



# AGENDA ITEM

## Public Utilities Commission

### City and County of San Francisco



DEPARTMENT Financial Services AGENDA NO. 14  
 MEETING DATE December 9, 2014

**Commercial Paper Credit Agreements:** Regular Calendar  
**Project Manager:** Charles Perl

**Authorize Establishment of Power Enterprise Debt Program and Inaugural Revenue Bond Issuance to Fund A Not-To-Exceed Amount of \$48M, Inclusive of Financing Costs, of Previously Approved Capital Projects.**

<p><b>Summary of Proposed Commission Action:</b></p>	<p><b>Authorize</b> the General Manager of the San Francisco Public Utilities Commission (SFPUC) to establish a revenue bond debt program for the Power Enterprise and issue the Power Enterprise’s inaugural revenue bonds to fund a not-to-exceed principal amount of \$48M, inclusive of financing costs, for projects included in the Capital Improvement Plan, subject to approval from the Board of Supervisors; <b>Authorize</b> the General Manager to sell in one or more series of bonds, on either a competitive or negotiated basis, as the General Manager determines is in the best financial interest of the SFPUC; delegating to the General Manager authorization to award each series of bonds to the highest bidder (lowest cost) bank or underwriter(s); authorizing the General Manager to submit ordinances to the Board of Supervisors 1) Authorizing the establishment of a new Power Bond program and 2) Authorizing issuance of not-to-exceed \$48 million aggregate principal amount of new money Power Revenue Bonds. This is an Approval Action pursuant to Administrative Code Chapter 31.</p>
<p><b>Background and Description of Scope of Services:</b></p>	<p><b>Background:</b> The Power Enterprise has relied primarily on revenues to fund capital improvements. To address significant needed repairs to its aging infrastructure, the Commission and Board adopted capital budgets of \$75.8 million in FY 2014-15 and \$73.6 million in FY 2015-16, and propose to use revenue bonds of \$33.9 million and \$54.6 million as a funding source in each year, respectively. Additionally, the Ten-Year Capital Plan includes \$555.4 million of proposed revenue bond financing for the Power Enterprise. The proposed bond issuance will fund approximately \$38.1 million in projects over the next 2-3 years and will be used to repair or replace critical upcountry infrastructure.</p>

**APPROVAL:**

COMMISSION SECRETARY Donna Hood

***Projects Funded from Series 2015A Power Bonds:***

The projects to be included for funding from the proceeds of the Series 2015A Power Bonds are further described in the approved Capital Improvement Plan. Specific projects approved for bond funding fall under two categories: (1) three projects with funding through construction, and (2) seven activities with funding approved only through the planning and design phases. Bond funds could be used for construction of those or other projects included within the Capital Improvement Plan, subject to Commission approval following completion of environmental review. The following are brief descriptions of the proposed projects:

Projects with funding through construction:

a) Moccasin Powerhouse Generator Rewind Project

The project is for the rewind of Moccasin Powerhouse Units 1 and 2 which are approximately forty years old and have exceeded their life expectancy.

b) Transmission Lines/Distribution System: Moccasin to Warnerville (Don Pedro Reservoir Crossing)

The project includes the rehabilitation of certain facilities used for the transmission and distribution of hydroelectric power. It will include reliability projects, as well as projects to address North American Electric Reliability Corporation (NERC) requirements.

c) Powerhouse SCADA Upgrade:

The current SCADA system has limitations and the SFPUC has experienced many stability issues. The system will be replaced with a solution that allows the SFPUC to meet regulatory obligations.

Feasibility and planning studies with funding approved only through planning and design phases,:

a) Regulatory Compliance for Transmission Lines: repair and replacement of equipment and facilities at various locations

This feasibility and planning study will address operational and safety conditions requiring repair or replacement of equipment and facilities at a number of locations. This activity is being undertaken to comply with applicable code requirements specified in the National Electrical Safety Code (NESC) and federal and State Occupational Safety and Health Administration (OSHA) standards.

b) Other Powerhouse Projects: Holm Unit 2

This activity provides funding for feasibility and planning study for powerhouse upgrade, renewal and replacement projects, including upgrades to the Holm Powerhouse Generator Unit 2.

