Advance to a Term Loan; and

(v) neither a No-Issuance Notice nor a Final Drawing Notice is in effect.

(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 will bear interest at the Default Rate. Interest on the unpaid balance of each Term Loan must 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 applicable Term Loan Conversion Date) and on the Term Loan Maturity Date. Each Term Loan must be repaid in equal (or as nearly as possible) quarterly installments (each such installment referred to as a "*Principal Payment*"), such Principal Payments to commence on the first Quarterly Date that is at least ninety (90) days following the date of the related Advance and on each Quarterly Date thereafter and with the final installment being due and payable on the Term Loan Maturity Date, until paid in full; *provided* that the unpaid amount of each Term Loan must 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, such prepayment will 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 due dates of such Principal Payments.

(h) *Prepayment of Term Loans.* The Authority 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 two Business Days' prior written notice, such prepayment to be applied as set forth in paragraph (g) above.

Section 2.5 Fees. The Commission 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 under this Agreement will be deemed to include all amounts and obligations (including, but not limited to, fees and expenses) 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 will be evidenced by one promissory note of the Commission, designated "San Francisco Public Utilities Commission Series [A-1] Bank Note, (Power Revenues)," in substantially the form of Exhibit A hereto (the "*Bank Note*"), to be issued on the Closing Date, payable to the Bank in a principal amount equal to the Original Stated Amount. All Reimbursement Obligations owed to the Bank and all payments and prepayments made on account of principal and interest thereof will be recorded by the Bank on the schedule (or a continuation thereof) attached to the Bank Note, it being understood, however, that failure by the Bank to make any such endorsement will not affect the obligations of the Commission hereunder or under the Bank Note in respect of unpaid principal of and interest on the Reimbursement Obligations. 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. The Commission's obligations to repay each Advance and Term Loan and to pay interest thereon as provided herein shall be evidenced and secured by the Bank Note, and the Commission shall redeem the Bank Note on each date on which the

Commission is required to make a principal payment on an Advance or Term Loan, as applicable, in an amount equal to the Advance or Term Loan payment, as applicable, due on such date.

Section 2.7 Termination of Letter of Credit; Reduction of Stated Amount.

(a) Notwithstanding any provision of this Agreement to the contrary, the Commission agrees not to terminate or replace the Letter of Credit, except upon (i) the payment to the Bank of all Obligations payable hereunder and under the Bank Note and the Fee Agreement and (ii) the Commission providing the Bank with thirty (30) days' prior written notice of its intent to terminate or replace the Letter of Credit; *provided* that all Obligations to the Bank must be paid to the Bank at or prior to the time of termination and any such termination or replacement of the Letter of Credit must be in compliance with the terms of the Issuing and Paying Agent Agreement.

(b) Notwithstanding any provision of this Agreement to the contrary, the Commission agrees not to permanently reduce the Stated Amount, except upon the Commission providing the Bank with thirty (30) days' prior written notice of its intent to permanently reduce the Stated Amount.

Section 2.8 Computation of Interest and Fees. Fees payable hereunder and under the Fee Agreement will be calculated on the basis of a year of 360 days and the actual number of days elapsed. Interest payable hereunder and under the Bank Note will be calculated on the basis of a year of 365 or 366 days, as the case may be, and the actual number of days elapsed. Interest will 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 will be extended, without penalty, to the next succeeding Business Day, and such extended time will be included in the computation of interest and fees.

Section 2.10 Default Rate. If any Obligation is not paid when due, such Obligation will bear interest until paid in full at a rate per annum equal to the Default Rate, payable on demand. Upon the occurrence and during the continuance of an Event of Default, the Obligations of the Commission hereunder will bear interest at the Default Rate, which interest will be payable by the Commission to the Bank upon demand therefor and be calculated on the basis of a 365- or 366-day year, as the case may be, and actual days elapsed.

Section 2.11 Source of Funds. All payments made by the Bank pursuant to the Letter of Credit will 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 ninety (90) 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 (not to exceed three years), the Bank shall 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. If the Bank fails to definitively respond to such request within such period of time, the Bank will 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 will become effective unless the Bank has consented thereto in writing. The consent of the Bank, if granted, is conditioned upon the preparation, execution and delivery of documentation in form and substance reasonably 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 will 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, under the Bank Note or under the Fee Agreement must be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes; *provided* that if the Commission is required by Applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum payable will 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 such 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 will 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 such 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 such Participant pursuant to paragraph (d) below, 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 the applicable 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 will 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 will survive the termination of this Agreement and the Letter of Credit and the payment in full of the Bonds and the obligations of the Commission thereunder and hereunder.

Section 2.14 **Increased Costs.**

(a) *Increased Costs, Generally.* If any Change in Law:

(i) imposes, modifies or deems applicable any reserve, liquidity ratio, special deposit, insurance premium, fee, financial charge, monetary burden, 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 funding any Drawing under the Letter of Credit or maintaining the Letter of Credit, or complying with any term of this Agreement, or against assets held by, or deposits with or for the account of, the Bank or such Participant;

(ii) subjects the Bank or any Participant to any Tax of any kind whatsoever with respect to this Agreement, the Bank Note, the Fee Agreement or the Letter of Credit or changes the basis of taxation of payments to the Bank or such Participant 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);

(iii) subject credits or commitments to extend credit extended by the Bank or any Participant to any assessment or other cost imposed by the Federal Deposit Insurance Corporation or any successor thereto; or

(iv) imposes on the Bank or any Participant 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 is to increase the cost to the Bank or such Participant related to funding any Drawing under the Letter of Credit or issuing or maintaining the Letter of Credit or its participation therein, as the case may be, or to reduce the amount of any sum received or receivable by the Bank or such Participant hereunder, under the Bank Note or under 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 paragraph (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, as the case may be, for such additional costs incurred or reduction suffered.

(b) *Capital 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 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 capital or liquidity or on the capital or liquidity of the Bank's or such Participant's holding company, if any, as a consequence of this Agreement, the Bank Note, the Fee Agreement or the Letter of Credit, to a level below that which the Bank or such Participant or the Bank's or such Participant's 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 holding company with respect to capital adequacy), then from time to time, upon written request of the Bank or such Participant as set forth in paragraph (c) of this Section, the Commission will pay to the Bank or such Participant such additional amount or amounts as will compensate the Bank or such Participant or the Bank's or such Participant's holding company for any such reduction suffered. Notwithstanding the foregoing, the amount that any Participant will be entitled to receive under this Section 2.14(b) will 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 such Participant or the Bank's or 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, will be conclusive absent manifest error. The Commission shall pay the Bank or 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 Participant to demand compensation pursuant to this Section will not constitute a waiver of the Bank's or such Participant's right to demand such compensation; *provided* that the Commission is not required to compensate the Bank or 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 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 such Participant's intention to claim compensation therefor (except that (i) if the Change of Law giving rise to such increased costs or reductions is retroactive, then the one hundred eighty day period referred to above will 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).

(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 will 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 Drawing under the Letter of Credit may 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 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 will not exceed the Maximum Rate. If for any interest period the applicable interest rate would exceed the Maximum Rate, then (i) such interest rate will not exceed but will be capped at such Maximum Rate and (ii) in any interest period thereafter that the applicable interest rate is less than the Maximum Rate, any Obligation hereunder will 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 in this Section 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 in this Section 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 Revenues, 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 Agreement).

Section 2.18 Commercial Paper Operations.

(a) *Issuance Generally.* The Commission shall permit Notes to be issued, and authorize the Issuing and Paying Agent to issue Notes, only in accordance with the terms of the Issuing and Paying Agent Agreement and this Agreement.

(b) *No-Issuance Notices; Final Drawing Notice.* 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 by the Bank that has not been rescinded and (ii) the Issuing and Paying Agent is not in receipt of the Final Drawing Notice. The Bank may deliver a No-Issuance Notice at any time a Default or an Event of Default has occurred and is continuing. The Bank may deliver the Final

Drawing Notice at any time when an Event of Default has occurred and is continuing. A No-Issuance Notice or the Final Drawing Notice is effective when received by the Issuing and Paying Agent; *provided, however*, that a No-Issuance Notice or the Final Drawing Notice received by the Issuing and Paying Agent after 12:00 Noon on any day on which Notes are being issued will be effective on the next succeeding day. A No-Issuance Notice or the Final Drawing 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 or the Final Drawing Notice in writing will not render such No-Issuance Notice or the Final Drawing Notice ineffective. The Bank shall furnish a copy of any No-Issuance Notice or the Final Drawing 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 will not render ineffective such No-Issuance Notice or the Final Drawing Notice.

(c) *Reduction in Program Size.* In the event the Commission elects not to issue Notes up to the Maximum Rate, or otherwise limits the interest rate on a rollover of Notes to a rate of interest less than the Maximum Rate and, as a result of these actions the Bank is not reimbursed for a Drawing made to pay maturing Notes, then the Bank may deliver written notice to the Commission with a copy to the Issuing and Paying Agent and the Dealer or Dealers for the Notes instructing the Commission to permanently reduce the Program Size by the principal amount of the Drawing made to purchase such maturing Notes (the "*Reduction Amount*"). In the event the Bank delivers such a notice, the Commission shall cause the Issuing and Paying Agent to promptly deliver to the Bank a reduction certificate in the form of Annex G to the Letter of Credit requesting that the principal component of the Letter of Credit be reduced by the Reduction Amount and that the interest component of the Letter of Credit be proportionately reduced. Notwithstanding any other provision of this Agreement to the contrary, the Commission shall repay the amount of any Advance resulting from an Unpaid Drawing contemplated by this Section 2.18(c) together with accrued interest thereon no later than the date that is thirty (30) days following the date of such Advance.

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 must be made to the Payment Account not later than 4:00 p.m. on the date when due and must 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 3

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 must have been fulfilled to the satisfaction of the Bank and its counsel:

(a) *Opinions.* The Bank has 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 and the other Basic Documents to which it is a party and to issue the Notes; (B) this Agreement, the Fee

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 Notes which has not been obtained; (D) the issuance of the Notes and the execution, delivery and performance of this Agreement, the Fee Agreement and the other Basic Documents to which it is a party do not conflict with any law or material 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 City Attorney, threatened against the Commission threatening its existence or power, its ability to issue the Notes or to enter into and perform its obligations under this Agreement, the Fee 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, 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 the Bond Counsel dated the Closing Date and addressed to the Bank (or on which the Bank may rely) to the effect that (1) 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 and the other Basic Documents and to issue the Notes; (2) this Agreement, the Fee Agreement and the other Basic Documents are valid and binding agreements of the Commission enforceable 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 and (3) the interest on the Notes is excludable from the gross income of the recipients thereof for Federal income tax purposes and for State of California income tax purposes.

(b) *Documents.* The Bank has received executed copies of this Agreement, the Fee Agreement, the Ordinance, each Dealer Agreement that is to be in effect on the Closing Date, the Resolution, the Issuing and Paying Agent Agreement and the Bank Note, including all amendments and supplements, if any, to the foregoing, certified by the Secretary of the Commission, the Clerk of the Board or any Authorized Representative or the Board, as applicable, as 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, (i) no Default or Event of Default and no default or event of default under any of the other Basic Documents has occurred and is 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 Four hereof and in each of the other Basic Documents are 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 is pending or, to the knowledge of the Commission, threatened (i) in connection with the 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, under the Fee Agreement or under the Notes or the other Basic Documents to which it is a party.

(e) *No Material Adverse Change.* Since the date of the 2014 Audited Financial Statements, (i) no material adverse change has occurred in the status of the business, operations or condition (financial or otherwise) of the Commission or its ability to perform its obligations hereunder, under the Fee Agreement or under the 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 Notes, this Agreement, the Fee Agreement or the other Basic Documents to which it is a party.

(f) *Certificate.* The Bank has 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 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 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 other Basic Documents to which the Commission is a party and the other documents or certificates to be delivered by the Commission pursuant hereto or thereto, on which certification 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 has received all fees and expenses due and payable to the Bank or its legal counsel pursuant to the Fee Agreement or alternative arrangements satisfactory therefor have been made with the Bank.

(h) *Financial Statements.* The Bank has received the 2014 Audited Financial Statements, 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) *Offering Memorandum.* The Bank has received a copy of the Offering Memorandum.

(j) *CUSIP and Rating for Bank Note.* The Bank has received written confirmation that (a) a CUSIP number has been obtained from Standard and Poor's CUSIP Services for the Bank Note and (b) the Bank Note (and its CUSIP number) has been assigned a long term rating of at least investment grade from any Rating Agency.

(k) *Notes Rating.* The Bank has received written confirmation that the Notes have been rated "P-1" by Moody's and "A-1" by Standard & Poor's and that the underlying long-term credit ratings assigned to the Commission's unenhanced Bonds are at least "AA-" by Standard & Poor's and "Aa3" by Moody's.

(l) *Other Matters.* The Bank has received such other statements, certificates, agreements, documents and information with respect to the Commission and matters contemplated by this Agreement as the Bank may have requested.

In addition, (A) the Bank must have made a reasonable determination that, as of the Closing Date, no Law 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 is in effect or has 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 other Basic Documents and (B) no material adverse change in the financial condition of the Commission or in the Laws (or their interpretation or administration) currently in effect and applicable to the parties hereto and the transactions contemplated hereby has occurred as reasonably determined by the Bank. The execution and delivery of this Agreement by the Bank signifies its having made such determination.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

In order to induce the Bank to issue the Letter of Credit, the Commission represents and warrants to the Bank 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; (b) has the full legal right, power and authority to (i) issue and sell the 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 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 Notes and the Bank Note pursuant to the Charter, the Issuing and Paying Agent Agreement and the Master Trust Indenture; 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 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 any 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 generally 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 second Lien on, and payable from, the Revenues and a first Lien on, and payable from, the Available Power Enterprise Revenues, equally and ratably with any other Parity Notes and any obligations under any credit or liquidity facility secured by and payable from Available Power Enterprise Revenues supporting such other series of Parity Notes secured by and payable from Available Power Enterprise Revenues.

(c) There is no pledge of or Lien on Revenues that ranks senior to the Obligations, the obligations under the Fee Agreement, the Notes or the Bank Note other than the Bonds issued pursuant to the Master Trust Indenture.

(d) The Notes and the obligations of the Commission under this Agreement, the Fee Agreement and the Bank Note are revenue obligations and are not secured by the taxing power of the Commission and are payable as to both principal and interest from, and are secured by a pledge (which pledge will be effected in the manner and to the extent hereinafter provided) of, the Available Power Enterprise Revenues. The Available Power Enterprise Revenues constitute a trust fund for the security and payment of the interest on and principal of the Notes and the obligations of the Commission under this Agreement, the Fee Agreement, the Bank Note and all Parity Debt secured by the Available Power Enterprise Revenues.

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 hereof or 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 or 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 (any such action or proceeding being herein referred to as "*Material Litigation*").

Section 4.6 Financial Condition. The audited financial statements of the Commission as at and for the period ended June 30, 2014 (the "*2014 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 2014 Audited Financial Statements were prepared by KPMG LLP. The audited financial statements of the Commission for fiscal year 2015 will be prepared by KPMG LLP or a similar qualified independent auditing firm. The data on which such financial statements and budget reports are based were true and correct. The 2014 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, 2014, 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 in this Section 4.7 together with all applicable definitions thereto. No amendment, modification or termination of any such representations, warranties or definitions contained in the Basic Documents will be effective to amend, modify or terminate the representations, warranties and definitions incorporated in this Section 4.7 by this reference, without the prior written consent of the Bank.

Section 4.8 Accuracy and Completeness of Information. The Basic Documents and all certificates, financial statements, documents and other written information furnished to the Bank by or on behalf of 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. 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" has occurred and is 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 the Investment Policy and all Laws applicable to the Commission, non-compliance with which might have a material adverse effect on the security for the Notes and the obligations under this Agreement, the Fee Agreement and the Bank Note or the validity and enforceability of this Agreement or any other Basic Document 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, but not limited to, any capital or operating expenditures required for clean-up or closure of properties currently 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 Notes, the Bank Note or any of its obligations hereunder or under the Fee Agreement.

Section 4.13 Tax Status of Interest on 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 Notes to be includable in the gross income of the recipients thereof for Federal income tax purposes or which would cause interest on the Notes to be includable in the gross income of the recipients thereof for 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 duly appointed the Issuing and Paying Agent for the Notes and that [____], [____] and [____], collectively, have each been duly appointed to serve as Dealers for the Notes under its 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 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, 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, and the moneys and other property described in Article [VI] thereof to provide security for the payment of the principal of and interest on the 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 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 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 C is a complete and accurate list of the days that are legal holidays of the City for 2015, as well as any other day the City is authorized by law to be closed for official business during 2015.

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(k) 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 Agreement secured by Revenues (a) wherein any termination payment thereunder is senior to or on a parity with the payment of the Notes or the Obligations or (b) which requires the Commission to post cash collateral to secure its obligations thereunder.

ARTICLE 5

COVENANTS

Section 5.1 **Affirmative Covenants.** So long as the Letter of Credit has not expired or terminated or any Obligations remain outstanding under this Agreement, the Commission shall perform and observe the covenants set forth below, unless the Bank otherwise consents in writing:

(a) *Accounting and Reports.* The Commission shall 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 one hundred eighty (180) 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 and prepared in accordance with GAAP consistently applied, accompanied by (A) a report and opinion of the Commission's independent accountants (which will be of nationally recognized standing or an independent certified public accountant otherwise acceptable to the Bank), which report and opinion will have been prepared in accordance with generally accepted auditing standards and (B) a compliance certificate, substantially in the form of Exhibit B hereto, signed by an Authorized Representative stating that no Event of Default or Default has occurred or if any 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 secured by Revenues 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 ten (10) days after the publication thereof, a copy of the Commission's Annual Budget for the next Fiscal Year and such additional period as may be covered by such Annual Budget, which budget shall include all obligations due hereunder, under the Fee Agreement and under the Bank Note for the next Fiscal Year and such additional period as may be covered by such Annual Budget;

(iv) promptly 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 C attached hereto, written notice of such change(s), in the form of an updated complete list, which will replace Exhibit C attached hereto; 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 this Section 5.1(a) has been filed in accordance with the terms thereof with any nationally recognized municipal securities information repository and with the Municipal Securities Rulemaking Board, or posted to the Commission's website, as applicable, and the Commission has provided written notice thereof to the Bank, the requirements of Section 5.1(a) hereof with respect thereto will be deemed satisfied.

