

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO.: 18-0188

WHEREAS, Pursuant to Article V of Chapter 43 (“Article V”) of the San Francisco Administrative Code (“City’s Administrative Code”), enacted by Ordinance No. 203-98, adopted by the Board of Supervisors (“Board”) of the City and County of San Francisco (“City”) on June 8, 1998, and signed by the Mayor of the City (“Mayor”) on June 19, 1998 (“Ordinance No. 203-98”), as amended by Ordinance No. 270-06, adopted by the Board on October 24, 2006, and signed by the Mayor on October 31, 2006 (“Ordinance No. 270-06” and, together with Ordinance No. 203-98, the “Ordinances”), the Board established a procedure pursuant to which the San Francisco Public Utilities Commission (“Commission”) may issue short-term indebtedness, including the issuance and reissuance of commercial paper notes in anticipation of the issuance of revenue bonds; and

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

WHEREAS, The Board’s authority to authorize issuance of debt under Section 8B.124 of the Charter is subject to (i) receipt of certification from an independent engineer that (x) the projects to be financed by such debt meet utility standards, and (y) estimated net revenue will be sufficient to meet operating, maintenance, debt service coverage and other indenture or resolution requirements; (ii) receipt of certification from the San Francisco Planning Department that facilities financed with such debt will comply with applicable requirements of the California Environmental Quality Act (“CEQA”) (collectively, “Proposition A Certifications”); and

WHEREAS, Pursuant to Article V and the Ordinances, the Commission previously established its commercial paper program for the Power Enterprise (“Power CP Program”) to provide for the short-term financing of capital improvements and related costs for improvements, betterments and additions to the Power Enterprise; and

WHEREAS, On September 8, 2015, by Resolution 15-0183, the Commission authorized the issuance and reissuance of commercial paper notes (the “CP Notes”) under the Power CP Program in an aggregate principal amount not to exceed \$90,000,000 (the “Existing CP Program”); and

WHEREAS, In connection with the Existing CP Program, the Commission previously authorized, executed and delivered (i) a Reimbursement Agreement, dated as of December 1, 2015 (“Existing Bank of America Reimbursement Agreement”), between the Commission and Bank of America, N.A. (“Bank of America”), (ii) a Fee Agreement, dated December 17, 2015 (“Existing Bank of America Fee Agreement”), between the Commission and Bank of America, and (iii) an Issuing and Paying Agent Agreement, dated as of December 1, 2015 (“Existing

Issuing and Paying Agent Agreement”), between the Commission and U.S. Bank National Association, as issuing and paying agent (“Paying Agent”); and

WHEREAS, In order to market and remarket the CP Notes, the Commission also previously authorized, executed and delivered (i) a Dealer Agreement, dated as of December 1, 2015, by and between the Commission and Barclays Capital Inc., which expires on December 17, 2018, (ii) a Dealer Agreement, dated as of December 1, 2015, by and between the Commission and Goldman, Sachs & Co., which expires on December 17, 2018, and (iii) a Dealer Agreement, dated as of December 1, 2015, by and between the Commission and RBC Capital Markets, LLC, which expires on December 17, 2018 (collectively, “Original Dealer Agreements”); and

WHEREAS, To secure repayment of the CP Notes, Bank of America issued its direct-pay letter of credit (“Existing Bank of America Letter of Credit”), which will terminate by its terms on December 17, 2018; and

WHEREAS, The Commission desires to approve, confirm and ratify any actions heretofore taken by and the continuing authorization of the General Manager or his or her designee to (i) execute amendments to extend the term of the Existing Bank of America Reimbursement Agreement, (ii) extend the stated expiration date of the Existing Bank of America Letter of Credit, and (iii) extend the term of the Original Dealer Agreements; and

WHEREAS, The Commission now desires to increase the aggregate principal amount of commercial paper notes authorized to be outstanding at any one time under the Power CP Program from \$90,000,000 to \$250,000,000 (hereinafter the “CP Notes”) pursuant to the provisions of (i) Article V of the City’s Administrative Code; (ii) Sections 9.107(6) and 9.107(8) of the Charter, and (iii) Section 8B.124 of the Charter subject to filing with the Clerk of the Board the Proposition A Certifications (collectively, the “City Authorizations”), exclusive of accruing interest, for the short-term financing of capital improvements and related costs for improvements, betterments and additions to the Power Enterprise, and to approve the issuance from time to time of such CP Notes, and subject to approval of an ordinance proposed for consideration by the Board (“Proposed Ordinance”); and

WHEREAS, Pursuant to Article V, the Director of the City’s Office of Public Finance (“Director”), upon recommendation of the Commission, is authorized to negotiate and execute credit or liquidity facilities to support the CP Notes and any additional agreements related thereto; and