c) Switchyard/Substation Rehabilitation (Warnerville Switchyard Phase 1)

This feasibility and planning study is intended to address major renewal and replacement of substation components associated with Bank 2 and Bank 3 of the substation. Design and feasibility analysis for the substation will also include grading, fencing and grounding protection to current regulatory standards.

d) Oil Containment Upgrade at Holm & Kirkwood Powerhouses

This feasibility and planning study will involve planning and feasibility analysis for upgrades to the oil separation systems within the Holm and Kirkwood Powerhouses to prevent oil discharges.

e) Moccasin Generator Step Up (GSU) Transformers & Oil Containment

This feasibility and planning study will be conducted for replacement of existing transformers within Moccasin Powerhouse. This will slightly improve the efficiency of the unit, minimally increasing the annual generation from the Powerhouse.

f) Kirkwood Powerhouse Refurbishment & Two Turbine Shutoff Valves (TSOV) Replacement

This feasibility and planning study will be conducted for the rehabilitation of Kirkwood Powerhouse to increase its life expectancy.

g) Moccasin Switchyard Upgrade

This feasibility and planning study will be undertaken to provide for the renewal and replacement of switchyard and substation components at Moccasin Switchyard for hydropower transmission.

The Commission may add, change or modify the proposed projects to be funded by bond proceeds as it deems to be necessary and advisable, subject to the limitations and conditions set forth in the Indenture, Bond Purchase Contract and Charter Sections 9.107(6) and 9.107(8), in compliance with CEQA, and in consultation with the City Attorney and Bond Counsel.

**Green Bonds Designation:** The 2015A Power Bonds are to be designated and sold as “Green Bonds”. This will be the first issuance of Green Bonds by the SFPUC, and is a relatively new bond market designation that serves to identify to interested investors the opportunity to invest in environmentally beneficial projects. As such, the SFPUC will self-certify that the 2015A Power Bonds will fund Hetch Hetchy power-related projects that generate 100% greenhouse gas-free electricity, thereby qualifying the Bonds as Green Bonds. It is anticipated that as the Green Bonds market continues to grow, it will broaden the investor community for the SFPUC’s bonds.

**Negotiated Sale Recommended:** This transaction is proposed to be a negotiated sale as it has been determined to be the optimal method of sale to ensure the best savings for ratepayers given the terms and conditions of the sale, the market, and the fact that Power is a new credit unfamiliar to bond investors. The 2015 A Bonds represents the inaugural bond sale for the Power Enterprise and therefore will benefit from the additional investor outreach and targeting that is more easily accomplished through a negotiated sale. Although

interest rates remain near historically low levels, the bond market is ever changing. The underwriter, as well as our Financial Advisors, will advise on the most appropriate timing of the sale to obtain the lowest interest rates.

As a further safeguard, the SFPUC will retain an independent pricing agent who will advise and certify that the underwriter has provided the most advantageous pricing results at the time of sale. This strategy was effectively used for the SFPUC's last negotiated sales of the Water Series 2012 D Refunding Series and the Wastewater 2013 A Refunding Series.

***Underwriter Selection:*** A competitive selection process was undertaken to select an underwriter. A Request for Proposals was sent to 25 firms in the City's Underwriter Pool, with 9 proposals received. A formal, comprehensive evaluation process was undertaken by the SFPUC and its financial advisors to score and rank the proposals. Evaluation criteria included: sales distribution capabilities, plan of marketing/sale, past SFPUC support/coverage, and fees. The SFPUC and its financial advisors independently ranked the firms and Wells Fargo Securities received the highest score and is being recommended to be underwriter on this transaction.

***Bond Documents:*** The Commission is being asked to approve the form of and authorize the execution of documents relating to the bond sale. These documents are described below.

1) Master Trust Indenture and First Supplemental Indenture – The Indenture is the bond document providing both the legal structure and security for the bonds, including pledge of revenues, covenants, default and remedy provisions, flow of funds (priority for use of pledged revenues) and provisions to issue additional debt. The Supplemental Indentures set forth the terms of each individual series of bonds, including maturities, interest rates and terms of early redemption.