(b) *Access to Records.* At any reasonable time and from time to time, during normal business hours and, so long as no Event of Default has occurred and is continuing, on at least five (5) Business Days' notice, the Commission shall 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 shall perform and comply with each covenant set forth in the Basic Documents, the Master Trust Indenture and in any other authorizing document that is entered into by the Commission and created subsequent to the Closing Date with respect to 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 Bonds or Parity Debt (the foregoing documents (exclusive of the Basic Documents) being referred to herein as "*Other Debt Documents*"). By the terms of this Agreement, the Bank is a third party beneficiary of the covenants set forth in each of the Basic Documents, including each amendment and supplement thereto, and in each Other Debt Document, and each such covenant, together with the related definitions of terms contained therein, is incorporated by reference in this Section 5.1(c) 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 shall 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 shall 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 Revenues available for such purposes, in conformity with standards customarily followed for municipal water and 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 shall 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 shall 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) *Use of Proceeds of the Notes.* The Commission shall use the proceeds derived from the sale of the 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 shall not use, nor permit the use of, the proceeds of the Notes or any Drawing to be applied in violation of Regulation U issued by the Board of Governors of the Federal Reserve System.

(g) *Litigation Notice.* The Commission shall 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 Notes, the Bank Note, this Agreement, the Fee Agreement or any other Basic Document.

(h) *Bank Agreements.* In the event that Commission shall enter into or otherwise consent to any amendment, supplement or other modification of any Bank Agreement after the Closing Date which Bank Agreement contains additional or more restrictive covenants or additional or more restrictive events of default ("*Improved Provisions*," which for the avoidance of doubt does not include pricing, termination fees and provisions related to interest rates), then the Commission shall provide the Bank with a copy of such Bank Agreement and the Improved Provisions shall automatically be deemed incorporated into this Agreement and the Bank shall have the benefit of the Improved Provisions until such time as the Bank Agreement containing such

Improved Provisions terminates. The Commission shall promptly cooperate with the Bank to enter into an amendment of this Agreement to include such Improved Provisions.

(i) *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 other Basic Documents.

(j) *Notices.* The Commission shall 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) copies of any communications received from any taxing authority, securities regulatory authority or Rating Agency with respect to the Notes, the transactions contemplated hereby or any other Power Enterprise Debt 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, confidential draft Rating Agency reports, (iv) notice of any proposed substitution of this Agreement, (v) 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 (vi) notice of the passage of any state or local Law not of general applicability to all Persons of which the Commission has knowledge, 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.

(k) *Maintenance of Insurance.* 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 public entity property insurance program 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 must 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. 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 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 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.

(l) *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 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 of 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. The Commission shall not cause an Alternate Facility to become effective with respect to less than all the Notes without the prior written consent of the Bank.

(ii) 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, but not limited to, 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.

(m) *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 this Agreement and the Bank Note as described in Section 5.1(n) hereof.

(n) *Pledge of Available Power Enterprise Revenues.* The Available Power Enterprise Revenues are hereby pledged to the payment of the Notes and the obligations of the Commission under this Agreement, the Fee Agreement and the Bank Note without priority or distinction of one over the other. The pledge of Available Power Enterprise Revenues herein made is irrevocable until all of the Notes and the obligations of the Commission under this Agreement, the Fee Agreement, the Bank Note and any Parity Debt secured by Available Power Enterprise Revenues 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 Revenues on a basis that is senior to the obligations owed to the Bank hereunder, under the Fee Agreement under the Bank Note other than Bonds issued pursuant to the Master Trust Indenture.

(o) *Rates.* The Commission shall 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 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) 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 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 any interest on all 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; and
- (iii) Together with Available Funds, to maintain a Bond Coverage Ratio of at least 1.25 to 1.00;

provided, however, the failure of the Commission to maintain the Bond Coverage Ratios in any Fiscal Year shall not constitute a default in the observance of the covenants of this subsection if:

(1) within 60 days after the Commission first determines that the Bond Coverage Ratio was not met or 60 days after the Commission's receipt of audited financial statements showing that the 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 Revenues and/or reduce Operation and Maintenance Expenses so as to satisfy the Bond Coverage Ratios; and

(2) (A) within 120 days after receipt of the Consulting Engineer's report the Commission implements the recommendations set forth in such report; or (B) the report states that the Power Enterprise cannot generate 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 Revenues and/or reduces its Operation and Maintenance Expenses to the extent otherwise recommended in such report; or (C) 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.

(p) *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.

(q) *Payment of Taxes, Etc.* The Commission shall 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 Notes, this Agreement, the obligations of the Commission under the Fee Agreement and the Bank Note when the same become due, but nothing herein contained will require the Commission to pay any such tax, assessment or charge so long as it in good faith contests the validity thereof. The Commission shall duly observe and comply with all valid material requirements of any Governmental Authority relative to the Power Enterprise or any part thereof.

(r) *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.

(s) *Issuing and Paying Agent and Dealer.*

(i) The Commission shall at all times maintain a Dealer with respect to the Notes. The Commission shall use its best efforts at all times to enforce the Dealer Agreement. The Commission agrees to cause the Dealer to use its best efforts to sell the Notes up to the maximum rate applicable to the Notes in order to repay maturing Notes. Each Dealer Agreement shall provide that the related Dealer may not resign until the earlier of (i) the appointment of a Dealer which is acceptable to the Bank and such Dealer's acceptance of such appointment and (ii) the date which is at least sixty (60) days following the receipt by the Commission, the Issuing and Paying Agent and the Bank of prior written notice of such resignation.

(ii) On and after the Closing Date, the Commission shall at all times maintain an Issuing and Paying Agent pursuant to the terms of the Issuing and Paying Agent. Any successor Issuing and Paying Agent (or any parent or affiliate of such Issuing and Paying Agent) shall have capital of not less than \$500,000,000, and underlying ratings from Moody's, S&P and Fitch of at least "A3" (or its equivalent), "A-" (or its equivalent) and "A-" (or its equivalent), respectively (unless, in each instance, the Bank in its discretion provides in writing an exception for a particular Issuing and Paying Agent under specified circumstances).

(iii) In no event shall the Commission permit any Dealer other than a Qualified Dealer to act as dealer for the Notes. In the event that any material adverse change occurs in the status of the financial condition of any Dealer for the Notes or its ability to perform its obligations under the Dealer Agreement to which it is a party, the Commission shall promptly disqualify and, if it desires, replace such Dealer and appoint another Qualified Dealer with respect to the Notes. If any Advance or Term Loan remains outstanding for a period of thirty (30) consecutive calendar days or any Dealer fails to perform its duties under the Dealer Agreement to which it is a party, the Commission shall, at the written direction of the Bank, cause the related Dealer (that has been unable to sell rollover Notes or fails to perform its duties) to be replaced with a Qualified Dealer within thirty (30) calendar days after receipt of such written direction. Any successor Dealer (or any parent or affiliate of such Dealer shall have capital of not less than \$500,000,000, and underlying ratings from Moody's, S&P and Fitch of at least "A3" (or its equivalent), "A-" (or its equivalent) and "A-" (or its equivalent), respectively (unless, in each instance, the Bank in its discretion provides in writing an exception for a particular Dealer under specified circumstances).

(t) *Maintenance of Ratings on Notes.* The Commission shall at all times (i) maintain at least one short-term rating on the Notes by any of Fitch, Moody's and S&P, (ii) require at least two of Moody's, Fitch and S&P to maintain a long-term unenhanced debt rating on Senior Debt and (iii) cause at least one of Moody's, Fitch and S&P to maintain a long-term rating on the Bank Note.

Section 5.2 **Negative Covenants.** So long as the Letter of Credit has not expired or terminated or any Obligations remain outstanding under this Agreement, the Fee Agreement or the Bank Note the Commission shall not, unless the Bank otherwise consents 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 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, under the Bank Note or under any other Basic Document; 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 materially adversely affect the security, rights or remedies of the Bank hereunder, under the Bank Note, or under any other Basic Document and, solely in connection with the issuance of additional Debt, issue Debt 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) *Total Outstanding.* Permit the aggregate principal amount of all Notes and the Bank Note outstanding at any time to exceed \$97,989,042 (except as provided in Section 5.2(f) hereof); or permit the aggregate principal amount of and interest on all Notes outstanding at any time to exceed the Stated Amount at such time.

(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 Notes (other than those issued as taxable Notes) from the gross income of the holders thereof for purposes of Federal income taxation.

(f) *Issue Power Enterprise Debt.*

(1) Issue any Senior Debt or Parity Debt unless:

(i) no "event of default" shall have occurred and be continuing under the agreement or instrument pursuant to which any outstanding Senior Debt or Parity 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 Senior Debt or Parity Debt does not exceed at any time any limitation set forth in the Constitution or other laws of the State, the Charter, the Resolution, the Ordinance, the Master Trust Indenture or any supplement thereto, any other resolutions adopted by the Commission, Ordinances adopted by the Board or the Issuing and Paying Agent Agreement;

(iii) in the case of Senior Debt, either:

(A) a Certificate of the Commission stating that, in each of the first three (3) full Fiscal Years after the sale of such Senior Debt, projected Net Revenues (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

(B) a Certificate of the Commission stating that 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 (B) the following adjustments may be made to Net Revenues for such period, if so stated in the Certificate of the Commission; (I) an allowance for additional 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 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 Revenues attributable to any increase in the rates and charges imposed by the Commission that (x) 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 (y) 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

Revenues represent a full twelve months' change in Net Revenues attributable to such increase in rates and charges;

(iv) in the case of Parity Debt, either:

(A) a Certificate of the Commission stating that, in each of the first three (3) full Fiscal Years after the sale of such Parity Debt, Revenues will be sufficient to pay (I) the Operation and Maintenance Expenses during each such Fiscal Year, (II) Annual Debt Service on the Bonds 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 and (IV) any and all other amounts the Commission is obligated to pay or set aside from the 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 interest on all Notes expected to be outstanding during any such Fiscal Year, including the Parity Debt to be issued; or

(B) a Certificate of the Commission stating that Net 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 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 and (IV) any and all other amounts the Commission was obligated to pay or set aside from the 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, the principal of and interest on all Notes outstanding during such twelve consecutive month period and 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);

(v) 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 Notes or the obligations under the Agreement, the Fee Letter and the Bank Note; and

(vi) any such Parity Debt is issued in compliance with Section [5.07] of the Issuing and Paying Agent Agreement;

(vii) in connection with the issuance of any additional Senior Debt, the Commission provides certificates demonstrating compliance with the requirements

set forth in Section 3.4 or Section 3.5, as the case may be, of the Master Trust Indenture;

(viii) in connection with the issuance of any additional Parity Debt, the Commission provides a certificate demonstrating compliance with the requirements set forth in Section [5.07] of the Issuing and Paying Agent Agreement; and

(ix) no Default or Event of Default has occurred and is continuing hereunder as a result thereof.

(2) The Commission will not issue Debt secured by or payable from the 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 the Bonds.

(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 has approved in writing the description of the Bank contained in such document.

(h) *Arbitrage Bonds; Tax-Exempt Status of Notes.* Invest the proceeds of the Notes in any way that would violate the Code or cause the 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 Notes from gross income of the holders thereof for Federal income tax purposes.

(i) *Swap Agreements.* Without the prior written consent of the Bank, enter into any Swap Agreement secured by Revenues (a) wherein any termination payments thereunder are senior to or on parity with the payment of the Notes or the Obligations or (b) which requires the Commission to post cash collateral to secure its obligations thereunder.

(j) *Liens.* Create or suffer to exist or permit any Lien on the Revenues other than the Liens created or permitted by the Master Trust Indenture, the Issuing and Paying Agent Agreement, this Agreement and 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 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 and thereby.

(l) *Power Enterprise.* Construct, operate or maintain, and shall not within the scope of its powers permit any other public or private corporation, political subdivision, district or agency or any Person whatsoever to construct, operate or maintain, within the City or any part thereof, any system or utility competitive with the Power Enterprise. The Commission shall 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 shall not provide any service of the Power Enterprise free of charge to any Person, 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(o) hereof.

(m) *Preservation of Existence, Etc.* 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 has provided a method for segregating the Revenues from the revenues of said other entity or enterprise in a manner that will, or shall otherwise, preserve the Lien on the Available Power Enterprise Revenues for the payment of the Notes and the Obligations provided in Section 4.3 hereof and has 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 Notes or (ii) cause the Lien created by this Agreement to be no longer valid as required by Section 5.1(n) hereof. If 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.

(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 Notes or the Bank Note for any purpose other than as provided for in the Resolutions and not in contravention of applicable Law.

(o) *Notes.* Permit any Note issued pursuant to the Resolutions or the Issuing and Paying Agent Agreement to mature more than two hundred seventy (270) days after the date of issuance or after the Stated Expiration Date.

ARTICLE 6

DEFAULTS

Section 6.1 **Events of Default and Remedies.** If any of the following events occurs, each such event will be an "*Event of Default*":

(a) the Commission fails to pay, or cause to be paid, as and when due, (i) any Reimbursement Obligation or (ii) any Obligation (other than a Reimbursement Obligation) hereunder or under the Fee Agreement and, in such case, such failure continues for five (5) 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 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 any of the covenants set forth in Section 2.15, 5.1(c), 5.1(d), 5.1(g), 5.1(m)(ii), 5.1(n), 5.1(s)(ii), 5.1(s)(iii) or 5.2 hereof;

(d) the Commission defaults 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 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, (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 Section 6.1(f) of this Agreement;

(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 Section 6.1(e)(v) 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 of the Commission by the Commission or any Governmental Authority with appropriate jurisdiction;

(h) any material provision of this 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 is 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, including, without limitation, the Master Trust 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 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 (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 Notes is includable in the gross income of the holder(s) or owner(s) of such 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 Senior Debt 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 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 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 Section 6.1(e), (f) or (g) hereof, such acceleration will automatically occur (unless such automatic acceleration is waived by the Bank in writing); or

(b) issue a No-Issuance Notice (the effect of which will 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 Notes supported by the Letter of Credit plus a corresponding amount of interest coverage and/or terminate the Stated Amount as the then outstanding Notes are paid; or

(c) issue the Final Drawing Notice (the effect of which will 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.

ARTICLE 7

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, will in any event be effective unless the same is in writing and signed by the Bank and an Authorized Representative of the Commission, and then such waiver or consent is 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 must be in writing (including required copies) and sent by receipted hand delivery (including Federal Express or other receipted courier service), facsimile transmission or regular mail, as follows:

(a) if to the Commission:

City and County of San Francisco

Public Utilities Commission
Attention: Chief Financial Officer
525 Golden Gate Avenue, 13th Floor
San Francisco, California 94102
Telephone: (415) 554-3155
Facsimile: (415) 554-3161

(b) if to the Bank:

Bank of America, N.A.
800 Fifth Avenue, Floor 34
WA1-501-34-03
Seattle, Washington 98104-3176
Attention: Nancy Nuerenberg, SVP
Telephone: (206) 358-6279
Facsimile: (206) 358-8815

In the case of communications to the Bank with respect to drawings under the Letter of Credit:

Bank of America, N.A.
1 Fleet Way, PA6-580-02-30
Scranton, Pennsylvania 18507
Attention: Standby Letter of Credit Department
Telephone: (800) 370-7519 OPT 1
Facsimile: (800) 755-8743

In the case of payments to the Bank:

Bank of America, N.A.
ABA: 026009593
A/C: 04535-883980
Reference: [_____]

or such other account as the Bank may from time to time designate in writing to the Commission.

(c) if to Issuing and Paying Agent:

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

(d) if to the Dealers:

At the address, telephone number
and telecopy number set forth in
each Dealer Agreement.

or, as to each Person named above, at such other address or telephone or telecopy number as is designated by such Person in a written notice to the parties hereto. All such notices and other communications will, when delivered, sent by facsimile transmission or mailed, be effective when deposited with the courier, sent by facsimile transmission or mailed, respectively, addressed as aforesaid, except that requests for Drawings submitted to the Bank will 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 will survive the making of any Drawing or Advance hereunder and will continue in full force and effect until all of the Obligations hereunder are paid in full. Whenever in this Agreement any of the parties hereto is referred to, such reference will, 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 will 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 Letter, the Bank Note and the Letter of Credit with the prior written consent of the Commission (which consent may 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 will not cause the lowering, withdrawal or suspension of any ratings then existing on the Notes, and (ii) the Bank shall be responsible for all costs solely relating to such transfer or assignment. 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 Notes) will 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 will 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 will 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 Bank Note, the Fee Agreement and the Letter of Credit on a participating basis but not as a party to this Agreement (a "*Participation*") without the consent of 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 hereunder and under the Letter of Credit, and the Commission may continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under this Agreement, the B and under the Letter of Credit. The Commission agrees that each Participant will, to the extent of its Participation, be entitled to the benefits of this Agreement as if such Participant were the Bank, *provided* that no Participant will 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 are 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 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 (unless pursuant to Section 5.2(a) hereof such consent is not required);
- (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 transaction related thereto;
- (d) any statement or any other document presented under the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;
- (e) payment by the Bank under the Letter of Credit against presentation of a draft or certificate which does not comply with the terms of the Letter of Credit; and
- (f) 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 law 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 or the use of proceeds thereunder; *provided* that this provision with respect to the Bank is not intended to and will 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 will be liable or responsible for (i) the use of the Letter of Credit, the Drawings or the Advances, the proceeds of the Notes or the transactions contemplated hereby and by the other 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, 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 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 is not 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 law of the State, the Commission indemnifies and holds harmless the Bank from and against any and all direct, as opposed to consequential, claims, damages, losses, liabilities, costs and 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 Fee 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 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 is not 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 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 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 will survive the termination of this Agreement.

