

Committee Item No. 2
Board Item No. 37

AGENDA PACKET CONTENTS LIST

Date September 23, 2015

Date 9/29/15

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<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 checked="" type="checkbox"/>	<input checked="" 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
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Contract/Agreement
<input type="checkbox"/>	<input type="checkbox"/>	Form 126 – Ethics Commission
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input type="checkbox"/>	<input type="checkbox"/>	Public Correspondence

[illegible]

Completed by: Linda Wong Date September 18, 2015
Completed by: Linda Wong Date 9/23/15

1 [Public Utilities Commission New Clean Renewable Energy Bonds Issuance - Not to Exceed
2 \$4,100,000]

3 **Resolution approving the issuance of not to exceed \$4,100,000 aggregate principal**
4 **amount of New Clean Renewable Energy Bonds to be issued by the City and County of**
5 **San Francisco, acting through the San Francisco Public Utilities Commission; approving**
6 **the execution and delivery of an Equipment Lease/Purchase Agreement, a Direct**
7 **Purchase Agreement, and a Filing Agent Agreement; and authorizing related actions, as**
8 **defined herein.**

9
10 WHEREAS, Pursuant to Section 9.107(8) of the Charter of the City and County of San
11 Francisco (the "City"), the San Francisco Board of Supervisors (the "Board") is authorized to
12 provide for the issuance of revenue bonds by the San Francisco Public Utilities Commission
13 (the "Commission") for the acquisition, construction, installation, equipping, improvement or
14 rehabilitation of equipment or facilities for renewable energy and energy conservation; and

15 WHEREAS, The Commission has applied for and received an allocation of \$4,100,000
16 (the "Allocation") from the Internal Revenue Service under the New Clean Renewable Energy
17 Bond ("NCREBs") program of the United States federal government; and

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

23 WHEREAS, The Allocation provides the Commission with an opportunity to issue
24 NCREBs to finance the cost of acquiring and installing solar energy facilities comprised of the
25 San Francisco Police Academy Solar Energy Facility and the Marina Middle School Solar

1 Energy Facility (together, the "NCREBs Project"), all as more fully described in the
2 Commission's application to the Internal Revenue Service for the Allocation; and

3 WHEREAS, The Commission staff, after a competitive procurement process, selected
4 Banc of America Leasing & Capital, LLC ("Bank of America") to provide financing for the
5 NCREBs Project; and

6 WHEREAS, The Commission, pursuant to the terms of Resolution No. 15-0184,
7 adopted by the Commission on September 8, 2015 (the "Commission Resolution"), has
8 authorized the execution and delivery of Commission NCREBs, in the form of an Equipment
9 Lease/Purchase Agreement (Taxable Direct Pay New Clean Renewable Energy Bond),
10 expected to be dated as of October 1, 2015, by and between the Commission and Bank of
11 America, in the principal amount of not to exceed \$4,100,000 (the "NCREB Lease/Purchase
12 Agreement") for the purpose of financing the costs of acquiring and installing the NCREBs
13 Project (including reimbursement to the Commission for such costs), as well as for the
14 payment of costs of issuance and other incidental costs therefor; and

15 WHEREAS, The obligation of the Commission to make payments under the NCREB
16 Lease/Purchase Agreement is payable solely from the Net Revenues of the Electric System
17 (all as defined in the NCREB Lease/Purchase Agreement); now, therefore, be it

18 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
19 follows:

20 Section 1. Recitals. All of the recitals herein are true and correct.

21 Section 2. Approval and Authorization of NCREB Lease/Purchase Agreement. The
22 execution and delivery of NCREBs by the Commission, in the form of the NCREB
23 Lease/Purchase Agreement, in an aggregate principal amount not to exceed \$4,100,000, with
24 a term not to exceed 18 years, and bearing interest at an interest rate not to exceed 12%, in
25

1 order to provide funds to be deposited in an Acquisition Fund held by the Commission and
2 used for the NCREBs Project, is hereby authorized and approved by the Board.

3 Section 3. Form of NCREB Lease/Purchase Agreement. The form of the NCREB
4 Lease/Purchase Agreement, in substantially the form on file with the Clerk of the Board of
5 Supervisors in File No. 150916, is hereby approved. The authorized officers specified in the
6 Commission Resolution (the "Authorized Officers") are hereby authorized and directed to
7 approve and to execute the NCREB Lease/Purchase Agreement, with such changes,
8 additions, amendments or modifications therein which such Authorized Officers may deem
9 necessary or desirable and as the City Attorney may require or approve, the approval of such
10 additions or changes to be conclusively evidenced by the execution and delivery of the
11 NCREB Lease/Purchase Agreement.