Issuing bonds through a public offering required the creation of a Master Trust indenture (MTI), which is the agreement between the SFPUC and its bond investors. Power's Master Trust Indenture is similar to those of Water and Wastewater Enterprises, and requires rates and charges be set at sufficient levels to meet debt service obligations. All existing programs and services are incorporated into the MTI, including GoSolarSF, energy efficiency projects, etc. Future programs outside of the Power Enterprise's current services and scope would be considered a "Separate System" under the MTI and would require separate revenues for funding.

In addition, the MTI establishes a flow of funds for the Power Enterprise and delineates that revenues be used in the following order:

- I. Operations & Maintenance, including power purchases and labor
- II. Debt Service, used to fund priority, eligible projects
- III. Debt Service Coverage Reserves at 1.25x
- IV. Other spending

The table below compares the proposed MTI for Power to the existing MTI's for the Water and Wastewater Enterprises.

	Existing Water Indenture	Existing Wastewater Indenture	Proposed Power Indenture
Net Revenues	Revenues less O&M and any Priority R&R Fund Deposit	Same	Same
Operating & Maintenance	Costs of the proper operation, maintenance and repair of the Enterprise	Same	Same
Rate Covenant	Maintain rates such that Net Revenues plus Available Funds are at least: 1.25x; Net Revenues only: 1.00x DSC	Same	Same
Additional Bonds Test	Net Revenues plus Available Funds: are at least 1.25x; Net Revenues only: 1.00x DSC	Same	Same
Debt Service Reserve Fund	At SFPUC's option, currently no Reserve Fund required	Same	100% Max Annual Debt Service (MADS)*

\*Can be reduced or eliminated once Power credit is well-established

- 2) Official Statements (Preliminary/Final) – Primary disclosure document for bidders, rating agencies, and investors regarding terms of bonds, security, risk factors, financial and operating results and projections and background information. The document is substantially final (except for certain pricing information and updates that may occur prior to sale) and through this resolution the General Manager is permitted to make such changes as are necessary to update the document.
- 3) Continuing Disclosure Certificate – Document containing commitments to providing annual financial and operating data disclosure, and interim disclosure in the event of certain enumerated events, for the benefit of bondholders.
- 4) Bond Purchase Contract – In the event that the bonds need to be sold on a negotiated basis, the document between the SFPUC and the underwriter(s) providing the terms of the bond sale.

SFPUC Finance staff has analyzed the capital requirements of the Power Enterprise, financing alternatives, and determined that the issuance of bonds at this time would be advantageous to meet anticipated contract award dates and construction schedules, in a cost-effective manner and promote ratepayer affordability. SFPUC Finance worked collaboratively with outside financial

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	<p>advisors, as well as the City Attorney’s Office and outside bond and disclosure counsel, to develop all aspects of the documents associated with the sale of Power Revenue Bonds, including all attachments. The individuals and firms working with the SFPUC on this financing are as follows:</p> <ul style="list-style-type: none"> <li>• City Attorney of the City and County of San Francisco</li> <li>• Disclosure Counsel: Orrick, Herrington &amp; Sutcliffe LLP</li> <li>• Co-Bond Counsel: Orrick, Herrington &amp; Sutcliffe LLP and Curls Bartling P.C.</li> <li>• Co-Financial Advisors: PFM and Kitahata &amp; Company</li> </ul>
<b>Result of Inaction:</b>	A delay in approval would result in a possible delay in capital project construction because financing through the revenue bonds would not be available.
<b>Budget &amp; Costs:</b>	Funding: The Power Enterprise Capital Program budget and appropriation covers these associated financing costs.
<b>Schedule:</b>	After Board and approval by the Commission of bond sale documents, a Power Bonds issuance is anticipated in early 2015.
<b>Recommendation:</b>	SFPUC staff recommends that the Commission adopt the attached resolution.
<b>Environmental Review:</b>	<p>On November 24, 2014, the Environmental Review Officer determined that the 2015 Power Enterprise Bond Sale is statutorily exempt under the CEQA Guidelines Section 15262(Feasibility and Planning Studies). Seven feasibility and planning activities are included in this statutory exemption:</p> <ul style="list-style-type: none"> <li>▪ Powerhouse Holm Unit 2 Improvements</li> <li>• Oil Containment Upgrade at Holm &amp; Kirkwood Powerhouses</li> <li>• Moccasin Generator Step Up (GSU) Transformers &amp; Oil Containment</li> <li>• Kirkwood Powerhouse Refurbishment &amp; Two Turbin Shutoff Valves (TSOV) Replacement</li> <li>• Moccasin Switchyard Upgrade</li> <li>• Regulatory Compliance for Transmission Lines-; Repair and replacement of equipment and facilities at various locations</li> <li>• Switchyard/Substations Rehabilitation (Warnerville sw ph 1)</li> </ul> <p>The ERO also concurred with three categorical exemptions for the following projects:</p> <ul style="list-style-type: none"> <li>▪ Moccasin Generator Rewind; under CEQA Guidelines Section 15301 (Existing Facilities); Case Number: 2014.1184ENW; November 4, 2014</li> </ul>