Section 7.6 Expenses. Upon receipt of a written invoice, the Commission shall promptly pay (i) the reasonable fees and expenses of counsel to the Bank incurred in connection with the preparation, execution and delivery and administration of this Agreement, the Letter of Credit, the Fee Agreement and the other Basic Documents as set forth in the Fee Agreement, (ii) the reasonable out-of-pocket expenses of the Bank incurred in connection with the preparation, execution and delivery and administration of this Agreement, the Letter of Credit, the Fee Agreement and the other Basic Documents (*provided* that such expenses to be paid in connection with the preparation and execution and delivery will not exceed the amount specified in the Fee Agreement), (iii) the fees and disbursements of counsel to the Bank with respect to advising the Bank as to its rights and responsibilities under this 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 this Agreement and any other documents which may be delivered in connection herewith, including in each case the fees and disbursements of counsel 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 this Agreement in the nature of a "workout" or of any insolvency or bankruptcy proceedings. The obligations of the Commission under this Section 7.6 will 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, will operate as a waiver thereof or preclude any other or further exercise thereof, nor will 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 will 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 will be effective unless the same is 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 any 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 will, 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 or legal 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 constitutes an original, but when taken together constitute but one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered will have the same force and effect as an originally signed version of such signature page.

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 Waiver of Jury Trial.

(a) THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND

INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS (OTHER THAN NEW YORK GENERAL OBLIGATIONS LAWS 5-1401 AND 5-1402); *PROVIDED*, THAT THE OBLIGATIONS OF THE COMMISSION HEREUNDER SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO CHOICE OF LAW RULES.

(b) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO 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 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 IS EMPOWERED TO HEAR AND DETERMINE ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. EACH OF THE PARTIES HERETO REPRESENTS THAT IT HAS REVIEWED THIS WAIVER AND CONSENT AND, FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS, KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE. 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.

(c) The covenants and waivers made pursuant to this Section 7.14 are irrevocable and unmodifiable, whether in writing or orally, and are 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 will 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 Order 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 Notes are not 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 laws and regulations, as amended.

Section 7.16 USA PATRIOT Act. The Bank 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 such 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, courier, mail or other computer generated telecommunications and such electronic communication will have the same legal effect as if written and will 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 will 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 will release the Bank from its obligations hereunder.

Section 7.19 City Requirements. The Bank agrees to the City's requirements, as provided in Exhibit D attached hereto.

Section 7.20 Arm's Length Transaction. The transaction described in this Agreement is an arm's length, commercial transaction 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 the Commission; (iii) the Bank has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the 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 only obligations the Bank has to the Commission with respect to this transaction are set forth in this Agreement; and (v) the Bank is not recommending that the Commission take an action with respect to the transaction described in this Agreement and the other Basic Documents, and before taking any action with respect to the this transaction, 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.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Commission and the Bank have duly executed this Agreement as of the date first written above.

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:

Name: Nadia Sesay
Title: Director of Public Finance of the City
and County of San Francisco

BANK OF AMERICA, N.A.

By: _____

Name: Nancy Nuereberg

Title: Senior Vice President

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 15-0183

WHEREAS, Pursuant to Section 9.107(6) of the Charter (the "Charter") of the City and County of San Francisco (the "City"), revenue bonds may be issued, without voter approval, upon a three-fourths affirmative vote of the Board of Supervisors of the City (the "Board"), for the purpose of the reconstruction or replacement of existing water facilities and electric power facilities or combinations thereof under the jurisdiction of the San Francisco Public Utilities Commission (the "Commission"); and

WHEREAS, Pursuant to Section 9.107(8) of the Charter, revenue bonds may be issued, without voter approval, upon affirmative vote of the Board, for the purpose of the acquisition, construction, installation, equipping, improvement or rehabilitation of equipment or facilities for renewable energy and energy conservation; and

WHEREAS, Pursuant to Section 9.107(8) of the Charter, the Commission previously issued \$6,325,000 aggregate principal amount of its Clean Renewable Energy Bonds in 2008, \$8,291,000 aggregate principal amount of its Qualified Energy Conservation Bonds in 2011, and \$6,600,000 aggregate principal amount of its New Clean Renewable Energy Bonds in 2012, in each case, payable from the net revenues of the Commission's Power Enterprise (the "Power Enterprise"); and

WHEREAS, Pursuant to Ordinance No. 106-14, adopted by the Board on June 24, 2014, and signed by the Mayor on July 2, 2014 ("Ordinance No. 106-14"), the Board previously authorized revenue bonds in an aggregate principal amount not to exceed \$112,346,843 to finance the costs of various power capital projects benefiting the Power Enterprise pursuant to Charter Section 9.107(8); and

WHEREAS, Pursuant to Ordinance No. 41-15, adopted by the Board on March 24, 2015, and signed by the Mayor on April 2, 2015 ("Ordinance No. 41-15"), the Board authorized additional revenue bonds in an aggregate principal amount not to exceed \$48,000,000 to finance various capital projects for the Power Enterprise pursuant to Charter Sections 9.107(6) and 9.107(8), and supplemented by Ordinance No. 106-14 to permit its bond authorization under Ordinance No. 106-14 to be issued for the purposes described under Charter Section 9.107(6) or Section 9.107(8); and

WHEREAS, Pursuant to such authorizations, the Commission previously issued \$39,555,000 aggregate principal amount of its Power Revenue Bonds, 2015 Series A Bonds (Green Bonds) and 2015 Series B Bonds; 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 ("Ordinance No. 203-98"), as amended by Ordinance No. 270-06, adopted on October 24, 2006 by the Board and signed by the Mayor on October 31, 2006 ("Ordinance No. 270-06," and collectively with Ordinance No. 106-14, Ordinance No. 41-15 and Ordinance No. 203-98, the "Ordinances"), the Board established a procedure pursuant to which the 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, The Commission has determined that it is desirable to make certain improvements (the "Improvements") to the facilities of the Power Enterprise, all as included in the Commission's ten-year Capital Plan, and to provide for short-term financing of capital improvements and related costs for improvements, betterments and additions to the Power Enterprise through the establishment of a Power Enterprise commercial paper program; and

WHEREAS, The Commission seeks to authorize the issuance and reissuance of Power Enterprise commercial paper notes (the "CP Notes") from time to time in an aggregate principal amount not to exceed \$90,000,000, subject to approval by resolution of the Board (the "Proposed Resolution"), establishing a Power Enterprise commercial paper program (the "Power CP Program") and authorizing the issuance of such CP Notes; and

WHEREAS, A draft of the Proposed Resolution to be submitted for consideration to the Board of Supervisors is on file with the Commission; and

WHEREAS, Pursuant to this Resolution, the Proposed Resolution and the Ordinances, the General Manager and other appropriate officers, employees, representatives and agents of the Commission shall be authorized to take all necessary action in connection with the establishment of the Power CP Program; and

WHEREAS, The SFPUC 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 Power Enterprise CP Notes in an aggregate principal amount not to exceed \$90,000,000; and

WHEREAS, After an evaluation of the responses to such request for bids, the Commission staff determined that Bank of America, N.A. ("Bank of America") provided the most advantageous terms to the Commission, and pursuant to which terms Bank of America will issue its direct-pay letter of credit (the "Letter of Credit") in an original stated amount not to exceed \$97,989,042 (representing a principal amount of \$90,000,000 plus an amount equal to 270 days interest on such principal amount at a rate of twelve-percent (12%) per year computed on a basis of a 365-day year), to secure payment of the CP Notes; and

WHEREAS, The proposed forms of the Reimbursement Agreement (the "Reimbursement Agreement"), including the form of bank note (the "Bank Note") which may be issued pursuant to the Reimbursement Agreement, and a related fee agreement (the "Fee Agreement"), proposed to be entered into by the Commission and Bank of America 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 to execute and issue the Bank Note; and

WHEREAS, Under the Power CP Program, CP Notes will be secured by the Letter of Credit, and the Commission will prepare and cause the distribution of an offering memorandum related to the CP Notes; and

WHEREAS, In order to issue the CP Notes, the Commission also finds it appropriate and in its best interest to execute an issuing and paying agent agreement (the "Issuing and Paying Agent Agreement") with U.S. Bank, National Association, as issuing and paying agent (the "Issuing and Paying Agent") for the CP Notes; and

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

WHEREAS, In order to market and remarket the CP Notes, the Commission finds it necessary to execute one or more commercial paper dealer agreements (each a "Dealer Agreement") for the CP Notes; and

WHEREAS, The proposed form of 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 qualified commercial paper dealers; now, therefore be it

RESOLVED, The Commission approves the establishment of the Power CP Program in an aggregate principal amount not to exceed \$90,000,000, subject to adoption by the Board of a resolution in the form of the Proposed Resolution. If the Board adopts the Proposed Resolution, the General Manager of the Commission (the "General Manager") or his or her designee is authorized to issue and reissue up to \$90,000,000 aggregate principal amount of CP Notes in accordance with the terms set forth. The CP Notes will bear interest at a rate not in excess of 12% per annum, and such CP Notes shall not mature more than five years following their date of issuance, in accordance with Section 43.5.2 of the Administrative Code of the City; and be it

FURTHER RESOLVED, If the Board adopts the Proposed Resolution, the Reimbursement Agreement (including the Bank Note) and Fee Agreement, in substantially the forms submitted to this Commission, are approved and recommended to the Controller's 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 execute and deliver the Reimbursement Agreement (including the Bank Note) 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 (including the Bank Note), and Fee Agreement; and be it

FURTHER RESOLVED, If the Board adopts the Proposed Resolution, the General Manager or his or her designee is hereby authorized and directed to appoint U.S. Bank National Association as Issuing and Paying Agent for the CP Notes. The Issuing and Paying Agent Agreement between the Commission and the Issuing and Paying Agent, 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 execute and deliver the Issuing and Paying Agent 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 such Issuing and Paying Agent Agreement; and be it

FURTHER RESOLVED, If the Board adopts the Proposed Resolution, the General Manager or his or her designee is hereby authorized and directed to select and appoint one or more qualified commercial paper dealers from the pool of dealers that contract with the Commission to market its commercial paper upon such terms as the General Manager or his or her designee, upon consultation with the Director and the City Attorney determines are in the best interest of the Commission. 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 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; and be it

FURTHER RESOLVED, That the Offering Memorandum, in substantially the form submitted to this Commission, is hereby approved and recommended to the Director for approval pursuant to the Administrative Code, Article V thereof, subject to such additions thereto or changes therein which the General Manager, upon consultation with the City Attorney and the Director, shall approve. The General Manager (or the designee thereof) is further authorized and directed to distribute or cause to be distributed, in connection in the sale of any Commercial Paper Notes, one or more Offering Memoranda in such form, as the General Manager, upon consultation with the City Attorney and the Director, shall approve; and be it,

FURTHER RESOLVED, This Resolution is subject to adoption of the Proposed Resolution by the Board, and approved by the Mayor. The General Manager is hereby authorized and directed to submit the Proposed Resolution to the Board of Supervisors requesting consideration and approval of the establishment of a Power Enterprise Commercial Paper Program and the issuance from time to time of Power Enterprise Commercial Paper Notes in an aggregate principal amount not to exceed \$90,000,000. Consistent with the Ordinances, in no event shall the aggregate principal amount of CP Notes exceed \$90,000,000, the interest rate on any CP Note exceed 12% per annum, nor may any CP Note mature more than five years from the date of issuance; and be it

FURTHER RESOLVED, The General Manager or his or her designee, and in consultation with the City Attorney and the Director, is hereby authorized and directed to execute such other agreements, certifications or documents and to take any and all necessary action 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 the Reimbursement Agreement for an aggregate period not exceeding five years from its commencement date(s), provided that the annual facility fee payable to Bank of America shall not exceed \$350,000 per year in the aggregate for the CP Notes and no other terms are changed which would increase the financial risk to the Commission. 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 CP Notes shall not exceed an aggregate of \$50,000 per year; and be it

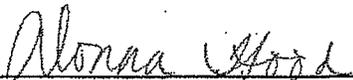
FURTHER RESOLVED, That the Commission makes the following finding in compliance with the California Environmental Quality Act ("CEQA"), California Public Resources Code Sections 21000 et seq., the CEQA Guidelines, 15 Cal. Administrative Code Sections 15000 et seq., (the "CEQA Guidelines"), and San Francisco Administrative Code Chapter 31 that the establishment of the Power CP Program and the issuance of the CP Notes is not subject to CEQA because as the establishment of a government financing mechanism that

does not identify individual specific projects to be constructed with the funds, it is not a project as defined by CEQA and the CEQA Guidelines and that the Commission shall consult with the City Attorney as to necessary CEQA findings and determinations with respect to any project prior to the expenditure of CP Note funds; and be it

FURTHER RESOLVED, 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; and be it

FURTHER RESOLVED, All actions heretofore taken by the officials, employees and agents of the Commission with respect to increasing the aggregate principal amount of the Power CP Program and obtaining credit support for the Power CP Program, an issuing and paying agent for each series of CP Notes and dealers for the CP Notes and the issuance and sale of the CP Notes are hereby approved, confirmed and ratified.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of September 8, 2015.



Secretary, Public Utilities Commission



AGENDA ITEM
Public Utilities Commission
City and County of San Francisco



DEPARTMENT Financial Services AGENDA NO. 10
 MEETING DATE February 10, 2015

Adopt the SFPUC 10-Year Capital Plan for FY 2015-16 to FY 2024-25
Manager: Frances Lee

Summary of Proposed Commission Action:	Public Hearing to consider and possible action to adopt the SFPUC 10-Year Capital Plan for FY 2015-16 through FY 2024-25
Background and Description:	<p>The SFPUC Financial Services staff seeks Commission adoption of the Charter-mandated Capital Plan for the 10-Year planning horizon FY 2015-16 through FY 2024-25. This rolling 10-year plan is required by the Charter Section 8B.123 and is revised annually as a part of the budget update process. It serves as a multi-year capital planning tool.</p> <p>To comply with this Charter requirement, staff requests the Commission approve the proposed 10-Year Capital Plan for FY 2015-16 to FY 2024-25.</p> <p>By March 1 of each odd-numbered year, beginning with March 1, 2013, the City Administrator shall submit to the Mayor and Board of Supervisors a ten-year capital expenditure plan which shall include an assessment of the City's capital infrastructure needs, investments required to meet the needs identified through this assessment, and a plan of finance to fund these investments. By May 1 of the same year, the Mayor and Board of Supervisors shall review, update, amend, and adopt by resolution the ten-year capital expenditure plan. The Mayor and Board of Supervisors may update the plan as necessary and appropriate to reflect the City's priorities, resources, and requirements.</p> <p>The capital expenditure plan shall include all recommended capital project investments for each year of the plan. The plan shall incorporate all major planned investments to maintain, repair, and improve the condition of the City's capital assets, including but not limited to city streets, sidewalks, parks, and rights-of-way; public transit infrastructure; airport and port; water, sewer, and power utilities; and all City-owned facilities.</p>

APPROVAL

COMMISSION SECRETARY Donna Hood

Result of Inaction:	SFPUC would not be in compliance with Charter Section 8B.123. Not approving this item would delay the 10-Year Capital Plan submittal to the Capital Planning Committee, the Mayor's Office, and the Board of Supervisors.												
Budget & Costs:	<table> <thead> <tr> <th></th> <th style="text-align: right;">FYE 2016-2025</th> </tr> </thead> <tbody> <tr> <td>10-Year Capital Plan</td> <td></td> </tr> <tr> <td>Wastewater Enterprise</td> <td style="text-align: right;">\$5,713,380,000</td> </tr> <tr> <td>Water Enterprise</td> <td style="text-align: right;">\$1,323,664,000</td> </tr> <tr> <td>Hetch Hetchy Water & Power</td> <td style="text-align: right;"><u>\$1,199,284,800</u></td> </tr> <tr> <td>Total SFPUC</td> <td style="text-align: right;">\$8,236,328,800</td> </tr> </tbody> </table>		FYE 2016-2025	10-Year Capital Plan		Wastewater Enterprise	\$5,713,380,000	Water Enterprise	\$1,323,664,000	Hetch Hetchy Water & Power	<u>\$1,199,284,800</u>	Total SFPUC	\$8,236,328,800
	FYE 2016-2025												
10-Year Capital Plan													
Wastewater Enterprise	\$5,713,380,000												
Water Enterprise	\$1,323,664,000												
Hetch Hetchy Water & Power	<u>\$1,199,284,800</u>												
Total SFPUC	\$8,236,328,800												
Recommendation:	SFPUC staff recommends that the Commission adopt the attached resolution.												
Attachments:	<ol style="list-style-type: none"> 1. SFPUC Resolution 2. Capital Plan 												

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. _____

WHEREAS, The City's Charter Section 8B.123 requires the Commission to annually review, update and adopt the Ten-Year Capital Plan; and

WHEREAS, The San Francisco Public Utilities Commission proposed Capital Improvement Program Budget must be submitted to, and approved by, Mayor Edwin M. Lee and the Board of Supervisors; now, therefore, be it

RESOLVED, the FY 2015-16 to FY 2024-25 Ten-Year Capital Plan is hereby adopted:

10-Year Capital Plan	FYE 2016-2025
Wastewater Enterprise	\$5,713,380,000
Water Enterprise	\$1,323,664,000
Hetch Hetchy Water & Power	\$1,199,284,800
Total SFPUC	\$8,236,328,800

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of February 10, 2015.

