

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

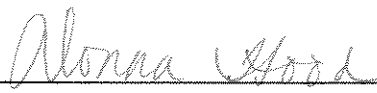
FURTHER RESOLVED, That the Commission makes the following finding in compliance with the California Environmental Quality Act ("CEQA"), California Public Resources Code Sections 21000 et seq., the CEQA Guidelines, 15 Cal. Administrative Code Sections 15000 et seq., (the "CEQA Guidelines"), and San Francisco 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