12 Section 4. Form of Direct Purchase Agreement. The Board hereby authorizes and
13 approves the execution and delivery by the Commission of a Direct Purchase Agreement (the
14 "Direct Purchase Agreement"), in substantially the form on file with the Clerk of the Board of
15 Supervisors in File No. 150916, to provide the terms on which Bank of America will purchase
16 the Commission's lease payment obligations under the NCREB Lease/Purchase Agreement.
17 The Authorized Officers are hereby authorized and directed to approve and to execute the
18 Direct Purchase Agreement; with such changes, additions, amendments or modifications
19 therein which the Authorized Officers may deem necessary or desirable and as the City
20 Attorney may require or approve, the approval of such additions or changes to be conclusively
21 evidenced by the execution and delivery of the Direct Purchase Agreement.

22 Section 5. Form of Filing Agent Agreement. The Board hereby authorizes and
23 approves the execution and delivery by the Commission of a Filing Agent Agreement (the
24 "Filing Agent Agreement"), in substantially the form on file with the Clerk of the Board of
25

1 Supervisors in File No. 150916, to provide the terms on which U.S. Bank National Association
2 will file the necessary federal forms to assure the receipt by the Commission of the federal
3 subsidy payments payable by the federal government as a reimbursement for the payments
4 due by the Commission under the NCREB Lease/Purchase Agreement. The Authorized
5 Officers are hereby authorized and directed to approve and to execute the Filing Agent
6 Agreement, with such changes, additions, amendments or modifications therein which the
7 Authorized Officers may deem necessary or desirable and as the City Attorney may require or
8 approve, the approval of such additions or changes to be conclusively evidenced by the
9 execution and delivery of the Filing Agent Agreement.

10 Section 6. Proposition P. Pursuant to Proposition P approved by the voters of the City
11 in November 2002, this resolution and the Commission NCREBs are subject to, and
12 incorporate by reference, the provisions of Section 5A.30 et. seq. ("Public Utilities Revenue
13 Bond Oversight Committee") of Chapter V of the San Francisco Administrative Code. In
14 accordance with the requirements of Proposition P, to the extent permitted by law, one-
15 twentieth of one percent of the gross proceeds of the Commission NCREBs shall be
16 deposited in a fund established by the Controller's Office and appropriated by the Board at the
17 direction of the Public Utilities Revenue Bond Oversight Committee (RBOC) established by
18 Proposition P to cover the costs of said committee; provided that any amounts so paid from
19 the proceeds of the Commission NCREBs that have not been spent by RBOC in connection
20 with such Commission NCREBs (as contemplated by Article 5A.31(c) of the Administrative
21 Code) within 30 months of the date of issuance of such Commission NCREBs shall be
22 returned to the Commission for deposit into the Acquisition Fund and expended by the
23 Commission to acquire and construct the NCREB Project.

1 Section 7. General Authority. Subject to the terms of paragraph 2 of this Resolution, the
2 General Manager of the Commission, the Controller, the Treasurer of the City, the City
3 Attorney, and all other appropriate officers, employees, representatives and agents of the City
4 are hereby authorized and directed to execute and deliver any and all documents, certificates
5 and representations, including, but not limited to, signature certificates, no-litigation
6 certificates, tax certificates, to do any and all things and take any and all actions which may be
7 necessary or advisable, in their discretion, to effectuate the execution and delivery of the
8 Commission NCREBs, NCREB Lease/Purchase Agreement, the financing of the NCREBs
9 Project, and the actions that the Board has approved in this resolution.

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

September 17, 2015


TO: Budget and Finance Committee
FROM: Budget and Legislative Analyst 
SUBJECT: September 23, 2015 Budget and Finance Committee Meeting

TABLE OF CONTENTS

Item	File	Page
2	15-0916 Public Utilities Commission New Clean Renewable Energy Bonds Issuance – Not to Exceed \$4,100,000	1

Item 2
File 15-0916

Department: Public Utilities Commission (PUC)

EXECUTIVE SUMMARY

Legislative Objectives

- Authorize the San Francisco Public Utilities Commission (PUC) to issue New Clean Renewable Energy Bonds to finance the acquisition and installation of two solar energy facilities at the San Francisco Police Academy and the Marina Middle School for a not-to-exceed principal amount of \$4,100,000, with a repayment term of approximately 17 years.
- Approve an Equipment Lease/Purchase Agreement and a Direct Purchase Agreement between the PUC and Banc of America Leasing & Capital, LLC (Bank of America) for debt service payments on the costs of acquisition and installation of the solar equipment.
- Approve a Filing Agent Agreement between U.S. Bank National Association (U.S. Bank) and the PUC for U.S. Bank to file the necessary federal forms for the PUC to receive all federal subsidies payable under the New Clean Renewable Energy Bonds.