Secretary, Public Utilities Commission

Water Enterprise FY 2016 - 2025 Ten Year CIP

San Francisco Public Utilities Commission

USES	Project	Available Balance as of 12/31/14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 15-24	FY 16-25	Change
REGIONAL WATER														2		
Water Treatment Program														3		
Water Treatment Program	CUW27200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Testa UV Facility	CUW27201	814,848	600,000	600,000	600,000	280,000	280,000	280,000	280,000	280,000	280,000	289,000	303,000	3,769,000	3,472,000	(297,000)
SWTWP & East Bay Fields	CUW27202	6,317,553	5,900,000	700,000	2,970,000	400,000	400,000	400,000	400,000	400,000	400,000	413,000	430,000	8,813,000	6,913,000	(2,900,000)
HTWTP & West Bay Fields	CUW27203	2,519,387	2,341,000	2,347,000	1,552,000	1,709,000	1,214,000	1,221,000	1,228,000	1,234,000	1,234,000	1,248,000	1,275,000	14,328,000	14,292,000	(36,000)
Subtotal		9,651,788	8,841,000	3,647,000	6,122,000	2,389,000	1,894,000	1,901,000	1,908,000	1,814,000	1,914,000	1,960,000	2,008,000	27,910,000	24,647,000	(3,263,000)
Water Transmission Program														10		
Water Transmission Program	CUW27300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Corrosion Protection Capital Upgrades	CUW27301	2,414,871	1,850,000	1,850,000	1,850,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	18,850,000	18,900,000	50,000
Pipeline Inspection and Repair Project	CUW27302	2,070,726	1,010,000	1,010,000	1,010,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	10,590,000	10,660,000	70,000
Pump Station Upgrades	CUW27304	919,936	910,000	910,000	3,410,000	3,660,000	1,180,000	1,180,000	1,180,000	1,180,000	1,180,000	1,216,000	1,230,000	11,026,000	16,346,000	5,320,000
Pipeline Improvement Program	CUW27305	3,293,301	730,000	3,450,000	4,100,000	1,780,000	50,800,000	45,600,000	9,637,000	100,000	100,000	103,000	103,000	120,400,000	115,873,000	(4,527,000)
Valve Replacement	CUW27306	508,000	508,000	1,013,000	1,013,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,390,000	1,398,000	12,024,000	12,914,000	890,000
Vault Upgrades	CUW27307	338,000	338,000	338,000	338,000	675,000	675,000	675,000	675,000	675,000	675,000	695,000	707,000	5,759,000	5,128,000	(631,000)
Calaveras Micro Turbine	CUW27308	3,798,000	1,500,000	2,860,000	2,860,000	0	0	0	0	0	0	0	0	4,380,000	5,720,000	1,360,000
Metering Upgrades	CUW27309	848,421	350,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	206,000	208,000	2,156,000	2,012,000	(144,000)
Town of Sunol Fire Suppression System	CUW26308	1,428,487	2,000,000	0	0	0	0	0	0	0	0	0	0	2,000,000	0	(2,000,000)
Subtotal		15,416,742	9,169,000	11,631,000	14,781,000	10,665,000	67,285,000	51,985,000	16,022,000	6,485,000	6,485,000	6,690,000	6,624,000	187,165,000	188,553,000	1,388,000
Water Supply & Storage Program														21		
Water Supply & Storage Program	CUW27400	3,425,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dam Structural Upgrades (w/geotech)	CUW27401	2,140,823	1,855,000	994,000	1,539,000	1,749,000	2,610,000	17,632,000	310,000	310,000	310,000	311,000	33,000	27,620,000	25,768,000	(1,852,000)
Desalination - Regional			200,000	200,000	200,000	200,000	200,000	200,000	0	3,000,000	19,500,000	17,500,000	187,000,000	8,200,000	228,000,000	219,800,000
Subtotal		5,565,823	2,055,000	1,194,000	1,739,000	1,949,000	2,810,000	17,832,000	310,000	3,310,000	19,810,000	17,811,000	187,033,000	35,820,000	283,796,000	217,976,000
Watersheds & Land Management														26		
Watersheds & Land Management	CUW27500	10,180,314	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Watershed Structures Upgrades	CUW27511	742,981	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Watershed Roads and ROW Management	CUW27512	28,317	1,408,000	2,804,000	1,504,000	1,504,000	1,504,000	1,504,000	1,504,000	1,504,000	1,504,000	1,504,000	2,700,000	18,244,000	17,536,000	(708,000)
Watershed Cottage/Buildings Upgrades	CUW27513	17,049	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EBRPD Water System	CUW27514	32,872	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal		10,978,333	1,408,000	2,804,000	1,504,000	2,700,000	18,244,000	17,536,000	(708,000)							
Communication & Monitoring Program														33		
Communication & Monitoring Program	CUW27600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Network Backbone Upgrade	CUW27601	3,082,563	2,500,000	1,800,000	0	0	0	0	0	0	0	0	0	4,000,000	1,600,000	(2,500,000)
WSTD Security System	CUW27602	1,000,000	1,000,000	500,000	939,000	544,000	500,000	500,000	500,000	500,000	500,000	515,000	515,000	5,815,000	5,513,000	(1,020,000)
Subtotal		4,082,563	3,500,000	2,300,000	939,000	544,000	500,000	500,000	500,000	500,000	500,000	515,000	515,000	9,815,000	7,013,000	(2,602,000)
Buildings and Grounds Programs														38		
Buildings and Grounds Programs	CUW27700	11,797,018	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sunol Yard	CUW27701	4,143,589	500,000	25,875,000	3,675,000	3,425,000	285,000	295,000	304,000	313,000	322,000	333,000	335,000	35,328,000	35,163,000	(165,000)
Milbrae Yard Upgrade	CUW27703	1,897,111	0	1,480,000	1,480,000	1,518,000	500,000	500,000	500,000	500,000	515,000	530,000	530,000	7,543,000	8,073,000	530,000
Subtotal		17,837,718	500,000	27,355,000	6,165,000	4,943,000	786,000	795,000	804,000	813,000	837,000	863,000	865,000	42,871,000	43,239,000	368,000
REGIONAL WATER TOTAL		63,632,977	25,500,000	48,641,000	29,260,000	21,894,000	64,779,000	74,517,000	21,048,000	14,626,000	31,060,000	29,233,000	189,746,000	319,825,000	334,781,000	215,168,000
LOCAL WATER														46		
Local Water Conveyance /Distribution System	CUW280	64,774,465	53,700,000	53,700,000	53,700,000	54,700,000	54,700,000	54,700,000	54,700,000	36,700,000	53,700,000	53,700,000	53,700,000	537,000,000	524,000,000	(13,000,000)
Buildings & Grounds Improvements - Local	CUW688	3,858,571	800,000	1,525,000	10,525,000	725,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	16,575,000	16,275,000	(300,000)
Pacific Rod & Gun Club Remediation Project	CUW281	11,098,930	11,105,000	155,000	0	0	0	0	0	0	0	0	0	11,260,000	155,000	(11,105,000)
Systems Monitoring & Control	CUW282	1,275,616	1,510,000	5,800,000	5,800,000	0	0	0	0	0	0	0	0	13,210,000	11,700,000	(1,510,000)
Other Recycled Water Projects - Local	CUW278	2,365,322	986,000	3,925,000	0	0	0	0	0	0	0	0	0	4,811,000	3,925,000	(886,000)
Treasure Island Capital Upgrades	CUW270	9,851,891	0	0	0	3,000,000	0	0	0	0	0	0	0	3,000,000	3,000,000	0
College Hill Reservoir Outlet Structure Retrofit	CUW283	650,000	650,000	2,820,000	50,000	0	0	0	0	0	0	0	0	3,520,000	2,870,000	(650,000)
McLaren Park Pump Station Upgrades	CUW284	0	0	358,000	844,000	12,558,000	828,000	0	0	0	0	0	0	14,788,000	14,788,000	0
Merced Manor Reservoir Facilities Repairs	CUW285	0	0	270,000	574,000	6,991,000	432,000	0	0	0	0	0	0	7,867,000	7,867,000	0
LOCAL WATER TOTAL		83,863,786	68,761,000	68,633,000	71,693,000	77,674,000	66,660,000	66,200,000	66,200,000	37,200,000	64,200,000	64,200,000	64,200,000	612,131,000	584,680,000	(27,551,000)
Auxiliary Water Supply System														57		
ESER1	CUWAWS	48,065,342	30,828,000	0	0	0	0	0	0	0	0	0	0	30,828,000	0	(30,828,000)
Fire Response GO Bond Funded			50,000,000	0	0	0	0	0	0	30,000,000	62,000,000	0	0	142,000,000	62,000,000	(80,000,000)
25% share of Co-Benefiting Projects			5,000,000	0	0	0	0	0	0	18,000,000	0	0	0	23,000,000	18,000,000	(5,000,000)
AWSS - Subtotal		48,065,342	85,828,000	0	0	0	0	0	0	48,000,000	62,000,000	0	0	186,828,000	110,000,000	(76,828,000)

Water Enterprise FY 2016 - 2025 Ten Year CIP

San Francisco Public Utilities Commission

	A	B	C	D	E	H	I	J	K	L	M	N	O	P	Q	R	S	T
1	USES	Project	Available Balance as of 12/31/14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	1	FY 15-24	FY 16-25	Change
83	Base Funded by WSIP														83			
85	San Francisco Groundwater Supply	CUW30102	38,614,811	0	0	3,122,000	1,873,000	0	0	0	0	0	0	0	85	4,995,000	4,995,000	0
86	SF Westside Recycled Water Project	CUW30201	138,401,897	0	0	18,808,000	5,500,000	5,500,000	272,000	0	0	0	0	0	86	31,078,000	31,078,000	0
87	Calaveras Dam - WSIP Augmentation	CUW374	62,266,097	50,000,000	40,000,000	5,000,000	0	0	0	0	0	0	0	0	87	95,000,000	45,000,000	(50,000,000)
88	New Irvington Tunnel	CUW359	16,311,105	10,000,000	0	0	0	0	0	0	0	0	0	0	88	10,000,000	0	(10,000,000)
89	Alameda Creek - WSIP Augmentation	CUW352	18,599,164	0	0	5,000,000	0	0	0	0	0	0	0	0	89	5,000,000	5,000,000	0
90	Crystal Springs/San Anselmo Upgrade	CUW371	16,902,153	5,000,000	0	0	0	0	0	0	0	0	0	0	90	5,000,000	0	(5,000,000)
91	Regional Groundwater Storage & Recovery	CUW30103	82,657,451	7,178,000	1,074,000	3,222,000	0	0	0	0	0	0	0	0	91	10,400,000	4,298,000	(6,102,000)
92	Regional Groundwater Storage & Recovery (Non-WSIP)					3,932,000	0	0	0	0	0	0	0	0	92	0	3,932,000	3,932,000
93	WSIP Augmentation - Subtotal		371,762,698	72,178,000	41,074,000	40,882,000	7,373,000	5,600,000	272,000	0	0	0	0	0	93	161,473,000	94,301,000	(67,172,000)
94															94			
95															95			
96	Total USES		577,214,802	262,357,000	158,368,000	140,925,000	106,941,000	126,839,000	129,989,000	76,248,000	99,726,000	147,250,000	83,433,000	253,945,000	96	1,289,157,000	1,323,664,000	34,507,000
97															97			
98	SOURCES			FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	98	FY 15-24	FY 16-25	Change
99	Revenue Funding														99			
100	Regional Revenue			15,275,000	21,712,000	18,341,000	18,862,000	51,804,000	51,804,000	11,371,000	11,377,000	11,377,000	11,733,000	12,320,000	100	223,748,600	220,701,600	(2,956,000)
101	Local Revenue			13,944,000	15,771,400	0	0	20,000,000	25,000,000	30,000,000	35,000,000	38,750,000	38,587,500	40,518,000	101	215,052,900	241,624,800	26,572,000
102	Total Revenue Sources			29,219,000	37,483,400	18,341,000	18,862,000	71,804,000	76,804,000	41,371,000	46,377,000	49,127,000	50,320,500	52,838,000	102	438,799,600	462,326,400	23,526,800
103	Debt Funding														103			
104	Regional Bonds			72,178,000	55,311,000	43,883,000	5,898,000	18,475,000	22,985,000	9,677,000	3,149,000	19,673,000	17,500,000	187,000,000	104	235,435,000	394,331,000	148,896,000
105	Local Bonds			0	61,573,000	77,921,000	81,091,000	35,560,000	29,200,000	24,200,000	1,200,000	16,450,000	14,612,500	13,109,000	105	342,982,500	354,918,500	11,936,000
106	General Obligation Bonds - ESER 2010			30,928,000	0	0	0	0	0	0	0	0	0	0	106	30,928,000	0	(30,928,000)
107	General Obligation Bonds - ESER 2014			55,000,000	0	0	0	0	0	0	0	0	0	0	107	55,000,000	0	(55,000,000)
108	General Obligation Bonds - ESER 2020 & Beyond			0	0	0	0	0	0	0	48,000,000	62,000,000	0	0	108	110,000,000	110,000,000	0
109	Total Debt Sources			158,106,000	117,884,000	121,804,000	86,989,000	64,035,000	52,185,000	33,677,000	62,349,000	98,123,000	32,112,500	200,109,000	109	774,328,600	849,247,600	74,922,000
110	Other Funding														110			
111	BAWSCA Pre-payment Bonds - Retail Customers Share			62,532,000	0	0	0	0	0	0	0	0	0	0	111	62,532,000	0	(62,532,000)
112	Capacity Fee - Fund Balance			2,500,000	3,000,000	0	0	0	0	0	0	0	0	0	112	2,500,000	3,000,000	500,000
113	Capacity Fee - New Development			0	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	113	11,000,000	9,000,000	(2,000,000)
114	Total Other Sources			65,032,000	3,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	114	76,032,000	12,000,000	(64,032,000)
115															115			
116	Total SOURCES			262,357,000	168,368,000	140,925,000	106,941,000	126,839,000	129,989,000	76,248,000	99,726,000	147,250,000	83,433,000	263,945,000	116	1,289,167,000	1,323,664,000	34,507,000
117															117			
118	Surplus / Shortfall			0	0	0	0	0	0	0	0	0	0	0	118	0	0	0
119															119			
120	FY 2015-2024 Approved Plan			252,357,000	158,368,000	126,440,000	103,498,000	126,839,000	129,989,000	76,248,000	117,726,000	130,750,000	66,893,000	0	120			
121	Variance			(252,357,000)	0	14,476,000	3,443,000	0	0	0	(18,000,000)	16,500,000	16,500,000	253,945,000	121			

