

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 15-0184

WHEREAS, The San Francisco Public Utilities Commission, acting on behalf of the City and County of San Francisco (the "Commission") has applied for and received an allocation of \$4,100,000 (the "Allocation") from the Internal Revenue Service under the New Clean Renewable Energy Bond ("NCREBs") program of the United States federal government; and

WHEREAS, NCREBs are a form of debt that allow a qualified issuer to receive reimbursement from the United States government, equal to the lesser of the interest payable on such bonds or 70% of the tax credit rate applicable to such bonds; provided, however, that such reimbursement may be reduced by sequestration or other action of the United States government; and

WHEREAS, The Allocation provides the Commission with an opportunity to issue NCREBs to finance the cost of acquiring and installing proposed solar energy facilities comprised of the San Francisco Police Academy Solar Energy Facility and the Marina Middle School Solar Energy Facility (together, the "NCREBs Projects"), all as more fully described in the Commission's application to the Internal Revenue Service for the Allocation; and

WHEREAS, Pursuant to Section 9.107(8) of the Charter (the "Charter") of the City and County of San Francisco (the "City"), the Board of Supervisors of the City (the "Board") is authorized to provide for the issuance of revenue bonds by the Commission for the acquisition, construction, installation, equipping, improvement or rehabilitation of equipment or facilities for renewable energy and energy conservation, such revenue bonds to be issued and sold in accordance with State law or any procedure provided for by ordinance of the City; and

WHEREAS, Environmental review would be completed for the individual projects under the California Environmental Quality Act (CEQA) prior to subsequent action by this Commission to approve award of a construction contract or execution of memoranda of understanding with the San Francisco Police Department and the San Francisco Unified School District to implement the proposed projects; and

WHEREAS, The Commission has determined to issue NCREBs in the form of an Equipment Lease/Purchase Agreement (Taxable Direct Pay New Clean Renewable Energy Bond), expected to be dated as of October 1, 2015, by and between the Commission and Banc of America Leasing & Capital, LLC ("Bank of America") in the aggregate principal amount of not to exceed \$4,100,000 (the "NCREB Lease/Purchase Agreement"), for the purpose of financing the costs of acquiring and installing the NCREBs Projects (including reimbursement to the Commission for such costs), as well as for the payment of costs of issuance and other incidental costs therefor; and

WHEREAS, The obligation of the Commission to make payments under the NCREB Lease/Purchase Agreement is limited to the Net Revenues of the Electric System (all as defined in the NCREB Lease/Purchase Agreement); and

WHEREAS, The Commission staff selected Bank of America through a competitive bid process to provide financing for the NCREBs Projects, and Bank of America submitted the best bid to provide said financing; and

WHEREAS, SFPUC staff recommend that the Commission authorize and direct the execution and delivery of the NCREB Lease/Purchase Agreement and related agreements; and

WHEREAS, SFPUC staff seek Commission authorization for the funding of the NCREBs Projects, and the execution and delivery of the following documents: (i) the form of a Direct Purchase Agreement, dated as specified therein (the "Direct Purchase Agreement"), (ii) the form of the NCREB Lease/Purchase Agreement, between the Commission and Bank of America (the "NCREB Lease/Purchase Agreement"), and (iii) a Filing Agent Agreement, expected to be dated as of the first day of the month in which said agreement will be executed and delivered, between the Commission and U.S. Bank National Association (the "Filing Agent Agreement"); and

WHEREAS, The Commission has been presented with the forms of all of the documents referred to in the preceding clauses, relating to the funding of the NCREBs Projects; and

WHEREAS, Subject to the approval of the Board of Supervisors, all acts, conditions and things required by the Charter and the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized here do exist, have happened and have been performed in regular and due time, form and manner as required by law and, subject to such approval, the Commission is duly authorized and empowered, pursuant to each and every requirement of law, to authorize such financing, the issuance of the Commission NCREBs, and to authorize the execution and delivery the NCREB Lease/Purchase Agreement, the Direct Purchase Agreement, the Filing Agent Agreement and related documents for the purposes, in the manner and upon the terms provided; now, therefore, be it

RESOLVED, the San Francisco Public Utilities Commission approves the following:

Section 1. Approval and Authorization of NCREB Lease/Purchase Agreement. The execution and delivery of the NCREBs, in the form of the NCREB Lease/Purchase Agreement, in an aggregate principal amount not to exceed \$4,100,000, with a term of not-to-exceed 18 years, and bearing interest at an interest rate not to exceed 12% (collectively such items are referred to as the "Core Material Terms" herein), is hereby authorized and approved by the Commission, subject to the Board of Supervisors approving the execution and delivery of the NCREB Lease/Purchase Agreement and related documents. The NCREB Lease/Purchase Agreement provides the primary terms of the financing, whereby Bank of America makes an up-front payment to be used by the Commission to purchase the NCREBs Projects, and Bank of America acquires the Commission's lease payment obligation thereunder and maintains a security interest in the NCREBs Equipment.

Section 2. Form of NCREB Lease/Purchase Agreement. The form of the NCREB Lease/Purchase Agreement, in substantially the form presented to this Commission, is hereby approved. The General Manager, the Deputy General Manager and Chief Operating Officer, the Assistant General Manager, Business Services and Chief Financial Officer, or a designee of the General Manager (each, an "Authorized Officer"), and the Secretary of the Commission, are hereby authorized and directed to execute and deliver the NCREB Lease/Purchase Agreement, with such changes, additions, amendments or modifications therein which he may deem necessary or desirable, in consultation with the City Attorney, the approval of such additions or changes to be

conclusively evidenced by the execution and delivery of the NCREB Lease/Purchase Agreement; except that no such modifications may exceed any of the Core Material Terms nor otherwise materially increase the risk to the Commission.

Section 3. Form of Direct Purchase Agreement. The Direct Purchase Agreement provides the terms on which Bank of America will purchase the Commission's lease payment obligations under the NCREB Lease/Purchase Agreement. The form of the Direct Purchase Agreement, in substantially the form presented to this Commission, and the terms and conditions thereof, is hereby approved. The Authorized Officers and the Secretary of the Commission are authorized and directed to execute and deliver said form of Direct Purchase Agreement with such changes, additions, amendments or modifications therein which they may deem necessary or desirable, in consultation with the City Attorney, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Direct Purchase Agreement; except that no such modifications may exceed any of the Core Material Terms nor otherwise materially increase the risk to the Commission.

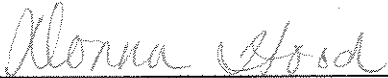
Section 4. Form of Filing Agent Agreement. The Filing Agent Agreement provides the terms on which U.S. Bank National Association will file the necessary federal forms to assure the receipt by the Commission of the federal subsidy payments payable by the federal government as a reimbursement for the payments due by the Commission under the NCREB Lease/Purchase Agreement. The form of Filing Agent Agreement, in substantially the form presented to this Commission, and the terms and conditions thereof, is hereby approved. The Authorized Officers and the Secretary of the Commission are authorized and directed to execute and deliver said form of Filing Agent Agreement, with such changes, additions, amendments or modifications therein which they may deem necessary or desirable, in consultation with the City Attorney, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Filing Agent Agreement.

Section 5. Submittal to Board for Approval. The General Manager is hereby authorized and directed to submit to the Board a Resolution requesting consideration and approval of the issuance of the Commission NCREBs and the NCREB Lease/Purchase Agreement and related documents as required by the Charter, and, further, submit to the Board an Ordinance for consideration providing authorization to transfer project budget from operating revenue to NCREBs proceeds by supplemental appropriation.

Section 6. General Authority. The officers of this Commission, the General Manager, the Deputy General Manager and Chief Operating Officer, the Assistant General Manager, Business and Financial Services of the Commission and the officers of the City are hereby authorized and directed, each acting alone, for and in the name and on behalf of this Commission, to execute and deliver any and all documents, certificates and representations, including, but not limited to, signature certificates, no-litigation certificates, tax certificates, to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the execution and delivery of the Commission NCREBs in the form of the NCREB Lease/Purchase Agreement, the financing of the NCREBs Projects, and the actions which the Commission has approved in this resolution. The General Manager is authorized to delegate any of its responsibilities or duties set forth in this Resolution to the Assistant General Manager, Business and Financial Services of the Commission.

Section 7. Ratification. All actions heretofore taken by the officials, employees and agents of the Commission with respect to the execution and delivery of the NCREB Lease/Purchase Agreement 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