Key Points

- In April 2015, the PUC received an allocation of \$4,100,000 from the Internal Revenue Service (IRS) under the New Clean Renewable Energy Bond program. PUC may receive federal subsidy payments equivalent to 70 percent of the federal tax credit rate applicable to bonds issued by October 2015 for financing the two solar energy facilities.
- The two proposed solar energy facilities were previously budgeted using the Hetch Hetchy operating revenues of the PUC's Power Enterprise on the condition that the funding source for these solar energy facilities would be replaced with bond funds if a New Clean Renewable Energy Bond allocation was granted by the IRS.

Fiscal Impact

- Bank of America will receive an estimated \$5,926,703 in payments from the PUC over 17 years, which will be funded through the PUC's Power Enterprise operating budget.
- The estimated \$82,000 costs of issuance will be payable from the New Clean Renewable Energy Bonds allocation and be used primarily for legal and financial advisor fees; the annual fees for the Filing Agent Agreement totaling \$4,250 over the full 17-year term will be paid from the operating budget of the PUC's Power Enterprise.
- The PUC expects to receive a total of \$1,200,084 in federal subsidy payments, for a net cost to the PUC of \$4,726,619 (not discounted to present value) over the 17-year term of the agreements.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter Section 9.107(8) states that the Board of Supervisors is authorized to provide for the issuance of revenue bonds to finance the acquisition, construction, installation, equipping, improvement, or rehabilitation of equipment or facilities for renewable energy.

BACKGROUND

In April 2015, the San Francisco Public Utilities Commission (PUC) received allocations of \$4,100,000 from the Internal Revenue Service (IRS) under the New Clean Renewable Energy Bond program, which is a federal program for local financing of renewable energy projects. This program allows a qualified bond issuer, such as a local government entity, to receive reimbursements from the federal government for the lesser of (a) interest expense payable on the bonds or (b) 70 percent of the tax credit interest rate applicable to the bonds. This \$4,100,000 allocation from the IRS to the PUC is to be used to finance the acquisition and installation of solar energy facilities at the San Francisco Police Academy and the Marina Middle School.¹ The solar energy facilities involve construction of a photovoltaic system, which is a power system with solar panels that absorb and convert sunlight into electricity.

Table 1 below outlines the project details for each of the two solar energy facilities to be financed with a total of \$4,100,000 from the New Clean Renewable Energy Bonds.

¹ Although Marina Middle School is a San Francisco Unified School District (SFUSD) facility, the PUC selected the site because (a) SFUSD is a customer of the PUC and the PUC has installed photovoltaic systems for a variety of customer facilities, (b) the school has many roofs that are suitable for accommodating a photovoltaic system and good solar resource, and (c) this site will showcase renewable energy for students, according to Ms. Lori Mitchell, Manager of the PUC's Power Enterprise.

Table 1. Description of Two Proposed Solar Energy Facilities

	San Francisco Police Academy²	Marina Middle School
Location	350 Amber Drive	3500 Fillmore Street
Budget	\$2,100,000	\$2,000,000
Cost Estimate	\$8,000 per kilowatt (kW), plus geotechnical, structural, and paving work to support project installation	\$8,000 per kilowatt (kW), plus roofing repairs to support project installation
Description of System	<u>Option 1:</u> 270 kW photovoltaic system on 18,500 square feet of carport structures in the parking lot <u>Option 2:</u> 200 kW photovoltaic system on 14,000 square feet of carport structures in the parking lot	15,000 square foot, 200 kW photovoltaic system installed on the main classroom and gymnasium buildings
Projected Renewable Energy Generation	<u>Option 1:</u> Minimum of 335,000 kilowatt hours (kWh) per year to be used on site <u>Option 2:</u> Minimum of 248,000 kWh per year to be used on site	Minimum of 266,000 kWh per year to be used on site

The proposed solar energy facilities at the Police Academy and Marina Middle School were previously budgeted using Hetch Hetchy operating revenues of the PUC's Power Enterprise with the condition that the funding source for these two solar energy facilities would be replaced with bonds, if a New Clean Renewable Energy Bond allocation was granted by the IRS.³ According to Mr. Mike Brown of the PUC's Financial Planning Division, the PUC decided to switch from using operating revenues to bond financing for these two solar energy facilities because the New Clean Renewable Energy Bond allocation allows the PUC to: (1) amortize the costs of the project over an extended period of time at a net effective interest rate that is substantially lower than the standard revenue bond interest rate, and (2) return the \$4,100,000 of operating revenues for the two solar energy facilities to PUC's Hetch Hetchy Power Enterprise fund balance for other needed purposes.

According to Ms. Lori Mitchell, Manager of the PUC's Power Enterprise, the energy generated by the solar facilities will be used at each site (the San Francisco Police Academy and Marina Middle School) and the PUC does not expect either facility to generate excess electricity because the projected energy generation is lower than current and projected usage at both sites.