Hetch Hetchy Enterprise FY 2016 - 2025 Ten Year CIP

San Francisco Public Utilities Commission

1/30/2015

Hetch Hetchy Enterprise FY 2016 - 2025 Ten Year CIP														San Francisco Public Utilities Commission				
1	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
1	USES	Project	Available Balance as of 12/31/2014	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	1	FY 15-24	FY 16-25	Change
80	Joint Projects														80			
81	Water Infrastructure - Unallocated	CJH10200	23,820,000	0	0	0	0	0	0	0	0	0	0	0	81			
82	Water Infrastructure - Project Development	CJH102PD	(181,178)	0	0	0	0	0	0	0	0	0	0	0	82			
83	Microwave System	CJH10201	140,753	3,300,000	2,378,000	0	0	0	0	0	0	0	0	0	83	6,875,000	2,375,000	(3,300,000)
84	Hetch Hetchy Facilities - Upgrades	CJH10202	2,438,898	2,000,000	500,000	1,000,000	850,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	2,000,000	84	10,450,000	10,450,000	0
85	Dam Condition Assessment & Repair	CJH10203	212,038	500,000	300,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	10,000,000	85	5,800,000	15,100,000	9,500,000
86	O'Shaughnessy Outlet Works	CJH10206	439,007	500,000	5,000,000	5,750,000	5,750,000	3,000,000	4,500,000	4,250,000	0	0	0	0	86	28,750,000	28,250,000	(500,000)
87	Remote Terminal Unit Replacement	CJH10208	154,845	2,000,000	0	0	0	0	0	0	0	0	0	0	87	2,000,000	0	(2,000,000)
88	Road Improvements	CJH10209	399,356	1,950,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	2,000,000	88	18,380,000	18,380,000	10,000
89	Hetchy Fiber Projects	CJH10210	130,272	7,000,000	0	0	0	0	0	0	0	0	0	0	89	110,000,000	3,000,000	(7,000,000)
90	Facilities Security	CJH10211	892,952	1,500,000	1,500,000	1,500,000	1,500,000	500,000	500,000	500,000	500,000	500,000	500,000	0	90	1,840,000	9,340,000	340,000
91	Hetch Hetchy Facilities New Construction - Moccasin	CJH10214	529,915	2,000,000	3,280,000	10,000,000	200,000	20,000	0	0	0	0	0	0	91	15,480,000	23,490,000	8,000,000
92	Canyon Tunnel Rehabilitation	CJH10215	449,356	0	0	0	0	0	0	0	0	0	0	0	92	0	0	0
93	Cherry Dam Outlet Works	CJH10216	281,464	3,832,000	658,000	0	0	0	0	0	0	0	0	0	93	4,780,000	958,000	(3,832,000)
94	Mountain Tunnel Rehabilitation/Bypass	CLH102	0	0	9,317,000	9,117,000	24,017,000	23,849,000	113,907,000	110,907,000	110,907,000	82,907,000	82,907,000	0	94	627,835,000	967,835,000	(80,000,000)
95	Mountain Tunnel Access Improvement Project	CLH102	0	0	2,000,000	2,000,000	28,000,000	28,000,000	0	0	0	0	0	0	95	110,000,000	3,000,000	(60,000,000)
96	Cherry Spillway	CLH102	0	0	4,000,000	5,000,000	5,000,000	0	0	0	0	0	0	0	96	14,000,000	14,000,000	0
97	Moccasin Wastewater Treatment Plant	CLH102	0	1,000,000	2,000,000	1,000,000	0	0	0	0	0	0	0	0	97	4,000,000	3,000,000	(1,000,000)
98	Communication Systems Upgrades	CJH102	0	300,000	300,000	300,000	300,000	300,000	300,000	300,000	2,800,000	300,000	300,000	5,000,000	98	5,800,000	10,300,000	4,700,000
99	Early Intake Dam Rehabilitation	CJH102	0	720,000	1,860,000	1,860,000	1,135,000	3,905,000	23,625,000	375,000	375,000	0	0	0	99	33,375,000	33,255,000	(720,000)
100															100			
101															101			
102															102			
103															103			
104															104			
105															105			
106															106			
107															107			
108															108			
109															109			
110															110			
111	Revenue Funding														111			
112	Power Revenue		23,251,798	17,353,662	19,700,273	37,152,400	28,876,448	43,873,418	17,248,600	10,723,100	0	0	0	23,251,798	112	162,287,747	197,979,693	35,691,946
113	Power Fund Balance		0	0	0	0	0	0	0	0	0	0	0	0	113	0	0	0
114	Power CEG Loan		0	0	0	0	0	0	0	0	0	0	0	0	114	0	0	0
115	Total Revenue Sources		23,251,798	17,353,662	19,700,273	37,152,400	28,876,448	43,873,418	17,248,600	10,723,100	0	0	0	23,251,798	115	162,287,747	197,979,693	35,691,946
116	Debt Funding														116			
117	Power Bonds		34,911,304	55,873,338	45,000,000	45,000,000	45,000,000	60,000,000	67,000,000	70,000,000	57,118,850	59,366,850	48,248,150	45,588,844	117	555,424,038	649,925,882	(5,488,156)
118	Water Bonds		31,088,900	17,557,000	28,578,150	33,763,400	36,938,300	74,404,400	82,479,400	82,188,800	48,248,150	48,248,150	22,644,180	0	118	494,027,000	439,445,010	(54,582,000)
119	Total Debt Sources		66,000,204	73,430,338	73,578,150	84,763,400	81,938,300	134,404,400	129,479,400	132,188,800	105,366,950	107,615,000	68,212,004	0	119	1,049,451,038	889,371,892	(160,079,146)
120	Other Funding														120			
121	Project De-Appropriation CLH978 CCA		17,300,000	0	0	0	0	0	0	0	0	0	0	0	121	17,300,000	0	(17,300,000)
122	Power - Cap and Trade Auction Revenue		1,418,000	1,700,000	2,024,577	2,380,200	2,804,254	3,014,184	0	0	0	0	0	0	122	13,351,215	11,833,215	(1,518,000)
123	Total Other Sources		18,718,000	1,700,000	2,024,577	2,380,200	2,804,254	3,014,184	0	0	0	0	0	0	123	30,661,215	11,833,215	(18,718,000)
124															124			
125	Total SOURCES		107,670,000	92,884,000	93,301,000	124,306,000	113,619,000	181,092,000	146,728,000	142,910,000	105,365,000	107,615,000	81,464,800	0	125	1,242,390,000	1,199,284,800	(43,105,200)
126															126			
127	Power Surplus / Shortfall		0	0	0	0	0	0	0	0	0	0	0	0	127	0	0	0
128	Water Surplus / Shortfall		0	0	0	0	0	0	0	0	0	0	0	0	128	0	0	0
129	Total		0	0	0	0	0	0	0	0	0	0	0	0	129	0	0	0
130															130			
131	Candidates														131			
132	Hetch Hetchy Power														132			
133	Fiber Projects	Power	0	0	0	0	8,000,000	0	0	0	0	0	0	0	133	0	8,000,000	8,000,000
134	Riverbank Substation Upgrade	Power	0	0	0	1,000,000	3,500,000	0	0	0	0	0	0	0	134	0	4,500,000	4,500,000
135	Holm Penstock (recon)	Power	0	0	0	0	0	0	0	0	0	0	0	0	135	0	20,000,000	20,000,000
136	Other Powerhouse Projects	Power	0	0	0	0	0	0	0	0	0	0	0	0	136	0	10,000,000	10,000,000
137	GoSolarSF Program	Power	0	3,000,000	3,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	137	0	12,500,000	12,500,000	
138	Distribution Facilities - City Relocation/Reconfiguration, Small	Power	0	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	138	0	41,000,000	41,000,000	
139	Distribution Facilities - City Relocation/Reconfiguration, Large	Power	0	37,500,000	37,500,000	37,500,000	37,500,000	37,500,000	37,500,000	37,500,000	37,500,000	37,500,000	37,500,000	139	0	315,000,000	315,000,000	
140	HPP-Streetlight Ownership Consolidation	Power	0	774,000	11,888,000	21,736,000	11,582,000	11,582,000	11,582,000	11,582,000	11,582,000	11,582,000	11,582,000	140	0	337,500,000	337,500,000	
141	Distribution Facilities - Redevelopment	Power	0	2,000,000	7,000,000	2,000,000	0	0	0	0	0	0	0	0	141	0	103,690,000	103,690,000
142	Moccasin Penstock	Power	0	0	2,250,000	4,750,000	5,000,000	4,500,000	4,500,000	4,500,000	0	0	0	0	142	0	11,000,000	11,000,000
143															143			
144															144			
145															145			
146															146			
147																		

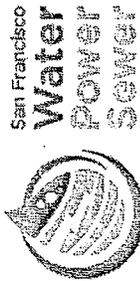


Fiscal Year 2015-16 through 2024-25 10-Year Capital Plan

February 10, 2015

Frances Lee

**Interim Assistant General Manager, Business
Services and Chief Financial Officer**

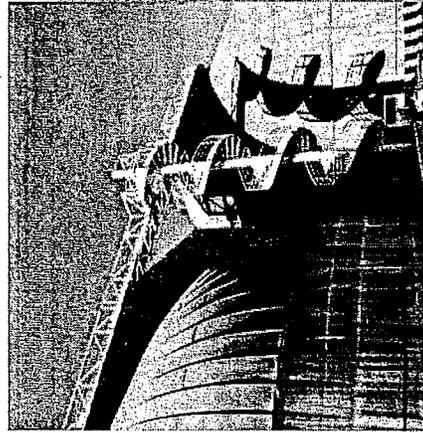


10-Year Capital Plan Summary

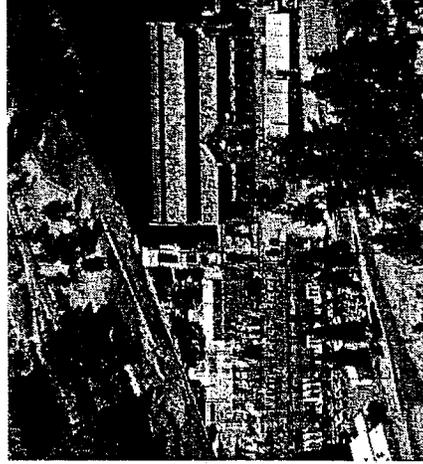
	Fiscal Year 2015-24 Adopted	Fiscal Year 2016-25 Requested	Change
Water	1,093,229,000	1,213,664,000	120,435,000
AWSS	195,928,000	110,000,000	(85,928,000)
Wastewater	5,547,358,000	5,713,380,000	166,022,000
Hetch Hetchy	1,242,390,000	1,199,284,800	(43,105,200)
SFPUC Total	8,078,905,000	8,236,328,800	157,423,800



Calaveras Dam



OceanSide Plant



Moccasin



Summary of Key Changes 10-Year Capital Program

Regional Water ↑ \$215.2M
 Local Water ↓ \$27.6M
 WSIP Augmentation ↓ \$67.2M
 AWSS ↓ \$85.9M

↑ \$120.4M

🚰 = Water
 🗑️ = Wastewater
 ⚡ = Hetch Hetchy

SSIP ↑ \$145.5M
 Renewal and Replacement ↑ \$30.2M
 Wastewater Facilities & Infrastructure ↓ \$9.7M
 Ocean Beach Protection, Southeast Community Center Improvements

↑ \$166.0M

Hetchy Power ↓ \$12.9M
 Water Infrastructure ↓ \$10.5M
 Power Infrastructure ↓ \$24.3M
 Joint Projects ↑ \$4.6M

↓ \$43.1M

1129

Water Key Changes

↑ \$120.4M

- **Regional Water** ↑ 215.2M
 - Regional Desalinization ↑ 219.8M
 - Others ↓ 4.6M
- **Local Water** ↓ 27.6M
 - Pacific Rod & Gun Club (FY 2014-15) ↓ 11.1M
 - Local Water Conveyance ↓ 13.0M
 - Others ↓ 3.5M
- **WSIP Augmentation** ↓ 67.2M
 - Calaveras Dam ↓ 50.0M
 - New Irvington Tunnel ↓ 10.0M
 - Others ↓ 7.2M



San Francisco
Water
Power
Sewer

AWSS Key Changes (↓ \$85.9M)

💧 Auxiliary Water Supply System (AWSS) ↓ 85.9M

The Earthquake Safety and Emergency Response (ESER)

ESER1 Bond ↓ 35.9M

ESER2 Bond ↓ 50.0M



Wastewater Key Changes

↑ \$166.0M

○ SSIP ↑ 145.5M

Program Management ↓ 10.0M

Sewer/Collection System ↑ 168.3M

Storm Water Management ↓ 12.5M

Treatment Facilities ↓ 0.3M

○ Renewal and Replacement ↑ 30.2M

Collection System ↑ 22.4M

Treatment Facilities ↑ 7.8M

○ Wastewater Facilities & Infrastructure ↓ 9.7M

Ocean Beach Protection ↓ 2.7M

Southeast Community Center Improvements ↓ 7.0M



Hetchy Power Key Changes (↓\$12.9M)

⚡ **Hetchy Power ↓12.9M**

Streetlights ↓3.9M

Transmission / Distribution ↓1.0M

Renewable / Generation ↓5.0M

Redevelopment ↓3.0M



San Francisco
Water
Power
Sewer

Hetchy Water Up-Country Key Changes (↓\$30.2M)

⚡ Water Infrastructure ↓ 10.5M

Cherry Aqueduct ↓ 18.1M

Others ↑ 7.6M

⚡ Power Infrastructure ↓ 24.3M

Turbine Rehabilitation ↑ 20.0M

Moccasin Penstock ↓ 21.0M

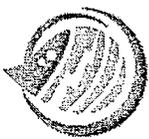
Others ↓ 23.3M

⚡ Joint Projects ↑ 4.6M

Dam Condition Assessment & Repair ↑ 9.5M

Hetchy Facilities Moccasin ↑ 8.0M

Others ↓ 12.9M



Questions

1 [Public Utilities Commission 2015 Power Revenue Bonds Issuance - Not to Exceed
2 \$48,000,000]

3 **Ordinance approving the issuance and sale of revenue bonds by the Public Utilities**
4 **Commission of the City and County of San Francisco in an aggregate principal amount**
5 **not to exceed \$48,000,000 to finance various capital projects consisting of**
6 **reconstruction or replacement of existing water and/or electric power facilities**
7 **pursuant to Charter, Section 9.107(6); and the acquisition, construction, installation,**
8 **equipping, improvement, or rehabilitation of equipment or facilities for renewable**
9 **energy and energy conservation pursuant to Charter, Section 9.107(8); approving the**
10 **execution of certain documents and agreements; and confirming and making certain**
11 **CEQA determinations and approving other actions and matters in connection**
12 **therewith.**

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

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

19 Section 1. Findings. The Board of Supervisors (the "Board") of the City and County of
20 San Francisco (the "City") hereby finds and declares as follows:

21 A. On November 5, 2002, the voters of the City approved Proposition E, codified as
22 Article VIII B of the Charter of the City (the "Charter"), which among other things, authorized
23 the Public Utilities Commission of the City and County of San Francisco (the "Commission") to
24 issue revenue bonds, including notes, commercial paper or other forms of indebtedness,
25 when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, for

1 the purpose of reconstructing, replacing, expanding, repairing or improving water facilities or
2 clean water facilities, or combinations of water and clean water facilities under the jurisdiction
3 of the Commission; and

4 B. Pursuant to Charter Section 9.107(6), revenue bonds may be issued, without
5 voter approval, upon a three-fourths affirmative vote of the Board, for the purpose of the
6 reconstruction or replacement of existing water facilities and electric power facilities or
7 combinations thereof under the jurisdiction of the Commission.

8 C. Pursuant to Charter Section 9.107(8), revenue bonds may be issued, without
9 voter approval, upon an affirmative vote of the Board, for the purpose of the acquisition,
10 construction, installation, equipping, improvement or rehabilitation of equipment or facilities for
11 renewable energy and energy conservation.

12 D. By Resolution No. 14-0197 adopted by the Commission on December 9, 2014
13 (the "Commission Bond Resolution"), the Commission has: (A) determined to and authorized
14 the issuance of its Public Utilities Commission of the City and County of San Francisco Power
15 Revenue Bonds in an aggregate principal amount not to exceed \$48,000,000, for the purpose
16 of (i) financing various capital projects consisting of reconstruction or replacement of existing
17 water and/or electric power facilities and the acquisition, construction, installation, equipping,
18 improvement or rehabilitation of equipment or facilities for renewable energy and energy
19 conservation (collectively, the "Capital Improvement Projects"), (ii) funding a debt service
20 reserve account, (iii) paying capitalized interest and (iv) paying costs of issuance and other
21 incidental costs therefor, with the title and series designations to be determined by the
22 General Manager of the Commission (the "Bonds"); (B) approved the form of, and authorized
23 the execution of (i) a Trust Indenture by and between the Commission and U.S. Bank National
24 Association, as trustee (the "Trustee") and the First Supplemental Trust Indenture (the "First
25 Supplement," and together with the Trust Indenture, the "Indenture"), by and between the

1 Commission and the Trustee, with respect to such Bonds, (ii) a Bond Purchase Contract
2 relating to the sale of the Bonds, (iii) an Official Statement relating to the Bonds, and (iv) a
3 Continuing Disclosure Certificate; (C) approved certain related actions and matters; and (D)
4 formally requested this Board to authorize the issuance and sale of the Bonds; such
5 Commission Bond Resolution being on file with the Clerk of the Board in File No. 150079,
6 which is hereby declared to be a part of this Ordinance as if set forth fully herein.

7 E. Concurrently with its review of this Ordinance, the Board is being requested to
8 review and approve an ordinance setting forth a procedure by which the Commission may
9 issue revenue bonds for any purpose related to its Power Enterprise (the "Commission Power
10 Enterprise Revenue Bond Law"), in compliance with which the Commission intends to issue
11 the Bonds.

12 Section 2. Approval of the Bonds. The Board hereby approves the Commission Bond
13 Resolution and authorizes and approves the issuance and sale by the Commission of the
14 Bonds in an aggregate principal amount not to exceed \$48,000,000 pursuant to Charter
15 Sections 9.107(6) and 9.107(8) and in accordance with the Commission Bond Resolution and
16 the Commission Power Enterprise Revenue Bond Law to finance the Capital Improvement
17 Projects in one or more series and on one or more dates, as either tax-exempt or taxable
18 bonds or any combination thereof, at a maximum rate or rates of interest not to exceed twelve
19 percent (12%) per annum; *provided*, that the Commission shall first have approved the form
20 and distribution of the preliminary official statement related to the Bonds.

21 Section 3. Approval of Financing Documents. The Board hereby approves the forms of
22 the Trust Indenture, First Supplement, Bond Purchase Contract, the preliminary Official
23 Statement relating to the Bonds and the Continuing Disclosure Certificate, submitted to this
24 Board and on file with the Clerk of the Board, and the appropriate officials of the Commission,
25 as authorized in the Commission Bond Resolution (the "Authorized Commission Officials"),

1 and of the City are hereby authorized to execute and deliver each such document and
2 agreement, with such changes thereto as the officer executing the same shall approve with
3 the advice of the City Attorney, such approval to be conclusively evidenced by the execution
4 and delivery thereof.

5 Section 4. Proposition P. The Board has determined, pursuant to Proposition P,
6 approved by the voters of the City in November 2002, that the Bonds are subject to, and there
7 is hereby incorporated by reference herein, the provisions of Section 5A.30 et seq. of Chapter
8 V of the San Francisco Administrative Code (the "Proposition P Requirements") and that,
9 pursuant to the Proposition P Requirements, to the extent permitted by law, one-twentieth of
10 one percent (0.05%) of the gross proceeds of the Bonds shall be deposited in a fund
11 established by the City Controller's Office and appropriated by the Board at the direction of
12 the Public Utilities Revenue Bond Oversight Committee established by Proposition P
13 Requirements to cover the costs of said Committee.