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	<ul style="list-style-type: none"> <li>• Transmission Lines/Distribution System Moccasin to Warnerville (Don Pedro Crossing); under CEQA Guidelines Section 15302 (Replacement or Reconstruction); Case Number 2014-002073 ENV; November 24, 2014</li> <li>• Powerhouse SCADA Upgrade; under CEQA Guidelines Section 15301 (Existing Facilities); Case Number 2014-002112ENV; November 26, 2014.</li> </ul> <p>The statutory exemption and the categorical exemptions are attached.</p>
<p><b>Attachments:</b></p>	<ol style="list-style-type: none"> <li>1. SFPUC Resolution – Approval of Bond Authorization</li> <li>2. Power Bonds Presentation</li> <li>3. Form of Board of Supervisors Ordinance Establishing new Power Bond Program and link between setting and collecting rates and the repayment of debt service</li> <li>4. Form of Board of Supervisors Ordinance Approving the Master Trust Indenture &amp; bond documents and authorizing the sale of bonds</li> <li>5. Form of Preliminary Official Statement (POS) and Form of Continuing Disclosure Certificate (Appendix of POS)</li> <li>6. Form of Master Trust Indenture</li> <li>7. Form of Supplemental Trust Indenture</li> <li>8. Form of Bond Purchase Agreement</li> <li>9. 2015 Power Enterprise Bond Sale CEQA Statutory Exemption</li> <li>10. Moccasin Generator Rewind Categorical Exemption</li> <li>11. Transmission Lines/Distribution System Moccasin to Warnerville (Don Pedro Crossing) Categorical Exemption</li> <li>12. Powerhouse SCADA Upgrade Categorical Exemption</li> </ol>

**1. PUBLIC UTILITIES COMMISSION**  
City and County of San Francisco

RESOLUTION NO.: **14-0197**

WHEREAS, On November 5, 2002, the voters of the City and County of San Francisco (the “City”) approved Proposition E, codified as Article VIII B of the Charter of the City (the “Charter”), which among other things, authorized Public Utilities Commission (“the Commission”) to issue revenue bonds, including notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, for the purpose of reconstructing, replacing, expanding, repairing or improving water facilities or clean water facilities, or combinations of water and clean water facilities under the jurisdiction of the Commission; and

WHEREAS, Section 9.107(6) of the Charter (“Charter”) of the City and County of San Francisco (the “City”) authorizes the issuance of revenue bonds, without voter approval, when authorized by resolution approved by 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 Public Utilities Commission of the City and County of San Francisco (the “Commission”); and

WHEREAS, Charter Section 9.107(8) authorizes the issuance of revenue bonds, without voter approval, upon an 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, The Commission has determined to issue one or more series of revenue bonds under the authority of Charter Sections 9.107(6) and 9.107(8) to finance various capital projects consisting of reconstruction or replacement of existing water facilities or electric power facilities and the acquisition, construction, installation, equipping, improvement or rehabilitation of equipment or facilities for renewable energy and energy conservation (collectively, the “Capital Improvement Projects”) in an aggregate principal amount not to exceed \$48,000,000 (the “Bonds”) pursuant to a Trust Indenture (the “Trust Indenture”), and a First Supplemental Trust Indenture, each by and between the Commission and a trustee to be selected by the General Manager pursuant to a competitive procurement process and in accordance with City’s policies and procedures relating thereto (the “Trustee”) (the “First Supplement,” and together with the Trust Indenture, the “Indenture”); and