The Board of Supervisors previously authorized the PUC to issue Clean Renewable Energy Bonds in October 2008 in the amount of \$6,325,000 for seven solar projects and in November 2011 to

² The PUC is currently considering two options for the configuration of the photovoltaic system at the San Francisco Police Academy located at 350 Amber Drive. According to Ms. Mitchell, the PUC will determine the specific cost of each option and which option to pursue during the design process, following geotechnical and structural evaluations of the site.

³ The PUC will seek separate authorization from the Board of Supervisors to reallocate the project budget from Hetch Hetchy operating revenues to New Clean Renewable Energy Bonds debt proceeds by supplemental appropriation. The PUC intends to introduce legislation requesting authorization of the supplemental appropriation on September 22, 2015.

issue New Clean Renewable Energy Bonds in the amount of \$6,600,000 for two solar and one in-line hydro projects.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would:

- 1) Authorize the PUC to issue New Clean Renewable Energy Bonds to finance the acquisition and installation of solar energy facilities, consisting of photovoltaic systems, at the San Francisco Police Academy and the Marina Middle School for a not-to-exceed principal amount of \$4,100,000, for a term of approximately 17 years from October 1, 2015 through April 25, 2032;
- 2) Approve an Equipment Lease/Purchase Agreement between the PUC and Banc of America Leasing & Capital, LLC (Bank of America), in which Bank of America would receive a security interest in; or the right to repossess, the solar equipment purchased in exchange for debt service payments made on behalf of the PUC;
- 3) Approve a Direct Purchase Agreement between Bank of America and the PUC, in which Bank of America would agree to purchase the PUC's lease payment debt obligations under the New Clean Renewable Energy Bond Equipment Lease/Purchase Agreement, agree to make a \$4,100,000 upfront payment to the PUC, and establish repayment terms for the debt service prior to finalizing the Equipment Lease/Purchase Agreement; and
- 4) Approve a Filing Agent Agreement, which would outline the terms under which U.S. Bank National Association would file the necessary federal forms to ensure that the PUC receives all federal subsidies payable under the New Clean Renewable Energy Bonds Equipment Lease/Purchase Agreement, including the 70 percent tax credit interest rate subsidy.

Details of Financing Agreements

In July 2015, the PUC issued a Request for Proposals to 25 firms to solicit financing services for the proposed solar energy facilities at the San Francisco Police Academy and Marina Middle School using New Clean Renewable Energy Bonds. Of the three firms that responded, the PUC selected Banc of America Leasing & Capital, LLC (Bank of America) based on its experience and the fact that Bank of America offered their services at the lowest cost. Bank of America will purchase the New Clean Renewable Energy Bonds from the PUC. The PUC will repay Bank of America for the cost of the New Clean Renewable Energy Bonds using Hetch Hetchy revenues of the PUC's Power Enterprise. The debt service payments will be budgeted from future-year PUC Power Enterprise operations, subject to Board of Supervisors appropriation approval.

The Direct Purchase Agreement between the PUC and Bank of America establishes the pricing terms, including the interest rate payable, between Bank of America and the PUC prior to finalizing the Equipment Lease/Purchase Agreement. To satisfy IRS requirements, the PUC must issue the New Clean Renewable Energy Bonds within 180 days of the allocation date, or

October 16, 2015. The PUC intends to execute the Direct Purchase Agreement and issue the bonds by the deadline of October 16, 2015.

Under the Filing Agent Agreement between the PUC and U.S. Bank National Association (U.S. Bank), U.S. Bank will file federal forms with the IRS every six months to ensure that the PUC receives all federal subsidy payments related to the New Clean Renewable Energy Bond, for an annual fee of \$250 paid by the PUC to U.S. Bank.

FISCAL IMPACT

The proposed resolution would authorize the issuance by the PUC of a principal not-to-exceed amount of \$4,100,000 of New Clean Renewable Energy Bonds. The final interest rate payable by the PUC to Bank of America on the Equipment Lease/Purchase Agreement interest payments to Bank of America will not be finalized until the bonds have been issued. Table 2 below summarizes the net estimated cost of \$4,726,619 to the PUC that is net of the estimated \$1,200,084 in subsidy payments that the PUC will receive from the IRS associated with the New Clean Renewable Energy Bonds.

Table 2. Summary of Bond Financing Details

Costs to the PUC		
Total Not-to-Exceed Amount for New Clean Renewable Energy Bond	\$	4,100,000
(inclusive of costs of issuance)		
Estimated Interest to be Paid by the PUC to Bank of America (4.88%)	\$	<u>1,826,703</u>
<i>Subtotal</i>	\$	<i>5,926,703</i>
Revenues Payable to the PUC		
Estimated Subsidy Payments to the PUC from the IRS	\$	1,200,084
Net Cost to the PUC under the Equipment Lease/Purchase Agreement ^a	\$	4,726,619

Source: Public Utilities Commission Staff.

a/ Not discounted to present value.