14 Section 5. Supplement to Ordinance No. 106-14. By Ordinance No. 106-14 adopted by
15 the Board on June 24, 2014, which became effective on July 2, 2014, this Board (i) approved
16 the issuance and sale of the Bonds to finance various capital projects of the Commission's
17 Power Enterprise pursuant to Section 9.107(8) of the Charter, and (ii) on behalf of the
18 Commission, declared the official intent of the Commission to reimburse the Commission with
19 ~~proceeds of the Bonds for Expenditures (defined therein) with respect to the Capital~~
20 Improvements Projects made on and after a date no more than 60 days prior to the adoption
21 of Ordinance No. 106-14. The Board, by this Ordinance, supplements Ordinance No. 106-14
22 by including in the following in the definition of Capital Improvement Projects set forth therein:
23 various capital projects consisting of reconstruction or replacement of existing water and/or
24 electric power facilities of the Power Enterprise pursuant to Section Charter Section 9.107(6).
25

1 Section 6. CEQA Determinations. The San Francisco Planning Department
2 Environmental Review Officer (ERO) on November 26, 2014, determined that seven feasibility
3 and planning studies to be funded by the proceeds of the bonds are statutorily exempt under
4 the California Environmental Quality Act (CEQA) Guidelines Section 15262 (Feasibility
5 and Planning Studies), including 1.) Powerhouse Holm Unit 2 Improvements; 2.) Oil
6 Containment Upgrade at Holm and Kirkwood Powerhouses; 3.)Moccasin Generator Step
7 Up (GSU) Transformers & Oil Containment; 4.) Kirkwood Powerhouse Refurbishment and
8 Two Turbin Shutoff Valves (TSOV) Replacement; 5.) Moccasin Switchyard Upgrade;
9 6.)Regulatory Compliance for Transmission Lines-; Repair and replacement of
10 equipment and facilities at various locations; and 7.) Switchyard/Substations
11 Rehabilitation (Warnerville sw ph 1). The ERO also concurred with the determination
12 that the following three projects are categorical exemptions under CEQA, and
13 construction of these projects is proposed to be funded by the proceeds of the bonds:
14 Moccasin Generator Rewind on November 4, 2014; Transmission Lines/Distribution
15 System Moccasin to Warnerville (Don Pedro Crossing) on November 24, 2014; and
16 Powerhouse SCADA Upgrade; on November 24, 2014. The Commission has reserved its
17 right to add, change or modify the proposed projects to be funded by bond
18 proceeds as it deems to be necessary and advisable, subject to the limitations and
19 conditions set forth in the Indenture, Bond Purchase Contract and Charter Sections
20 9.107(6) and 9.107(8), in compliance with CEQA, and in consultation with the City
21 Attorney. The Board hereby adopts the determinations by the Commission as if set forth in full
22 herein.

23 Section 7. General Authority. The City Controller, Treasurer, the City Attorney and such
24 other appropriate officers of the City, and their duly authorized deputies and agents and
25 Authorized Commission Officials are hereby authorized and directed, jointly and severally, to

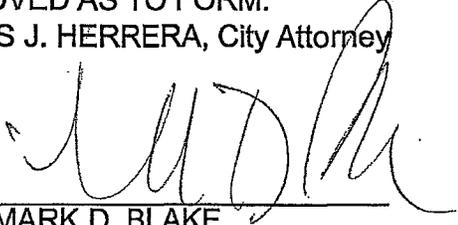
1 take such actions as are necessary or desirable to facilitate the issuance, sale and delivery of
2 the Bonds and to otherwise accomplish the intents and purposes of this Ordinance, in
3 consultation with the City Attorney, including but not limited to the execution and delivery of
4 such other documents and agreements as they may deem necessary or advisable.

5 Section 8. Ratification of Prior Actions. All actions authorized and directed by this
6 Ordinance and heretofore taken are hereby ratified, approved and confirmed by this Board.

7 Section 9. File Documents. All documents referred to as on file with the Clerk of the
8 Board are in File No. 150079.

9 Section 10. Effective Date. Pursuant to Charter Section 2.105, this Ordinance shall
10 become effective immediately on the date of its adoption.

11
12 APPROVED AS TO FORM:
13 DENNIS J. HERRERA, City Attorney

14
15 By: 
16 MARK D. BLAKE
17 Deputy City Attorney

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City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails
Ordinance

File Number: 150079

Date Passed: March 24, 2015

Ordinance approving the issuance and sale of revenue bonds by the Public Utilities Commission of the City and County of San Francisco in an aggregate principal amount not to exceed \$48,000,000 to finance various capital projects consisting of reconstruction or replacement of existing water and/or electric power facilities pursuant to Charter, Section 9.107(6); and the acquisition, construction, installation, equipping, improvement, or rehabilitation of equipment or facilities for renewable energy and energy conservation pursuant to Charter, Section 9.107(8); approving the execution of certain documents and agreements; and confirming and making certain California Environmental Quality Act determinations, and approving other actions and matters in connection therewith.

March 11, 2015 Budget and Finance Sub-Committee - RECOMMENDED

March 17, 2015 Board of Supervisors - PASSED ON FIRST READING

Ayes: 10 - Avalos, Breed, Campos, Christensen, Cohen, Farrell, Kim, Mar, Tang and Yee

Excused: 1 - Wiener

March 24, 2015 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Avalos, Breed, Campos, Christensen, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 150079

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 3/24/2015 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

Date Approved

FILE NO. 98-0738

ORDINANCE NO.

203-98

1 [Public Utilities Commission Short-Term Indebtedness]

2 AMENDING PART I OF THE SAN FRANCISCO MUNICIPAL CODE (THE SAN FRANCISCO
3 ADMINISTRATIVE CODE) BY ADDING CHAPTER 84, SECTIONS 84.1 THROUGH 84.6 TO
4 PROVIDE A PROCEDURE FOR THE ISSUANCE BY THE PUBLIC UTILITIES
5 COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO OF COMMERCIAL
6 PAPER AND OTHER SHORT-TERM INDEBTEDNESS IN ANTICIPATION OF THE
7 ISSUANCE OF REVENUE BONDS

8 NOTE: This Chapter is new.

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

10 Section 1. FINDINGS. The Board of Supervisors of the City and County of San
11 Francisco hereby finds and declares as follows:

12 A. Section 9.107 of the Charter of the City and County of San Francisco provides
13 for the issuance of revenue bonds by the Public Utilities Commission of the City and County
14 of San Francisco following the approval of the issuance of such revenue bonds by a majority
15 of the voters, or, in the case of revenue bonds issued for the purposes set forth in clauses 1
16 and 6 of such Section, following approval by at least a three-fourths affirmative vote of the
17 members of the Board.

18 B. Pursuant to Section 4.102 of the Charter, the Commission is authorized to
19 execute such powers and duties as shall be prescribed by the Board.

20 C. Pursuant to Section 9.107 of the Charter, except as otherwise provided in the
21 Charter, all revenue bonds may be issued and sold in accordance with state law or any
22 procedure provided by City ordinance.

23 D. Pursuant to Section 9.113 of the Charter, the Board is authorized to borrow
24 money by the issuance of tax anticipation notes, temporary notes, commercial paper or any
25 other short-term debt instruments in the manner provided by state law or City ordinance.

PUBLIC UTILITIES COMMISSION
BOARD OF SUPERVISORS

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6/1/98

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1 E. The Board wishes to establish a procedure pursuant to which the Commission
2 may issue or incur short-term indebtedness in anticipation of the issuance of revenue bonds
3 which have been authorized in accordance with the Charter.

4 Section 2. Part I of the San Francisco Municipal Code (the San Francisco
5 Administrative Code) is hereby amended by adding Chapter 84, to read as follows:

6 SEC. 84.1 DEFINITIONS. For purposes of this Chapter, the following terms shall
7 have the meanings given below:

8 (a) The term "Board" shall mean the Board of Supervisors of the City.

9 (b) The term "Charter" shall mean the Charter of this City.

10 (c) The term "City" shall mean the City and County of San Francisco.

11 (d) The term "Commission" shall mean the Public Utilities Commission of the City.

12 (e) The term "Director" shall mean Director of the Mayor's Office of Public Finance
13 or any successor to that office.

14 SEC. 84.2 AUTHORIZATION OF SHORT-TERM INDEBTEDNESS. Following voter
15 approval or Board approval, as the case may be, of the issuance of revenue bonds by the
16 Commission pursuant to Section 9.107 of the Charter, the Commission, in anticipation of the
17 issuance of such revenue bonds, may incur short-term indebtedness in the form of
18 commercial paper, temporary notes or other forms of indebtedness subject to the limitations
19 set forth below.

20 The issuance of such short-term indebtedness, and certain of the terms and conditions
21 thereof, shall be subject to prior authorization by the Board.

22 Except as provided in Section 84.5, use of the proceeds of any such short-term
23 indebtedness shall be limited to the purposes for which the applicable revenue bonds were
24 approved by the voters or by the Board, as the case may be. Short-term indebtedness
25 incurred pursuant to this Chapter shall not result in interest costs or a maturity date exceeding

1 the limits, if any, fixed by the voters or the Board, as the case may be, with respect to the
2 applicable revenue bond approval(s).

3 Such short-term indebtedness shall be payable solely from the proceeds of the
4 applicable revenue bonds, or revenues of the Commission pledged, or to be pledged, to the
5 payment of such revenue bonds. If any of the principal of such short-term indebtedness is
6 paid from revenues of the Commission (other than revenues derived from grants) rather than
7 from the proceeds of revenue bonds, the principal amount of revenue bonds the Commission
8 is thereafter authorized to issue shall be reduced by the principal amount of short-term
9 indebtedness paid from revenues (other than revenues derived from grants).

10 Any pledge of revenues by the Commission for the payment of short-term
11 indebtedness may, in the sole discretion of the Director upon recommendation of the
12 Commission, be subordinate to any pledge of the Commission for its revenue bonds.

13 All indebtedness incurred pursuant to this Chapter shall not constitute or evidence a
14 debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any
15 property of the City, or upon any income, receipt, revenue of the City, except the revenues or
16 funds, if any, pledged by the Commission.

17 All short-term indebtedness incurred pursuant to this Chapter must additionally comply
18 with each of the following provisions:

19 (a) shall be evidenced by notes, warrants, commercial paper or other
20 evidences of indebtedness maturing not later than five (5) years from
21 their issuance date; and

22 (b) any draw on such short-term indebtedness shall be subject to approval
23 by the Director.

24 Such short-term indebtedness may be sold at the discretion of the Director, upon
25 recommendation of the Commission, by public or private sale. All other terms and conditions

1 for such short-term indebtedness shall be determined by the Director, upon recommendation
2 of the Commission.

3 SEC. 84.3 CREDIT OR LIQUIDITY SUPPORT. The Director, upon
4 recommendation of the Commission, may arrange for credit or liquidity support for short-term
5 indebtedness issued pursuant to this Chapter or may arrange for credit or liquidity support to
6 provide an additional source of repayment for such short-term indebtedness.

7 Notwithstanding anything to the contrary in this Chapter, any monies paid by a
8 financial institution under any agreement for credit or liquidity support (a "Credit Facility")
9 shall:

- 10 (a) be repaid over a period not exceeding the maximum maturity, if any,
11 fixed by the voters or the Board, as the case may be, with respect to the
12 applicable revenue bond approval;
- 13 (b) bear interest at a rate that does not cause the aggregate average
14 interest cost to exceed the maximum approved interest cost on such
15 short-term indebtedness over the entire period such short-term
16 indebtedness is outstanding; and
- 17 (c) have such other terms and conditions as the Director, upon the
18 recommendation of the Commission, shall fix.

19 SEC. 84.4 MAXIMUM SHORT-TERM INDEBTEDNESS. The maximum principal
20 amount of all short-term indebtedness outstanding and incurred under this Chapter, including
21 any amounts outstanding under any Credit Facility, together with the outstanding principal
22 amount of related revenue bonds, shall not at any time exceed the maximum principal
23 amount of the applicable revenue bonds approved by the voters or the Board, as the case
24 may be.

25 ///

1 SEC. 84.5 REFUNDING SHORT-TERM INDEBTEDNESS. The Commission, with
2 the prior approval of the Director, may issue commercial paper, refunding notes, warrants, or
3 other evidences of short-term indebtedness, in anticipation of the issuance of revenue bonds,
4 for the purpose of paying and redeeming, at or prior to maturity, outstanding short-term
5 indebtedness issued in accordance with this Chapter. Notwithstanding the preceding
6 sentence, any short-term indebtedness issued to refund outstanding short-term indebtedness
7 may not:

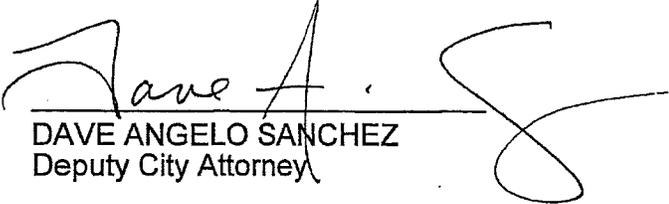
- 8 (a) exceed the interest cost limitation set forth in Section 84.2; and
- 9 (b) exceed the limitation on the maximum principal amount of short-term
10 indebtedness set forth in Section 84.4; and
- 11 (c) mature more than five (5) years from the original date of issuance of the
12 original short-term indebtedness it is refunding.

13 Short-term indebtedness issued to refund outstanding short-term indebtedness may be
14 refunded by the Commission in accordance with this Section 84.5.

15 SEC. 84.6. CONSTRUCTION. The powers conferred by the provisions of this
16 Chapter are in addition to and supplemental to the powers conferred by the Charter or any
17 other ordinance or law.

18
19 APPROVED AS TO FORM:

20 LOUISE H. RENNE, City Attorney

21
22
23 By: 

24 DAVE ANGELO SANCHEZ
25 Deputy City Attorney

PUBLIC UTILITIES COMMISSION
BOARD OF SUPERVISORS

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6/1/98

Board of Supervisors, San Francisco

Passed on First Reading

June 1, 1998

Ayes: Supervisors Ammiano Bierman
Brown Katz Kaufman Leno Medina
Newsom Teng Yaki

Noes: Supervisor Yee

§ Finally Passed

§

§ June 8, 1998

§

§

§ Ayes: Supervisors Ammiano Brown
§ Katz Kaufman Leno Medina Newsom
§ Teng Yaki

§

§ Noes: Supervisor Yee

§

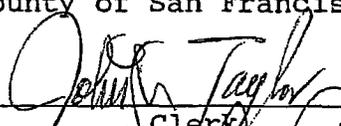
§ Absent: Supervisor Bierman

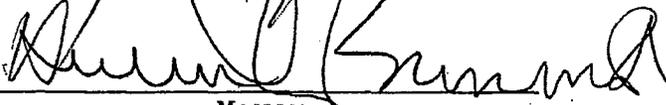
I hereby certify that the foregoing ordinance
was finally passed by the Board of Supervisors
of the City and County of San Francisco

File No.
98-0738

JUN 19 1998

Date Approved


Clerk


Mayor

270-06

FILE NO. 061297

ORDINANCE NO.

1 [Public Utilities Commission Short-Term Indebtedness.]

2
3 Ordinance amending Sections 43.5.1 through 43.5.4, inclusive, of the San Francisco
4 Administrative Code to authorize the Director of Public Finance to designate an
5 alternate, to implement the provisions of Article VIII B of the Charter and to make other
6 clarifying revisions.

7 Note: Additions are single-underline italics Times New Roman;
8 deletions are ~~striketrough italics Times New Roman~~.
9 Board amendment additions are double underlined.
Board amendment deletions are ~~striketrough normal~~.

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

11 Section 1. The San Francisco Administrative Code is hereby amended by amending
12 Sections 43.5.1, 43.5.2, 43.5.3 and 43.5.4, to read as follows:

13 Sec. 43.5.1. DEFINITIONS.

14 For purposes of this Article, the following terms shall have the meanings given below:

- 15 (a) The term "Board" shall mean the Board of Supervisors of the City.
16 (b) The term "Charter" shall mean the Charter of this City.
17 (c) The term "City" shall mean the City and County of San Francisco.
18 (d) The term "Commission" shall mean the Public Utilities Commission of the City.
19 (e) The term "Director" shall mean Director of the ~~Mayor's~~ City's Office of Public
20 Finance, or her/his designee, or any successor to that Office.

21
22 Sec. 43.5.2 AUTHORIZATION OF SHORT-TERM INDEBTEDNESS.

23 Following voter approval or Board approval, as the case may be, of the issuance of
24 revenue bonds by the Commission pursuant to Section 9.107 of the Charter or following Board
25 approval of any revenue bonds or other obligations pursuant to Article VIII B of the Charter, the

1 ~~commission, in anticipation of the issuance of such revenue bonds, Commission~~ may incur short-term
2 indebtedness in the form of commercial paper, temporary notes or other forms of
3 indebtedness subject to the limitations set forth below. In the case of revenue bond authority
4 obtained by the Commission pursuant to Section 9.107 of the Charter, such short-term indebtedness
5 would be incurred in anticipation of the issuance of such revenue bonds.

6 The issuance of such short-term indebtedness, ~~and certain of the terms and conditions~~
7 ~~thereof,~~ shall be subject to prior authorization by the Board.

8 Except as provided in Section 43.5.5, use of the proceeds of any such short-term
9 indebtedness shall be limited to the purposes for which the applicable revenue bonds or other
10 indebtedness were approved by the voters or by the Board, as the case may be. Short-term
11 indebtedness incurred pursuant to this Article shall not result in interest costs or a maturity
12 date exceeding the limits, if any, fixed by the voters or the Board, as the case may be, with
13 respect to the applicable revenue bond or indebtedness approval(s).

14 Such short-term indebtedness shall be payable solely from the proceeds of the
15 applicable revenue bonds, or revenues of the Commission pledged, or to be pledged, to the
16 payment of such revenue bonds or other Board-authorized indebtedness. In the case of revenue
17 bonds authorized under Section 9.107 of the Charter, if If any of the principal of such short-term
18 indebtedness is paid from revenues of the Commission (other than revenues derived from
19 grants) rather than from the proceeds of revenue bonds, the principal amount of revenue
20 bonds the Commission is thereafter authorized to issue shall be reduced by the principal
21 amount of short-term indebtedness paid from revenues (other than revenues derived from
22 grants).

1 Any pledge of revenues by the Commission for the payment of short-term
2 indebtedness may, in the sole discretion of the Director upon recommendation of the
3 Commission, be subordinate to any pledge of the Commission for its revenue bonds.

4 All indebtedness incurred pursuant to this Article shall not constitute or evidence a debt
5 of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of
6 the City, or upon any income, receipt, revenue of the City, except the revenues or funds, if
7 any, pledged by the Commission.