WHEREAS, The Commission issued a request for bids from qualified banks to provide for one or more letters of credit and/or revolving lines of credit to secure the payment of the CP Notes in an aggregate principal amount not to exceed \$250,000,000; and

WHEREAS, After an evaluation of the responses to such request for bids, the Commission staff determined that the following two were the most advantageous to the Commission: (i) a direct-pay letter of credit from Bank of America replacing the Existing Bank of America Letter of Credit in an original stated principal amount not to exceed \$125,000,000, plus an amount equal to 270 days interest on such principal amount at a rate of twelve percent (12%) per annum, to secure payment of a portion of the CP Notes outstanding from time to time (“Bank of America Letter of Credit”); and (ii) a direct-pay letter of credit from Sumitomo Mitsui Banking Corporation, acting through its New York Branch (“SMBC”), in the original stated amount not to exceed \$125,000,000, plus an amount equal to 270 days interest on such principal amount at a rate of twelve percent (12%) per annum, to secure payment of a portion of the CP

Notes outstanding from time to time (“SMBC Letter of Credit” and, together with the Bank of America Letter of Credit, the “Letters of Credit”); and

WHEREAS, The Commission finds it appropriate and in its best interest to (i) amend the Existing Bank of America Reimbursement Agreement (as amended, “Bank of America Reimbursement Agreement”) and the Existing Bank of America Fee Agreement (as amended, the “Bank of America Fee Agreement”), and (ii) enter into a Reimbursement Agreement between the Commission and SMBC (“SMBC Reimbursement Agreement” and, together with the Bank of America Reimbursement Agreement, “Reimbursement Agreements”) and a Fee Agreement between the Commission and SMBC (“SMBC Fee Agreement” and, together with the Bank of America Fee Agreement, “Fee Agreements”); and

WHEREAS, In order to accommodate the use of the Letters of Credit, the Commission finds it appropriate and in its best interest to amend and restate the Existing Issuing and Paying Agent Agreement (as amended and restated, the “Amended and Restated Issuing and Paying Agent Agreement”) with the Paying Agent for the CP Notes; and

WHEREAS, In order to market and remarket the CP Notes, the Commission finds it appropriate and in its best interest to amend the Original Dealer Agreements (each, as amended, an “Amended Dealer Agreement” and together, the “Amended Dealer Agreements”); and

WHEREAS, The Commission finds it appropriate and in its best interest to deliver an offering memorandum (“Offering Memorandum”) in connection with the issuance and sale of the CP Notes; and

WHEREAS, The Program will fund planning and design, technical and feasibility studies, as well as environmental review, prior to consideration and approval of the individual projects listed in the Power Enterprise Capital Project Budget for FY 2018-19 and FY 2019-20, in Resolution No. 18-0023, and the Program could also fund construction and implementation of projects, following completion of environmental review, if the Commission approves the project. No project would commence construction or implementation without the Commission’s project review and approval following consideration of completed environmental review. This action does not constitute approval of any project for purposes of CEQA; and

WHEREAS, Proposed forms of the Reimbursement Agreements, which include, as exhibits, proposed forms of the respective Bank Notes (“Bank Notes”), the Fee Agreements, the Amended and Restated Issuing and Paying Agent Agreement, the Amended Dealer Agreements, the Offering Memorandum and the Proposed Ordinance have been submitted to the Commission and filed with the Secretary;

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

Section 1. Proposed Ordinance. This Resolution and the approvals and authorizations set forth in the following Sections are subject to, and contingent upon, adoption by the Board of Supervisors and approval by the Mayor of the Proposed Ordinance. The General Manager or his or her designee is authorized and directed to submit the Proposed Ordinance to the Board requesting consideration and approval of the increase to the aggregate principal amount of commercial paper notes outstanding at any one time under the Power CP Program from \$90,000,000 to \$250,000,000 pursuant to the City Authorizations, subject to filing with the Clerk of the Board the necessary Proposition A Certifications in the case of any projects to be financed under Section 8B.124 of the Charter.

Section 2. Increase of Authorized Amount of CP Notes. The Commission hereby approves the increase to the aggregate principal amount of commercial paper notes outstanding at any one time under the Power CP Program from \$90,000,000 to \$250,000,000 pursuant to the City Authorizations, and authorizes the issuance thereof. The General Manager of the Commission ("General Manager") or his or her designee is authorized to issue and reissue, or to cause the issuance and reissuance of, up to \$250,000,000 of CP Notes in accordance with the terms hereof. The CP Notes shall bear interest at a rate or rates not to exceed 12% per annum, and, in conformance with Section 43.5.2 of the City's Administrative Code, shall mature not more than 270 days following their date of issuance.