As shown in Table 2 above, the PUC estimates that the taxable interest rate payable by the PUC to Bank of America will be 4.88 percent, based on the sum of the U.S. Treasury's current ten-year swap rate of 2.28 percent and the Bank of America's fee (or spread) of 2.60 percent. The actual interest rate will be finalized at the time of the bond issuance, which is projected to occur by October 16, 2015. Based on current projections, the estimated total interest payments of \$1,826,703 to be paid by the PUC to Bank of America is calculated as the sum of the interest before subsidy, to be paid every six months during the term of the agreement through April 2032, at a rate of 4.88 percent of the total outstanding principal balance.

Under the New Clean Renewable Energy Bond program, the federal government will subsidize 70 percent of the federal tax credit rate. The federal tax credit rate is currently set at 4.58 percent, which would result in federal subsidy payments of 3.21 percent (the equivalent of 70 percent of the federal tax credit rate), which offsets Bank of America's 4.88 percent taxable interest rate. Therefore, the PUC will pay an estimated net effective interest rate of 1.67

percent (the equivalent of the 4.88 percent taxable interest rate minus the federal subsidy payments of 3.21 percent).

Under the proposed Equipment Lease/Purchase Agreement and Direct Purchase Agreement between the PUC and Bank of America, Bank of America would receive \$5,926,703 in principal and interest payments from the PUC, which would be funded through the PUC's Power Enterprise operating budget from Hetch Hetchy revenues. The annual fees for the Filing Agent Agreement between the PUC and U.S. Bank totaling \$4,250 over the full 17-year term would also be financed through the operating budget of the PUC's Power Enterprise from Hetch Hetchy revenues. The estimated \$82,000 cost of bond issuance for outside legal and financial advisor fees is included in the \$4,100,000 bond principal.

As noted above, the PUC would repay the New Clean Renewable Energy Bonds to Bank of America using Hetch Hetchy revenues of the PUC's Power Enterprise. The total debt service payments will be budgeted from future-year PUC Power Enterprise Hetch Hetchy revenues, subject to Board of Supervisors appropriation approval.

RECOMMENDATION

Approve the proposed resolution.



San Francisco Water Power Sewer

Services of the San Francisco Public Utilities Commission

525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102
T 415.554.3155
F 415.554.3161
TTY 415.554.3488

TO: Conor Johnston, Office of Supervisor Breed

FROM: Patrick Caceres, Policy and Government Affairs Manager

DATE: September 9, 2015

SUBJECT: Public Utilities Commission New Clean Renewable Energy Bonds Issuance---Not to Exceed \$4,100,000

Attached please find an original and two copies of a proposed resolution approving the issuance of not to exceed \$4,100,000 aggregate principal amount of New Clean Renewable Energy Bonds to be issued by the City and County of San Francisco, acting through the San Francisco Public Utilities Commission; approving the execution and delivery of an Equipment Lease/Purchase Agreement, a Direct Purchase Agreement, and a Filing Agent Agreement; and authorizing related actions.

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

1. Board of Supervisors Resolution
2. SFPUC Resolution No. 15-0184
3. Equipment Lease/Purchase Agreement
4. Direct Purchase Agreement
5. Filing Agent Agreement

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 Vietor
Vice President

Vince Courtney
Commissioner

Anson Moran
Commissioner

Ike Kwon
Commissioner

Harlan L. Kelly, Jr.
General Manager



**EQUIPMENT LEASE/PURCHASE AGREEMENT
(Taxable Direct Pay New Clean Renewable Energy Bond)**

This Equipment Lease/Purchase Agreement (Taxable Direct Pay New Clean Renewable Energy Bond) (the "*Agreement*" or the "*Lease*") dated as of October 1, 2015, and entered into between Banc of America Leasing & Capital, LLC, a Delaware limited liability company ("*Lessor*"), and the Public Utilities Commission of the City and County of San Francisco, acting on behalf of the City and County of San Francisco, a political subdivision existing under the laws of the State of California (the "*Commission*").