8 All short-term indebtedness incurred pursuant to this Article must additionally comply
9 with each of the following provisions:

10 (a) Shall be evidenced by notes, warrants, commercial paper or other evidences of
11 indebtedness maturing not later than five years from their issuance date; and

12 (b) Any draw on such short-term indebtedness *(other than a draw to refund other*
13 *short-term indebtedness)* shall be subject to approval by the Director; and

14 (c) The proceeds of such short-term indebtedness may only be used to fund
15 projects that have been approved by the Board of Supervisors, either as part of the Public
16 Utilities Commission's annual budget or as the subject of a separate approval.

17 Such short-term indebtedness may be sold at the discretion of the Director, upon
18 recommendation of the Commission, by public or private sale. All other terms and conditions
19 for such short-term indebtedness shall be determined by the Director, upon recommendation
20 of the Commission.

21
22 SEC. 43.5.3. CREDIT OR LIQUIDITY SUPPORT.

23 The Director, upon recommendation of the Commission, may arrange for credit or
24 liquidity support for short-term indebtedness issued pursuant to this Article or may arrange for
25

1 credit or liquidity support to provide an additional source of repayment for such short-term
2 indebtedness.

3 Notwithstanding anything to the contrary in this Article, any monies paid by a financial
4 institution under any agreement for credit or liquidity support (a "credit facility") shall:

5 (a) Be repaid over a period not exceeding the maximum maturity, if any, fixed by the
6 voters or the Board, as the case may be, ~~with respect to~~ in connection with the applicable
7 approval of revenue bonds or other indebtedness approval;

8 (b) Bear interest at a rate that does not cause the aggregate average interest cost to
9 exceed the maximum approved interest cost on such short-term indebtedness over the entire
10 period such short-term indebtedness is outstanding; and

11 (c) Have such other terms and conditions as the Director, upon the recommendation
12 of the Commission, shall fix.

13
14 SEC. 43.5.4. MAXIMUM SHORT-TERM INDEBTEDNESS.

15 The maximum principal amount of all short-term indebtedness outstanding and
16 incurred under this Article, including any amounts outstanding under any credit facility,
17 together with the outstanding principal amount of related revenue bonds, shall not at any time
18 exceed the maximum principal amount of the applicable revenue bonds or other indebtedness
19 approved by the voters or the Board, as the case may be.

20
21
22 APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

23 By: 
24 Michael J. Martin
25 Deputy City Attorney



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails Ordinance

File Number: 061297

Date Passed:

Ordinance amending Sections 43.5.1 through 43.5.4, inclusive, of the San Francisco Administrative Code to authorize the Director of Public Finance to designate an alternate, to implement the provisions of Article VIII B of the Charter and to make other clarifying revisions.

October 17, 2006 Board of Supervisors — PASSED ON FIRST READING

Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell,
McGoldrick, Mirkarimi, Peskin, Sandoval

October 24, 2006 Board of Supervisors — FINALLY PASSED

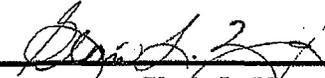
Ayes: 10 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell,
Mirkarimi, Peskin, Sandoval
Excused: 1 - McGoldrick

File No. 061297

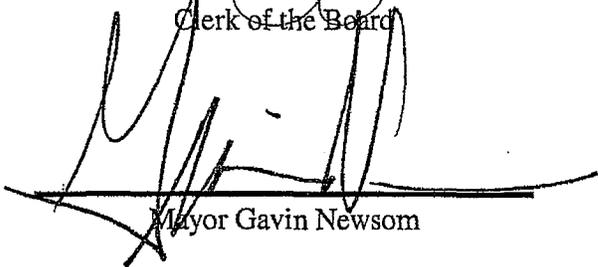
I hereby certify that the foregoing Ordinance
was FINALLY PASSED on October 24, 2006
by the Board of Supervisors of the City and
County of San Francisco.

Oct. 31, 2006

Date Approved



Gloria L. Young
Clerk of the Board



Mayor Gavin Newsom

1 [SFPUC Power Revenue Bond Issuance—Not to Exceed ~~\$112,346,843~~ \$111,326,843]

2
3 **Ordinance approving the issuance and sale of power revenue bonds by the San**
4 **Francisco Public Utilities Commission in an aggregate principal amount not to**
5 **exceed ~~\$112,346,843~~ \$111,326,843 to finance the costs of various power capital projects**
6 **benefitting the SFPUC Power Enterprise, pursuant to Section 9.107(8) of the City**
7 **Charter; declaring the Official Intent of the Commission to Reimburse Itself with one**
8 **or more issues of tax-exempt bonds; and ratifying previous actions taken in**
9 **connection therewith.**

10 NOTE: Additions are single-underline italics Times New Roman;
11 deletions are ~~strike-through italics Times New Roman~~.
12 Board amendment additions are double-underlined;
13 Board amendment deletions are ~~strikethrough normal~~.

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

14 Section 1. Findings. The Board of Supervisors (the "Board") of the City hereby finds
15 and declares as follows:

16 A. Pursuant to Charter Section 9.107(8), the San Francisco Public Utilities
17 Commission (the "Commission") is authorized to issue revenue bonds, without a vote of the
18 voters, to finance or refinance the acquisition, construction, installation, equipping,
19 improvement or rehabilitation of equipment or facilities for renewable energy and energy
20 conservation; and

21 B. By Resolution 14-0032 adopted by the Commission on February 11, 2014 (the
22 "Commission Resolution") the Commission has determined to issue revenue bonds (the
23 "Revenue Bonds") to finance the costs of various capital projects benefitting the SFPUC
24 Hetch Hetchy Power Enterprise (the "Capital Improvement Projects"), pursuant to the
25 Charter, and has formally requested this Board of Supervisors to authorize the issuance and

1 sale of such revenue bonds for such purposes, such Commission Resolution being on file
2 with the Clerk of the Board in File No. 140482, which is hereby declared to be a part of this
3 Ordinance as if set forth fully herein; and

4 C. The Commission has paid, beginning no earlier than 60 days prior to the
5 adoption of this Ordinance and will pay, on and after the date hereof, certain expenditures
6 (the "Expenditures") in connection with the acquisition, construction and/or equipping of the
7 Capital Improvements Project.

8 D. This Board of Supervisors, on behalf of the Commission, hereby determines that
9 those moneys previously advanced and to be advanced by the Commission on and after the
10 date hereof to pay the Expenditures are available only for a temporary period and it is
11 necessary to reimburse the Commission for the Expenditures from the proceeds of the
12 Revenue Bonds, which shall be issued on a tax-exempt basis.

13 E. This Board of Supervisors, on behalf of the Commission, adopts this Ordinance
14 as official action of the Commission in order to comply with Treasury Regulation §1.150-2
15 and any other regulations of the Internal Revenue Service relating to the qualification for
16 reimbursement of Commission expenditures incurred prior to the date of issue of the
17 Revenue Bonds.

18 F. In order to finance the costs of the Capital Improvement Projects, the Board now
19 desires to authorize the issuance and sale of power revenue bonds for such purposes.

20 Section 2. Approval of the Revenue Bonds. The Board hereby approves the
21 issuance and sale of the Revenue Bonds from time to time by the Commission pursuant to
22 Charter Section 9.107(8) and in accordance with the Commission Resolution in an
23 aggregate principal amount not to exceed ~~\$112,346,843~~ 111,326,843 (inclusive of related
24 financing costs), at a maximum rate or rates of interest of not to exceed twelve percent
25 (12%) per annum to finance a portion of the costs of the design, acquisition and construction

1 of various capital projects in furtherance of the Capital Improvement Projects. The
2 Commission is hereby authorized to determine the timing, amount and manner of sale (i.e.,
3 competitive or negotiated methods of sale) of each series of Revenue Bonds issued
4 pursuant to this authorization; provided however, the Commission's authorization to issue
5 Revenue Bonds is subject to approval by the Commission's Board of the substantially final
6 form of offering document prior to the issuance of any bonds herein authorized.

7 Section 3. Declaration of Official Intent. The Board, on behalf of the Commission,
8 hereby declares the official intent of the Commission to reimburse the Commission with
9 proceeds of the Bonds for the Expenditures with respect to the Capital Improvements
10 Project made on and after a date that is no more than 60 days prior to the adoption of this
11 Ordinance. The Commission reasonably expects on the date hereof that it will reimburse
12 the Expenditures with proceeds of the Bonds. Each said Expenditure was and will be either
13 (A) of a type properly chargeable to a capital account under general federal income tax
14 principles (determined in each case as of the date of the Expenditure), (B) a cost of
15 issuance with respect to the Bonds, (C) a nonrecurring items that is not customarily payable
16 from current revenues, or (D) a grant to pay a party that is not related to or an agent of the
17 issuer so long as such grand does not impose any obligation or condition (directly or
18 indirectly) to repay any amount to or for the benefit of the Commission. The maximum
19 principal amount of the Revenue Bonds to be issued for the Capital Improvement Projects is
20 \$112,346,843 ~~111,326,843~~ (inclusive of financing costs).

21 The Commission will make a reimbursement allocation, which is a written allocation by
22 the Issuer that evidences the Commission's use of proceeds of the Revenue Bonds to
23 reimburse an Expenditure, no later than 18 months after the later of the date on which the
24 Expenditure is paid or the component of the Capital Improvement Projects is placed in service
25 or abandoned, but in no event more than three years after the date on which the Expenditure

1 is paid. The Commission recognizes that exceptions are available for certain "preliminary
2 expenditures," costs of issuance, certain *de minimis* amounts, expenditures by "small issuers"
3 (based on the year of issuance and not the year of expenditure) and expenditures for
4 construction projects of at least 5 years.

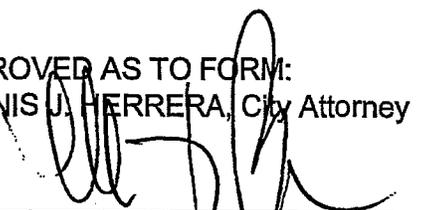
5 Section 4. General Authority. The Controller, Treasurer, the City Attorney and other
6 officers of the City and their duly authorized deputies and agents are hereby authorized and
7 directed, jointly and severally, to take such actions and to execute and deliver such
8 certificates, agreements, requests or other documents, as they may deem necessary or
9 desirable to facilitate the issuance, sale and delivery of the Revenue Bonds, to obtain bond
10 insurance or other credit enhancements with respect to the Revenue Bonds, to obtain
11 surety, to obtain title and other insurance with respect to the facilities to be financed, and
12 otherwise to carry out the provisions of this Ordinance.

13 Section 5. Ratification of Prior Actions. All actions authorized and directed by this
14 Ordinance and heretofore taken are hereby ratified, approved and confirmed by this Board.

15 Section 6. File Documents. All documents referred to as on file with the Clerk of the
16 Board are in File Nos. 140482.

17 Section 7. Effective Date. Pursuant to Charter Section 14.102, this Ordinance shall
18 take effect thirty (30) days after its adoption.

19
20 APPROVED AS TO FORM:
21 DENNIS J. HERRERA, City Attorney

22 By: 
23 MARK D. BLAKE
Deputy City Attorney

24 n:\financ\as2014\1300183\00933521.doc



City and County of San Francisco

Tails
Ordinance

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 140482

Date Passed: June 24, 2014

Ordinance approving the issuance and sale of power revenue bonds by the Public Utilities Commission (PUC) in an aggregate principal amount not to exceed \$112,346,843 to finance the costs of various power capital projects benefitting the PUC Power Enterprise, pursuant to City Charter, Section 9.107(8); declaring the official intent of the Commission to reimburse itself with one or more issues of tax-exempt bonds; and ratifying previous actions taken in connection therewith.

June 11, 2014 Budget and Finance Committee - AMENDED

June 11, 2014 Budget and Finance Committee - RECOMMENDED AS AMENDED

June 17, 2014 Board of Supervisors - PASSED, ON FIRST READING

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

June 24, 2014 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 140482

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 6/24/2014 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

7/2/2014

Date Approved

270-06

FILE NO. 061297

ORDINANCE NO.

1 [Public Utilities Commission Short-Term Indebtedness.]

2
3 **Ordinance amending Sections 43.5.1 through 43.5.4, inclusive, of the San Francisco**
4 **Administrative Code to authorize the Director of Public Finance to designate an**
5 **alternate, to implement the provisions of Article VIII B of the Charter and to make other**
6 **clarifying revisions.**

7 Note: Additions are *single-underline italics Times New Roman*;
8 deletions are ~~*strikethrough italics Times New Roman*~~;
9 Board amendment additions are double underlined.
Board amendment deletions are ~~strikethrough normal~~.

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

11 Section 1. The San Francisco Administrative Code is hereby amended by amending
12 Sections 43.5.1, 43.5.2, 43.5.3 and 43.5.4, to read as follows:

13 Sec. 43.5.1. DEFINITIONS.

14 For purposes of this Article, the following terms shall have the meanings given below:

- 15 (a) The term "Board" shall mean the Board of Supervisors of the City.
16 (b) The term "Charter" shall mean the Charter of this City.
17 (c) The term "City" shall mean the City and County of San Francisco.
18 (d) The term "Commission" shall mean the Public Utilities Commission of the City.
19 (e) The term "Director" shall mean Director of the ~~Mayor's~~ City's Office of Public
20 Finance, or her/his designee, or any successor to that Office.

21
22 Sec. 43.5.2 AUTHORIZATION OF SHORT-TERM INDEBTEDNESS.

23 Following voter approval or Board approval, as the case may be, of the issuance of
24 revenue bonds by the Commission pursuant to Section 9.107 of the Charter or following Board
25 approval of any revenue bonds or other obligations pursuant to Article VIII B of the Charter, the

1 ~~commission, in anticipation of the issuance of such revenue bonds,~~ Commission may incur short-term
2 indebtedness in the form of commercial paper, temporary notes or other forms of
3 indebtedness subject to the limitations set forth below. In the case of revenue bond authority
4 obtained by the Commission pursuant to Section 9.107 of the Charter, such short-term indebtedness
5 would be incurred in anticipation of the issuance of such revenue bonds.

6 The issuance of such short-term indebtedness, ~~and certain of the terms and conditions~~
7 ~~thereof,~~ shall be subject to prior authorization by the Board.

8 Except as provided in Section 43.5.5, use of the proceeds of any such short-term
9 indebtedness shall be limited to the purposes for which the applicable revenue bonds or other
10 indebtedness were approved by the voters or by the Board, as the case may be. Short-term
11 indebtedness incurred pursuant to this Article shall not result in interest costs or a maturity
12 date exceeding the limits, if any, fixed by the voters or the Board, as the case may be, with
13 respect to the applicable revenue bond or indebtedness approval(s).

14 Such short-term indebtedness shall be payable solely from the proceeds of the
15 applicable revenue bonds, or revenues of the Commission pledged, or to be pledged, to the
16 payment of such revenue bonds or other Board-authorized indebtedness. In the case of revenue
17 bonds authorized under Section 9.107 of the Charter, if If any of the principal of such short-term
18 indebtedness is paid from revenues of the Commission (other than revenues derived from
19 grants) rather than from the proceeds of revenue bonds, the principal amount of revenue
20 bonds the Commission is thereafter authorized to issue shall be reduced by the principal
21 amount of short-term indebtedness paid from revenues (other than revenues derived from
22 grants).

1 Any pledge of revenues by the Commission for the payment of short-term
2 indebtedness may, in the sole discretion of the Director upon recommendation of the
3 Commission, be subordinate to any pledge of the Commission for its revenue bonds.

4 All indebtedness incurred pursuant to this Article shall not constitute or evidence a debt
5 of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of
6 the City, or upon any income, receipt, revenue of the City, except the revenues or funds, if
7 any, pledged by the Commission.

8 All short-term indebtedness incurred pursuant to this Article must additionally comply
9 with each of the following provisions:

10 (a) Shall be evidenced by notes, warrants, commercial paper or other evidences of
11 indebtedness maturing not later than five years from their issuance date; and

12 (b) Any draw on such short-term indebtedness *(other than a draw to refund other*
13 *short-term indebtedness)* shall be subject to approval by the Director; and

14 (c) The proceeds of such short-term indebtedness may only be used to fund
15 projects that have been approved by the Board of Supervisors, either as part of the Public
16 Utilities Commission's annual budget or as the subject of a separate approval.

17 Such short-term indebtedness may be sold at the discretion of the Director, upon
18 recommendation of the Commission, by public or private sale. All other terms and conditions
19 for such short-term indebtedness shall be determined by the Director, upon recommendation
20 of the Commission.

21
22 SEC. 43.5.3. CREDIT OR LIQUIDITY SUPPORT.

23 The Director, upon recommendation of the Commission, may arrange for credit or
24 liquidity support for short-term indebtedness issued pursuant to this Article or may arrange for
25

1 credit or liquidity support to provide an additional source of repayment for such short-term
2 indebtedness.

3 Notwithstanding anything to the contrary in this Article, any monies paid by a financial
4 institution under any agreement for credit or liquidity support (a "credit facility") shall:

5 (a) Be repaid over a period not exceeding the maximum maturity, if any, fixed by the
6 voters or the Board, as the case may be, ~~with respect to~~ in connection with the applicable
7 approval of revenue bonds or other indebtedness approval;

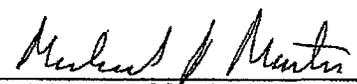
8 (b) Bear interest at a rate that does not cause the aggregate average interest cost to
9 exceed the maximum approved interest cost on such short-term indebtedness over the entire
10 period such short-term indebtedness is outstanding; and

11 (c) Have such other terms and conditions as the Director, upon the recommendation
12 of the Commission, shall fix.

13
14 SEC. 43.5.4. MAXIMUM SHORT-TERM INDEBTEDNESS.