Section 3. Approval of Reimbursement Agreements, the Respective Bank Notes and Fee Agreements. The Reimbursement Agreements, the respective Bank Notes and the Fee Agreements, in substantially the forms submitted to this Commission, are hereby approved and recommended to the Director for approval pursuant to Article V of the City's Administrative Code. The General Manager or his or her designee is authorized and directed to execute and deliver the Reimbursement Agreements, the respective Bank Notes and the Fee Agreements, including such additions thereto or changes therein which the General Manager, upon consultation with the City Attorney and Director, shall approve, such approval to be conclusively evidenced by the execution and delivery of each such Reimbursement Agreement, the respective Bank Notes and the Fee Agreements.

Section 4. Approval of Amended and Restated Issuing and Paying Agent Agreement. The Reimbursement Agreements, the Amended and Restated Issuing and Paying Agent Agreement, in substantially the form submitted to this Commission, is hereby approved and recommended to the Director for approval pursuant to Article V of the City's Administrative Code. The General Manager or his or her designee is authorized and directed to execute and deliver the Amended and Restated Issuing and Paying Agent Agreement, including such additions thereto or changes therein which the General Manager, upon consultation with the City Attorney and Director, shall approve, such approval to be conclusively evidenced by the execution and delivery of the Amended and Restated Issuing and Paying Agent Agreement.

Section 5. Approval of Amended Dealer Agreements. The Amended Dealer Agreements, in substantially the form submitted to this Commission, are hereby approved and recommended to the Director for approval pursuant to Article V of the City's Administrative Code. The General Manager or his or her designee is authorized and directed to execute and deliver one or more Amended Dealer Agreements, including such additions thereto or changes therein which the General Manager, upon consultation with the City Attorney and Director, shall approve, such approval to be conclusively evidenced by the execution and delivery of each such Amended Dealer Agreement.

Section 6. Approval of Offering Memorandum. The Offering Memorandum, in substantially the form submitted to this Commission, is hereby approved and recommended to the Director for approval pursuant to Article V of the City's Administrative Code. The General Manager or his or her designee is hereby authorized and directed to distribute or to cause the distribution of one or more Offering Memoranda relating to the CP Notes, including such additions thereto and changes therein, and any amendments or supplements thereto from time to time, which the General Manager, upon consultation with the City Attorney and the Director, shall approve, such approval to be conclusively evidenced by the distribution of each such Offering Memorandum.

Section 7. Extensions of Term of Letters of Credit. The General Manager or his or her designee is further authorized, upon consultation with the City Attorney and the Director, to execute one or more amendments to extend the term of each Letter of Credit authorized

hereunder for an aggregate period not to exceed nine years from the effective date of such Letter of Credit, provided that the annual facility fee payable thereunder to each of Bank of America or SMBC, as applicable, shall not exceed \$550,000, and that there shall be no material change in terms of the documents securing the letters of credit that would materially increase the obligations of, or risk of loss to, the Commission.

Section 8. Extensions of Term of Amended Dealer Agreements. The General Manager or his or her designee is further authorized, upon consultation with the City Attorney and the Director, to execute one or more amendments to extend the term of any Amended Dealer Agreement authorized hereunder for an aggregate period not to exceed nine years from the effective date of such Amended Dealer Agreement, provided that the total compensation to the commercial paper dealers shall not exceed an aggregate of \$150,000 per year, and that there shall be no material change in terms of the documents setting forth the duties and obligations of the dealers that would materially increase the obligations of, or risk of loss to, the Commission.

Section 9. Further Actions. The General Manager or his or her designee, upon consultation with the City Attorney and the Director, is authorized and directed to execute and delivery such other agreements, certifications or documents, and to take any and all necessary action in furtherance of the purposes of this Resolution, the issuance of the Letters of Credit and the marketing and sale of the CP Notes.

Section 10. Compliance with CEQA. The Program will fund planning and design, technical and feasibility studies, as well as environmental review, prior to consideration and approval of the individual projects listed in the Power Enterprise Capital Project Budget for FY 2018-19 and FY 2019-20, in Resolution No. 18-0023, and the Program could also fund construction and implementation of projects, following completion of environmental review, if the Commission approves the project. No project would commence construction or implementation without the Commission's review and approval following environmental review. This action does not constitute approval of any project for purposes of CEQA.

Section 11. Delegation. The General Manager is authorized to delegate any of the responsibilities or duties set forth in this Resolution to the Assistant General Manager, Business Services and Chief Financial Officer of the Commission.

Section 12. Ratification. All actions heretofore taken by the officials, employees and agents of the Commission, with respect to the issuance of the Letters of Credit for the Power CP Program, the extension of the stated expiration date of the Existing Bank of America Reimbursement Agreement and Existing Bank of America Fee Agreement and the extension of the initial terms of the Original Dealer Agreements, are hereby approved, confirmed and ratified.

Section 13. Effective Date. This Resolution shall take effect from and after the date of its adoption.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting on November 13, 2018.



Secretary, Public Utilities Commission