RECITALS:

WHEREAS, the Commission has applied for and received allocation in the aggregate amount of \$4,100,000 from the Internal Revenue Service under the New Clean Renewable Energy Bond program to finance the cost of acquiring and installing the equipment more fully described in those certain applications submitted by the Commission to the Internal Revenue Service, dated March 4, 2015, consisting of the San Francisco Police Academy Solar Energy Facility and the Marina Middle School Solar Energy Facility, all as more particularly described in Exhibit A-1 (together, the "*2015 NCREB Project*"); and

WHEREAS, the Commission, after due investigation and deliberation, has determined that it is in the interests of the Commission at this time to enter into this Agreement for the purpose of financing the 2015 NCREB Project; and

WHEREAS, the Commission desires to lease and acquire from Lessor the 2015 NCREB Project, subject to the terms and conditions of and for the purposes set forth herein; and

WHEREAS, the Commission is authorized under the constitution and laws of the State to enter into this Agreement for the purposes set forth herein; and

WHEREAS, the Commission intends this Agreement to be a "New Clean Renewable Energy Bond" pursuant to, and within the meaning of, Sections 54A and 54C of the Code (as defined herein) eligible for subsidy payments under Section 6431(f) of the Code; and

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE I

Section 1.01. Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"*Accreted Value*" means, with respect to any Capital Appreciation Indebtedness, the principal amount thereof plus the interest accrued thereon, compounded at the interest rate thereon on each date, as specified therein.

"Acquisition Amount" means the amount of \$_____, to be deposited in the Acquisition Fund and represented by the Commission to be sufficient to acquire the 2015 NCREB Project.

"Acquisition Fund" means the fund established and held by the Commission

"Additional Revenues" means:

(i) An allowance for Net Revenues from any additions to or improvements or extensions of the Electric System to be made with the proceeds of such Obligations Secured by Net Revenues, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such twelve (12) month period, were not in service, all in an amount equal to ninety percent (90%) of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first thirty-six (36) month period in which each addition, improvement or extension is respectively to be in operation, all as shown in the written report of an Independent Consultant engaged by the Commission; and

(ii) An allowance for earnings arising from any increase in the Charges which has become effective prior to the incurring of such Obligations Secured by Net Revenues but which, during all or any part of such Fiscal Year or such twelve (12) month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in Charges had been in effect during the whole of such Fiscal Year or such twelve (12) month period, all as shown in the written report of an Independent Consultant engaged by the Commission; and

(iii) Fund balances of the Electric System which are available for payment of Debt Service and are not budgeted to be expended during the prior Fiscal Year.

(iv) Additional Revenues shall not include Federal Subsidy Payments.

"Agreement" means this Equipment Lease/Purchase Agreement, including the exhibits hereto, together with any amendments and modifications to this Agreement pursuant to Section 13.04.

"Available Project Proceeds" means (i) the proceeds from the sale of the issue, less (ii) issuance costs financed by the issue (not exceeding 2% of such proceeds), plus (iii) investment earnings on the difference between (i) - (ii).

"Capital Appreciation Indebtedness" means Obligations Secured by Net Revenues on which interest is compounded and paid less frequently than annually.

"Charges" means electric utility rates, charges, fees, tolls, assessments and rentals prescribed by the Commission for the electric energy or the services and facilities of the Electric System.

"Code" means the Internal Revenue Code of 1986 as in effect on the date hereof or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of delivery of this Agreement, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Commencement Date" means October 16, 2015.

"Commission" means the Public Utilities Commission of the City and County of San Francisco, acting on behalf of the City and County of San Francisco, a political subdivision existing under the laws of the State of California.

"Contract Rate" means the rate identified as such in the Payment Schedule.

"Debt Service" means, Rental Payments and all amounts becoming due and payable on all Obligations Secured by Net Revenues provided, however, that for the purposes of computing Debt Service:

(a) if the Obligations Secured by Net Revenues are Variable Rate Indebtedness, the interest rate thereon for periods when the actual interest rate cannot yet be determined will be assumed to be equal to the rate that is ninety percent (90%) of the average RBI during the twelve (12) calendar month period immediately preceding the date on which the calculation is made (the "assumed RBI-based rate");

(b) Rental Payments and principal and interest payments on Obligations Secured by Net Revenues will be excluded to the extent such payments are to be paid from amounts on deposit with a fiduciary in escrow specifically therefor and to the extent that such interest payments are to be paid from the proceeds of Obligations Secured by Net Revenues held by a fiduciary as capitalized interest;

(c) in determining the principal amount due, payment will (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such debt, including any mandatory sinking fund payments or any scheduled redemption or payment thereof on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value will be deemed a principal payment and interest that is compounded and paid as Accreted Value will be deemed due on the scheduled redemption or payment date of such Capital Appreciation Indebtedness;