15 The maximum principal amount of all short-term indebtedness outstanding and
16 incurred under this Article, including any amounts outstanding under any credit facility,
17 together with the outstanding principal amount of related revenue bonds, shall not at any time
18 exceed the maximum principal amount of the applicable revenue bonds or other indebtedness
19 approved by the voters or the Board, as the case may be.

20
21
22 APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

23 By: 
24 Michael J. Martin
25 Deputy City Attorney



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails Ordinance

File Number: 061297

Date Passed:

Ordinance amending Sections 43.5.1 through 43.5.4, inclusive, of the San Francisco Administrative Code to authorize the Director of Public Finance to designate an alternate, to implement the provisions of Article VIII B of the Charter and to make other clarifying revisions.

October 17, 2006 Board of Supervisors — PASSED ON FIRST READING

Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell,
McGoldrick, Mirkarimi, Peskin, Sandoval

October 24, 2006 Board of Supervisors — FINALLY PASSED

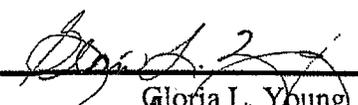
Ayes: 10 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell,
Mirkarimi, Peskin, Sandoval
Excused: 1 - McGoldrick

File No. 061297

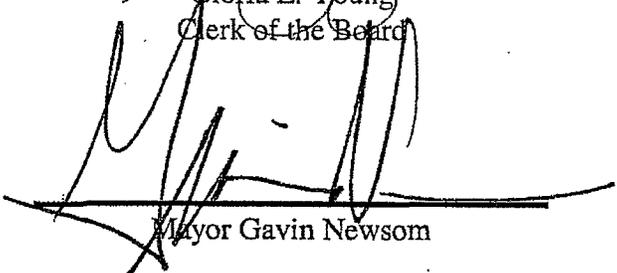
I hereby certify that the foregoing Ordinance
was **FINALLY PASSED** on October 24, 2006
by the Board of Supervisors of the City and
County of San Francisco.

Oct. 31, 2006

Date Approved



Gloria L. Young
Clerk of the Board



Mayor Gavin Newsom

FILE NO. 98-0738

ORDINANCE NO. 203-98

1 [Public Utilities Commission Short-Term Indebtedness]
2 AMENDING PART I OF THE SAN FRANCISCO MUNICIPAL CODE (THE SAN FRANCISCO
3 ADMINISTRATIVE CODE) BY ADDING CHAPTER 84, SECTIONS 84.1 THROUGH 84.6 TO
4 PROVIDE A PROCEDURE FOR THE ISSUANCE BY THE PUBLIC UTILITIES
5 COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO OF COMMERCIAL
6 PAPER AND OTHER SHORT-TERM INDEBTEDNESS IN ANTICIPATION OF THE
7 ISSUANCE OF REVENUE BONDS

8 NOTE: This Chapter is new.

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

10 Section 1. FINDINGS. The Board of Supervisors of the City and County of San
11 Francisco hereby finds and declares as follows:

12 A. Section 9.107 of the Charter of the City and County of San Francisco provides
13 for the issuance of revenue bonds by the Public Utilities Commission of the City and County
14 of San Francisco following the approval of the issuance of such revenue bonds by a majority
15 of the voters, or, in the case of revenue bonds issued for the purposes set forth in clauses 1
16 and 6 of such Section, following approval by at least a three-fourths affirmative vote of the
17 members of the Board.

18 B. Pursuant to Section 4.102 of the Charter, the Commission is authorized to
19 execute such powers and duties as shall be prescribed by the Board.

20 C. Pursuant to Section 9.107 of the Charter, except as otherwise provided in the
21 Charter, all revenue bonds may be issued and sold in accordance with state law or any
22 procedure provided by City ordinance.

23 D. Pursuant to Section 9.113 of the Charter, the Board is authorized to borrow
24 money by the issuance of tax anticipation notes, temporary notes, commercial paper or any
25 other short-term debt instruments in the manner provided by state law or City ordinance.

PUBLIC UTILITIES COMMISSION
BOARD OF SUPERVISORS

Page 1
6/1/98

1 E. The Board wishes to establish a procedure pursuant to which the Commission
2 may issue or incur short-term indebtedness in anticipation of the issuance of revenue bonds
3 which have been authorized in accordance with the Charter.

4 Section 2. Part I of the San Francisco Municipal Code (the San Francisco
5 Administrative Code) is hereby amended by adding Chapter 84, to read as follows:

6 SEC. 84.1 DEFINITIONS. For purposes of this Chapter, the following terms shall
7 have the meanings given below:

8 (a) The term "Board" shall mean the Board of Supervisors of the City.

9 (b) The term "Charter" shall mean the Charter of this City.

10 (c) The term "City" shall mean the City and County of San Francisco.

11 (d) The term "Commission" shall mean the Public Utilities Commission of the City.

12 (e) The term "Director" shall mean Director of the Mayor's Office of Public Finance
13 or any successor to that office.

14 SEC. 84.2 AUTHORIZATION OF SHORT-TERM INDEBTEDNESS. Following voter
15 approval or Board approval, as the case may be, of the issuance of revenue bonds by the
16 Commission pursuant to Section 9.107 of the Charter, the Commission, in anticipation of the
17 issuance of such revenue bonds, may incur short-term indebtedness in the form of
18 commercial paper, temporary notes or other forms of indebtedness subject to the limitations
19 set forth below.

20 The issuance of such short-term indebtedness, and certain of the terms and conditions
21 thereof, shall be subject to prior authorization by the Board.

22 Except as provided in Section 84.5, use of the proceeds of any such short-term
23 indebtedness shall be limited to the purposes for which the applicable revenue bonds were
24 approved by the voters or by the Board, as the case may be. Short-term indebtedness
25 incurred pursuant to this Chapter shall not result in interest costs or a maturity date exceeding

1 the limits, if any, fixed by the voters or the Board, as the case may be, with respect to the
2 applicable revenue bond approval(s).

3 Such short-term indebtedness shall be payable solely from the proceeds of the
4 applicable revenue bonds, or revenues of the Commission pledged, or to be pledged, to the
5 payment of such revenue bonds. If any of the principal of such short-term indebtedness is
6 paid from revenues of the Commission (other than revenues derived from grants) rather than
7 from the proceeds of revenue bonds, the principal amount of revenue bonds the Commission
8 is thereafter authorized to issue shall be reduced by the principal amount of short-term
9 indebtedness paid from revenues (other than revenues derived from grants).

10 Any pledge of revenues by the Commission for the payment of short-term
11 indebtedness may, in the sole discretion of the Director upon recommendation of the
12 Commission, be subordinate to any pledge of the Commission for its revenue bonds.

13 All indebtedness incurred pursuant to this Chapter shall not constitute or evidence a
14 debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any
15 property of the City, or upon any income, receipt, revenue of the City, except the revenues or
16 funds, if any, pledged by the Commission.

17 All short-term indebtedness incurred pursuant to this Chapter must additionally comply
18 with each of the following provisions:

19 (a) shall be evidenced by notes, warrants, commercial paper or other
20 evidences of indebtedness maturing not later than five (5) years from
21 their issuance date; and

22 (b) any draw on such short-term indebtedness shall be subject to approval
23 by the Director.

24 Such short-term indebtedness may be sold at the discretion of the Director, upon
25 recommendation of the Commission, by public or private sale. All other terms and conditions

1 for such short-term indebtedness shall be determined by the Director, upon recommendation
2 of the Commission.

3 SEC. 84.3 CREDIT OR LIQUIDITY SUPPORT. The Director, upon
4 recommendation of the Commission, may arrange for credit or liquidity support for short-term
5 indebtedness issued pursuant to this Chapter or may arrange for credit or liquidity support to
6 provide an additional source of repayment for such short-term indebtedness.

7 Notwithstanding anything to the contrary in this Chapter, any monies paid by a
8 financial institution under any agreement for credit or liquidity support (a "Credit Facility")
9 shall:

- 10 (a) be repaid over a period not exceeding the maximum maturity, if any,
11 fixed by the voters or the Board, as the case may be, with respect to the
12 applicable revenue bond approval;
- 13 (b) bear interest at a rate that does not cause the aggregate average
14 interest cost to exceed the maximum approved interest cost on such
15 short-term indebtedness over the entire period such short-term
16 indebtedness is outstanding; and
- 17 (c) have such other terms and conditions as the Director, upon the
18 recommendation of the Commission, shall fix.

19 SEC. 84.4 MAXIMUM SHORT-TERM INDEBTEDNESS. The maximum principal
20 amount of all short-term indebtedness outstanding and incurred under this Chapter, including
21 any amounts outstanding under any Credit Facility, together with the outstanding principal
22 amount of related revenue bonds, shall not at any time exceed the maximum principal
23 amount of the applicable revenue bonds approved by the voters or the Board, as the case
24 may be.

25 ///

1 SEC. 84.5 REFUNDING SHORT-TERM INDEBTEDNESS. The Commission, with
2 the prior approval of the Director, may issue commercial paper, refunding notes, warrants, or
3 other evidences of short-term indebtedness, in anticipation of the issuance of revenue bonds,
4 for the purpose of paying and redeeming, at or prior to maturity, outstanding short-term
5 indebtedness issued in accordance with this Chapter. Notwithstanding the preceding
6 sentence, any short-term indebtedness issued to refund outstanding short-term indebtedness
7 may not:

- 8 (a) exceed the interest cost limitation set forth in Section 84.2; and
- 9 (b) exceed the limitation on the maximum principal amount of short-term
10 indebtedness set forth in Section 84.4; and
- 11 (c) mature more than five (5) years from the original date of issuance of the
12 original short-term indebtedness it is refunding.

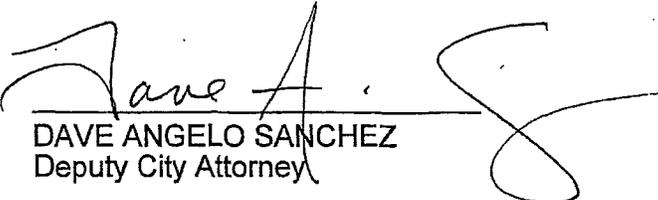
13 Short-term indebtedness issued to refund outstanding short-term indebtedness may be
14 refunded by the Commission in accordance with this Section 84.5.

15 SEC. 84.6. CONSTRUCTION. The powers conferred by the provisions of this
16 Chapter are in addition to and supplemental to the powers conferred by the Charter or any
17 other ordinance or law.

18
19 APPROVED AS TO FORM:

20 LOUISE H. RENNE, City Attorney

21
22
23 By:


24 DAVE ANGELO SANCHEZ
 Deputy City Attorney

25

PUBLIC UTILITIES COMMISSION
BOARD OF SUPERVISORS

Page 5
6/1/98

Board of Supervisors, San Francisco

Passed on First Reading

June 1, 1998

Ayes: Supervisors Ammiano Bierman
Brown Katz Kaufman Leno Medina
Newsom Teng Yaki

Noes: Supervisor Yee

§ Finally Passed

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§ June 8, 1998

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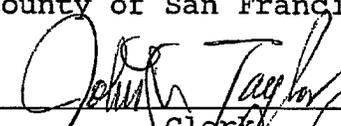
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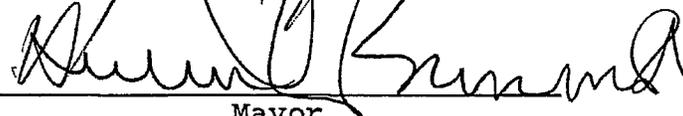
Ayes: Supervisors Ammiano Brown
Katz Kaufman Leno Medina Newsom
Teng Yaki

Noes: Supervisor Yee

Absent: Supervisor Bierman

I hereby certify that the foregoing ordinance
was finally passed by the Board of Supervisors
of the City and County of San Francisco


Clerk


Mayor

File No.
98-0738

JUN 19 1998

Date Approved

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *Edwin M. Lee* Mayor Edwin M. Lee *NE*
RE: Authorization for the Public Utilities Commission to issue Power Revenue Bonds and Commercial Paper Notes (Power Series) in anticipation of such Power Revenue Bonds in aggregate principal amount not exceeding \$90,000,000
DATE: October 20, 2015

Attached for introduction to the Board of Supervisors is a resolution approving the establishment by the Public Utilities Commission of its Commercial Paper Notes (Power Series) program in an aggregate principal amount not exceeding \$90,000,000 pursuant to Article IX of the City Charter and Article V of Chapter 43 of Part I of the San Francisco Administrative Code, as amended, and (a) pursuant to Section 9.107(6) of the Charter, for the purpose of the reconstruction or replacement of existing water facilities and electric power facilities or combinations thereof under the jurisdiction of the Power Enterprise and, (b) pursuant to Section 9.107(8) of the Charter, for the purpose of the acquisition, construction, installation, equipping, improvement or rehabilitation of equipment or facilities for renewable energy and energy conservation.

I respectfully request that this item be calendared in Budget & Finance Committee.

Should you have any questions, please contact Nicole Elliott (415) 554-7940.

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors
Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: Bank of America, N.A.	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.	
(1) Sharon L. Allen, Susan S. Bies, Jack O. Bovender, Jr., Frank P Bramble, Sr., Pierre J. P. de Weck, Arnold W. Donald, Charles K. Gifford, Linda P. Hudson, Monica C. Lozano, Thomas J. May, Brian T. Moynihan, Lionel L. Nowell III, David Yost.	
(2) Brian Moynihan, Paul Donofrio and Thomas K. Montag	
(3) Bank of America, N.A. is a wholly owned subsidiary of BANA Holding Corporation. BANA Holding Corporation is a wholly owned subsidiary of BAC North America Holding Company. BAC North America Holding Company is a wholly owned subsidiary of NB Holdings Corporation. NB Holdings Corporation is a wholly owned subsidiary of Bank of America Corporation. Bank of America Corporation is a publicly traded corporation. No publicly traded corporation owns 10% or more of the shares of Bank of America Corporation.	
(4) N/A	
(5) N/A	
Contractor address: 800 5th Avenue, WA1-501-34-03, Seattle, WA 98104	
Date that contract was approved:	Amount of contracts: Not to exceed \$90,000,000
Describe the nature of the contract that was approved: Direct Pay Letter of Credit to support Hetch Hetchy Water and Power's \$90 Million Commercial Paper Program	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: San Francisco Board of Supervisors
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

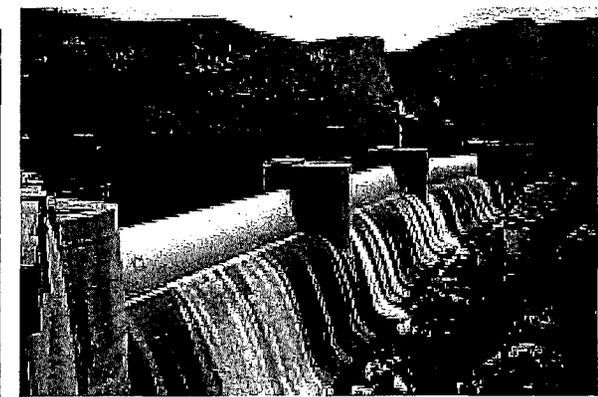
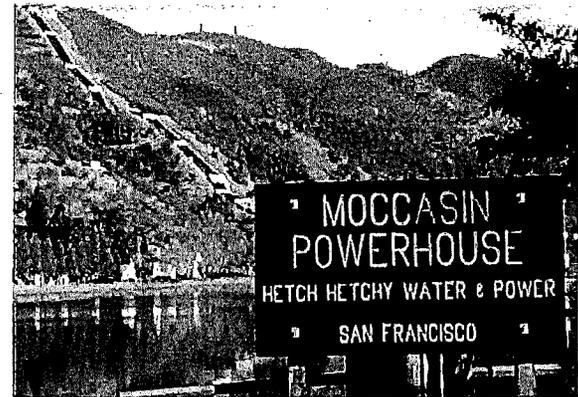
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

File # 151088
Received in Committee
11/4/15



Services of the San Francisco Public Utilities Commission



Establishing New SFPUC Power Enterprise Commercial Paper Program

November 4, 2015

Charles Perl, SFPUC Deputy CFO

1175



SFPUC Power Enterprise Debt Funding Effort to Date

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:
 - 2008 CREBs
 - 2011 QECS
 - 2012 NCREBs
 - 2015 NCREBs
- May 2015: Inaugural Power Revenue Bonds sold after establishment of new, rated credit
- Fall 2015: New Power Commercial Paper Program to be established following Commission and BOS authorizations



Proposed New Power CP Program

Services of the San Francisco Public Utilities Commission

- \$90M Authorization Sought
- Provides low-cost interim funding for Power capital projects; taken out with long-term Power Bonds – less than 1% all-in cost in current market
- Similar to existing SFPUC Water & Wastewater CP Programs
- Secured with Letter of Credit from Bank of America, after RFP procurement
- 3 Dealers recommended (Barclays Capital Inc., Goldman, Sachs & Co., and RBC Capital Markets) after RFP procurement
 - Sell & remarket CP to investors

1177



Proposed Terms of Agreements

Services of the San Francisco Public Utilities Commission

- Credit Facility Agreement
 - Bank of America LOC; \$90M principal amount
 - 3-year term; two 1-year optional extensions; 5-years total
 - 0.35% annual fee, or \$342,962; comparable to recent SFPUC Water and Wastewater CP fees
- Dealer Agreements
 - Barclays Capital Inc., Goldman, Sachs & Co., and RBC Capital Markets
 - 3-year term; two 1-year optional extensions; 5-years total
 - Annual fee: 0.0475%, up to \$42,750

1178



Requested Action Summary

Services of the San Francisco Public Utilities Commission

- Authorize Establishment of Power Enterprise Commercial Paper Program in the Amount of \$90M
- Direct SFPUC General Manager, and others specified in legislation, to execute SFPUC Power Enterprise Commercial Paper Program



San Francisco
Water
Power
Sewer

Services of the San Francisco Public Utilities Commission

Questions?