WHEREAS, Such Bonds will be sold in a negotiated sale pursuant to a Bond Purchase Contract (the “Bond Purchase Contract”); and

WHEREAS, A preliminary official statement has been prepared for the Bonds (the “Preliminary Official Statement”) (the “Official Statement”) be used in connection with the offering and sale of the Bonds of each series from time to time; and



WHEREAS, A continuing disclosure certificate (the “Continuing Disclosure Certificate”) will be executed and delivered with respect to the Bonds in order to assist the underwriters thereof in complying with Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”); and

WHEREAS, The Commission has examined the proposed forms of the Trust Indenture, the First Supplement, the Bond Purchase Contract, the Preliminary Official Statement and the Continuing Disclosure Certificate; and

WHEREAS, On November 26, 2014, the Environmental Review Officer determined that seven feasibility and planning studies to be funded by the 2015 Power Enterprise Bond Sale are statutorily exempt under the California Environmental Quality Act (CEQA) Guidelines Section 15262 (Feasibility and Planning Studies), including 1.)Powerhouse Holm Unit 2 Improvements; 2.) Oil Containment Upgrade at Holm & Kirkwood Powerhouses; 3.)Moccasin Generator Step Up (GSU) Transformers & Oil Containment; 4.)Kirkwood Powerhouse Refurbishment & Two Turbin Shutoff Valves (TSOV) Replacement; 5.) Moccasin Switchyard Upgrade; 6.)Regulatory Compliance for Transmission Lines-; Repair and replacement of equipment and facilities at various locations; and 7.)Switchyard/Substations Rehabilitation (Warnerville sw ph 1); and

WHEREAS, The ERO concurred with the determination that the following three projects are categorical exemptions under CEQA , and construction of these projects is proposed to be funded by this Bond Sale: Moccasin Generator Rewind on November 4, 2014; Transmission Lines/Distribution System Moccasin to Warnerville (Don Pedro Crossing); on November 24, 2014; and Powerhouse SCADA Upgrade; on November 24, 2014; and

WHEREAS, Subject to the further approval of the Board, the Commission is duly empowered, pursuant to each and every requirement of law, to authorize the foregoing transactions, to issue the Bonds and to authorize the execution and delivery of the Trust Indenture, the First Supplement, the Bond Purchase Contract, the Preliminary Official Statement, the Continuing Disclosure Certificate and related documents for the purposes, in the manner and upon the terms provided herein; and

WHEREAS, Subject to Commission adoption of this resolution, the General Manager is authorized and directed to request the Board to adopt an Ordinance approving the documents herein mentioned related to the Bonds and authorizing the preparation and distribution by the Commission of a Preliminary Official Statement and an Official Statement relating to the Bonds and an Ordinance approving procedures and broader authorization for the issue and sale of power revenue bonds by the Commission; and

WHEREAS, The voters of the City approved Proposition P in November 2002, to which this resolution and the Bonds are subject, constituting Section 5A.30 et seq. of Chapter V of the San Francisco Administrative Code (the “Proposition P Requirements”), including the requirement that, to the extent permitted by law, one-twentieth of one percent (0.05%) of the gross proceeds of the Bonds shall be deposited in a fund established by the Office of the Controller of the City (the “Controller’s Office”) and

appropriated by the Board at the direction of the Public Utilities Revenue Bond Oversight Committee to cover the costs of said committee; now, therefore, be it

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

Section 1. Issuance of the Bonds. The issuance of the Bonds, in one or more series and on one or more dates, in an aggregate principal amount not to exceed \$48,000,000, pursuant to Charter Sections 9.107(6) and 9.107(8), is hereby authorized and approved by the Commission, subject to Board approval, and subject to the limitations and conditions provided herein. The Bonds shall be issued for the purpose of providing funds to: (a) finance the Capital Improvement Projects in such amounts as shall be determined by the General Manager; (b) fund a debt service reserve account for the Bonds; (c) pay capitalized interest on the Bonds; and (d) pay the costs of issuance of the Bonds.