(d) (i) notwithstanding subsection (a) above, with respect to any Variable Rate Indebtedness, if (A) the interest rate on such Variable Rate Indebtedness, plus (B) the payments received and made by the Commission under a related interest rate swap agreement with respect to such Variable Rate Indebtedness, are expected to produce a synthetic fixed rate to be paid by the Commission (e.g., an interest rate swap agreement under which the Commission pays a fixed rate and receives a variable rate which is expected to equal or approximate the rate of interest on such Variable Rate Indebtedness), the Variable Rate Indebtedness, as the case may be, will be treated as bearing such synthetic fixed rate for the duration of the synthetic fixed rate; and (ii) with respect to any fixed interest rate Obligations Secured by Net Revenues, if (A) the interest rate on such fixed rate Obligations Secured by Net Revenues, plus (B) the payments received and made by the Commission under an interest rate swap agreement with respect to such fixed rate Obligations Secured by Net Revenues, are expected to produce a synthetic variable rate to be paid by the Commission (e.g., an interest rate swap agreement under which the Commission pays a variable rate and receives a fixed rate which is expected to equal the rate of interest on such fixed interest rate Obligations Secured by Net Revenues), the fixed interest rate Obligations Secured by Net Revenues, will be treated as Variable Rate Indebtedness for the duration of the synthetic variable rate calculated as provided in (a) above; and

(e) if any Obligations Secured by Net Revenues include an option or an obligation to tender all or a portion of such Obligations Secured by Net Revenues to the Commission, the Trustee or another fiduciary or agent and require that such Obligations Secured by Net Revenues or portion thereof be purchased if properly presented, then for purposes of determining the amounts of principal and interest due, the options or obligations to tender will be treated as a principal maturity occurring on the first date on which holders or owners thereof may or are required to tender, except that any such option or obligation to tender will be ignored and not treated as a principal maturity, if (1) such Obligations Secured by Net Revenues are rated in one of the two highest long-term Rating Categories by Moody's and by Standard & Poor's or such Obligations Secured by Net Revenues are rated in the highest short-term note or commercial paper Rating Categories by Moody's and by Standard & Poor's and (2) funds for the purchase price are to be provided by a letter of credit or standby bond purchase agreement or other liquidity facility.

"Electric Revenue Fund" means the electric-related revenues derived by the electrical system of the Commission, within the "Hetch Hetchy Water and Power Enterprise," and which is designated as the "Revenue Fund" in the Power Revenue Bond Indenture.

"Electric System" means the electrical system of the Commission, comprising all facilities for the generation, transmission and distribution of electric energy, that is also known as the "Hetch Hetchy Water and Power Enterprise" and designated as the "Power Enterprise" in the Power Revenue Bond Indenture.

"Equipment" means the property listed in Exhibit A-1 and all accessions, replacements, repairs, restorations, modifications and improvements thereof or thereto made pursuant to Section 8.01 or Article V. Whenever reference is made in this Agreement to Equipment, such reference will be deemed to include all such accessions, replacements, repairs, restorations, modifications and improvements of or to such Equipment.

"Equipment Costs" means the total cost of the Equipment listed in Exhibit A-1, including soft costs such as freight, installation and taxes paid up front by Lessor and all capitalizable consulting and training fees approved by Lessor, legal fees, financing costs, and other costs necessary to vest full, clear legal title to the Equipment in the Commission, subject to the security interest granted to and retained by Lessor as set forth herein, and otherwise incurred in connection with the financing provided by the lease-purchase of the Equipment as provided herein; *provided* that (i) any such soft costs on a cumulative basis will not exceed a percentage of the Maximum Equipment Cost approved by Lessor and (ii) in no event will capitalizable delivery charges, installation charges, taxes and similar capitalizable soft costs relating to such Equipment be included without Lessor's prior consent.

"Event of Default" means an Event of Default described in Section 12.01.

"Expenditure Period" means the "expenditure period" defined in Section 54A(d)(2)(B)(ii) of the Code, and consists of the period beginning on the Commencement Date ending on the later of the date 3 years after the Commencement Date or such later date, if any, as permitted by the Internal Revenue Service in response to a request to extend such 3-year period.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and,

otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Commission and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the Regulations, the term "investment" will include a hedge.

"Federal Subsidy Payments" means, with respect to the Rental Payments, the amounts which are payable by the Federal government under Section 6431 of the Code, which the Commission has irrevocably elected to apply to this Agreement.

"Fiscal Year" means the period commencing on July 1 of each year and terminating on the next succeeding June 30.

"Gross Revenues" means all revenues, which include all charges received for and all other income and receipts derived by the Commission from the operation of the Electric System or arising from the Electric System received by the Commission from the services, facilities, energy and distribution of electric energy by the Commission, including income from investments, but excepting therefrom (a) all reimbursement charges and deposits to secure service, (b) Federal Subsidy Payments, and (c) any charges collected by any person to amortize, or otherwise relating to the payment of, the uneconomic portion of costs associated with assets and obligations ("stranded costs") of the Electric System or of any joint powers agency in which the Commission participates which the Commission has dedicated to the payment of obligations other than this Agreement or any Obligations Secured by Net Revenues then outstanding, the payments of which obligations will be applied to or pledged to or otherwise set aside for the reduction or retirement of outstanding obligations of the Commission or any joint powers agency in which the Commission participates relating to such "stranded costs" of the Commission or of any such joint powers agency to the extent such "stranded costs" are attributable to, or the responsibility of, the Commission.