The Bonds shall be issued in accordance with this resolution, the Indenture and the Charter. The General Manager is hereby authorized and directed to determine the aggregate principal amount of Bonds to be issued from time to time (subject to the maximum amount and further limitations and conditions set forth herein) and to determine the various titles and series designations of the Bonds.

Section 2. Sale of the Bonds. The sale of the Bonds by negotiated sale, in one or more series and on one or more dates, is hereby authorized and approved by the Commission, subject to Board approval pursuant to the Charter and subject to the limitations and conditions provided herein. The Commission hereby finds and determines, based on advice from the General Manager and his consultation with Public Financial Management, Inc. and Kitahata & Company, the financial advisors to the Commission with respect to the Bonds (together, the "Financial Advisors"), that (i) the sale of the Bonds through a negotiated process is likely to enhance the ability of the Commission to timely sell the Bonds or to achieve a lower overall cost to the Commission, or both, and (ii) the requirements of Section VIII of the Commission's Debt Management Policies and Procedures have been satisfied. The stated interest rate or rates on the Bonds shall not exceed twelve percent (12%) per annum; the final maturity of any Bonds shall not be later than forty (40) years after the issue date thereof; and any such Bonds shall not be issued and delivered after December 31, 2019.

Section 3. Trust Indenture, First Supplement and Bonds. The proposed forms of the Trust Indenture and the First Supplement and of the Bonds submitted to this Commission, and the terms and conditions thereof, are hereby approved. The President or General Manager of the Commission or their designees are authorized and directed to execute and deliver, and the Secretary of the Commission is authorized to attest to, the Trust Indenture, the First Supplement and the Bonds in the forms presented at this meeting and on file with the Secretary of the Commission, with such changes and additions thereto as they may approve upon consultation with the Financial Advisors and the City Attorney, such approval to be conclusively evidenced by their execution and delivery thereof. The Secretary of the Commission is directed to file a copy of the forms

of the Trust Indenture and the First Supplemental (which includes the proposed form of the Bonds) with the minutes of this meeting. Subject to the further limitations hereof, the principal amount, date, maturity date or dates, maximum interest rate or rates, series designation, interest payment dates, forms, registration privileges, place or places of payment, terms of redemption, insurance provisions and other terms of the Bonds shall be as provided in the Indenture.

Section 4. Negotiated Sale; Bond Purchase Contract. The General Manager is hereby authorized to select and appoint one or more underwriters (each, an “Underwriter” and, collectively, the “Underwriters”) from the Commission’s or the City’s pool of pre-qualified underwriters subject to a competitive procurement process and in accordance with the City’s policies and procedures with respect thereto, subject to the limits on underwriter compensation set forth below. The General Manager is hereby authorized and directed, for and on behalf of and in the name of the Commission, to sell at one or more negotiated sales, Bonds in such aggregate principal amount as the General Manager may determine, subject to the further limitations and conditions hereof. The General Manager is hereby authorized to enter into a Bond Purchase Contract with one or more of the Underwriters, individually or collectively as the General Manager deems appropriate, substantially in the form presented at this meeting and on file with the Secretary of the Commission, with such changes and additions as the General Manager may approve upon consultation with the City Attorney, such approval to be evidenced conclusively by the execution and delivery of such Bond Purchase Contract; provided, however, that the total compensation to the Underwriter(s) shall not exceed 0.50% of the par value of the Bonds.

Section 5. Approval of the Preliminary Official Statement. The Preliminary Official Statement, in substantially the form submitted to the Commission, is hereby approved. The General Manager of the Commission is hereby authorized to certify from time to time, for and on behalf of the Commission, that the Preliminary Official Statement, with such changes, additions and supplements as he may deem necessary or appropriate in the interest of the Commission, in consultation with the City Attorney, is deemed final as of its date, within the meaning of Securities and Exchange Commission Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12). The Preliminary Official Statement is hereby authorized to be used from time to time in connection with the marketing of the Bonds. In connection with the sale of all or a portion of the Bonds, the General Manager is hereby authorized and directed, for and on behalf of the Commission, to execute an Official Statement for any such Bonds in substantially the form of the Preliminary Official Statement, and to cause the delivery of such Official Statement to the underwriters of such Bonds.

Section 6. Continuing Disclosure Certificate. The proposed form of Continuing Disclosure Certificate for the Bonds submitted to this Commission and on file with the Secretary of the Commission is hereby approved. The General Manager is hereby authorized and directed to execute the Continuing Disclosure Certificate for the Bonds from time to time, substantially in the form submitted to this Commission, with such additions, changes and corrections thereto as the General Manager shall approve with the

advice of the City Attorney, such approval to be conclusively evidenced by the execution and delivery of such Continuing Disclosure Certificate. The Secretary of the Commission is directed to file a copy of said form of Continuing Disclosure Certificate with the minutes of this meeting.

Section 7. Submittal to Board for Approval. The General Manager, for, in the name of and on behalf of the Commission, is hereby authorized and directed to seek authorization and approval from the Board with respect to the issuance and sale of the Bonds and the execution and delivery of the Trust Indenture, the First Supplement, the Bond Purchase Contract, the Continuing Disclosure Certificate and the Preliminary Official Statement, as may be required by the Charter.

Section 8. Proposition P. Pursuant to the Proposition P Requirements, to the extent permitted by law, one-twentieth of one percent (0.05%) of the gross proceeds of the Bonds shall be deposited in a fund established by the Controller's Office and appropriated by the Board at the direction of the Public Utilities Revenue Bond Oversight Committee to cover the costs of said committee.

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

Section 9. General Authority. The General Manager, the Deputy General Manager and Chief Operating Officer and the Assistant General Manager, Business Services and Chief Financial Officer, of the Commission are hereby authorized and directed, each acting alone, for, in the name and on behalf of this Commission, to execute and deliver any and all documents, certificates and agreements, including but not limited to documents or agreements for municipal bond insurance for all or a portion of the

Bonds or for one or more debt service reserve surety bonds or insurance policies for the Bonds if determined by the General Manager, in consultation with the City Attorney and the Financial Advisors, to be beneficial to the Commission and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to accomplish the intents and purposes of this resolution, including the issuance and sale of the Bonds, the financing of the Capital Improvement Projects, and the other actions which the Commission has approved in this resolution. The General Manager is hereby authorized to delegate any of the responsibilities or duties set forth in this resolution to the Deputy General Manager and Chief Operating Officer or to the Assistant General Manager, Business Services and Chief Financial Officer, of the Commission. The other officers of the Commission are hereby authorized to delegate any of the actions on their behalf set forth herein to another officer or employee of the Commission.

Section 10. Ratification. All actions heretofore taken by the officers, employees and agents of the Commission with respect to the authorization, sale and issuance of the Bonds, prior to the date hereof and in accordance with the provisions hereof, are hereby ratified, approved and confirmed.

Section 11. Effective Date. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED on December 9, 2014, by the following vote:

AYES: 4 (Four)

NOES: 0 (Zero)

ABSENT: 0 (Zero)

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President of the Public Utilities Commission  
of the City and County of San Francisco

[Seal]

Attest:

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Secretary of the Public Utilities Commission  
of the City and County of San Francisco

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

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

## CERTIFICATE OF SECRETARY

I, Donna Hood, Secretary of the Public Utilities Commission of the City and County of San Francisco, hereby certify that the foregoing is a full, true and correct copy of Resolution No.: 14-0197 duly adopted at the regular meeting of the Public Utilities Commission, duly and regularly held on December 9, 2014, of which meeting all of the members of said Commission had due notice.

I further certify that at least 72 hours prior to such meeting I caused to be delivered to the Documents Department of the San Francisco Public Library two copies of the agenda for such meeting to be posted immediately upon receipt by such Department at the place designated by the City Librarian for the posting of agenda in the central public library, which place is accessible to the public in accordance with Section 8.16 of the Administrative Code of the City and County of San Francisco, and that a brief description of such resolution appeared as an item on such agenda.

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded in any manner since the date of its adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate and affixed the seal of the Public Utilities Commission of the City and County of San Francisco thereto this 9th day of December, 2014.

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Donna Hood  
Secretary of the Public Utilities Commission  
of the City and County of San Francisco

[SEAL]