"Independent Consultant" means any financial or engineering consultant (including without limitation any Independent Certified Public Accountant) with an established reputation in the field of municipal finance or firm of such consultants appointed and paid by the Commission, and who, or each of whom:

- (a) is in fact independent and not under control of the Commission;
- (b) does not have any substantial identity of interest, direct or indirect, with the Commission; and
- (c) is not and no member of which is connected with the Commission as an officer or employee of the Commission, but who may be regularly retained to make annual or other audits of the books of or reports to the Commission.

"Lease" means this Agreement.

"Lease Proceeds" means the total amount of money to be paid by Lessor on the Commencement Date to the Commission for deposit to the Acquisition Fund.

"Lease Term" means the period from the Commencement Date until October 25, 2032.

"Lessor" means (a) the entity referred to as Lessor in the first paragraph of this Agreement or (b) any assignee or transferee of any right, title or interest of Lessor in and to the Equipment (including Rental Payments thereunder) pursuant to Section 11.01, but does not include any entity solely by reason of that entity retaining or assuming any obligation of Lessor to perform under this Lease.

"Maintenance and Operation Costs" means the amount required to pay the expenses of management, repair and other costs necessary to operate, maintain and preserve the Electric System in good repair and working order, including but not limited to, the cost of supply and transmission of electric energy under long-term contracts or otherwise, and the expenses of conducting the Electric System, but excluding depreciation. "Maintenance and Operation Costs" will include all amounts required to be paid by the Commission under contract with a joint powers agency for purchase of capacity, energy, transmission capability or any other commodities or services in connection with the foregoing, which contract requires payments by the Commission to be made hereunder to be treated as Maintenance and Operation Costs. Notwithstanding the foregoing, for so long as the Power Revenue Bonds are outstanding, if there is a discrepancy between the above definition and the definition of "Operation and Maintenance Expenses" in the Power Revenue Bond Indenture, the provisions of the Power Revenue Bond Indenture will control. In addition, for so long as the Power Revenue Bonds are outstanding, the term "Maintenance and Operation Costs" when used herein will include Priority R&R Fund Deposits, as defined in the Power Revenue Bond Indenture.

"Material Adverse Change" means (a) a downgrade in the Commission's external debt rating on Obligations Secured by Net Revenues of two or more subgrades by either Moody's Investors Service, Inc., or Standard & Poor's Ratings Group or any equivalent successor credit rating agency, or any downgrade by either such agency that would cause a credit rating on any Obligation Secured by Net Revenues to be below investment grade, and (b) any change in the Commission's creditworthiness that has a material adverse effect on (i) the financial condition or operations of the Electric System, or (ii) the Commission's ability to perform its obligations under this Agreement.

"Maximum Annual Debt Service" means, as of the date of calculation, the maximum amount of Debt Service for the current or any future Fiscal Year.

"Maximum Equipment Cost" means the amount deposited in the Acquisition Fund on the Commencement Date, plus interest earnings thereon during the Expenditure Period.

"Moody's" means Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, then the term "Moody's" will be deemed to refer to any other nationally recognized securities rating agency selected by the Commission.

"Net Revenues" means, with respect to the Electric System, for any period of computation, the amount of the Gross Revenues received from the Electric System during such period, less the amount of Maintenance and Operation Costs of the Electric System becoming

payable during such period.

"Obligations Secured by Net Revenues" means all bonds, notes or other obligations (including without limitation long-term contracts, loans, sub-leases, installment sale agreements, other legal financing arrangements, interest rate swap agreements, capital leases or credit or liquidity enhancement agreements) of the Commission payable from and secured by a pledge of and lien upon any of the Net Revenues issued or incurred in compliance with Section 4.03, including but not limited to the Senior Obligations, the 2008 CREB Lease, the 2011 QECB Lease and the 2012 NCREB Lease.

"Obligation Secured by Net Revenues Instrument" means the resolution, trust indenture, lease-purchase agreement, installment sale agreement, or other agreement or instrument, which is adopted, entered into or executed and delivered by the Commission, and under which Obligations Secured by Net Revenues are issued.

"Payment Schedule" means the rental payment schedule attached hereto as Exhibit A-2 and made a part hereof.

"Power Revenue Bond Indenture" means that certain Trust Indenture, dated as of May 1, 2015, between the Commission and U.S. Bank National Association, as trustee, as it may be supplemented and amended from time to time.

"Power Revenue Bonds" means the "Public Utilities Commission of the City and County of San Francisco Power Revenue Bonds, 2015 Series AB" issued in the principal amount of \$39,555,000 on May 20, 2015, and any additional bonds issued pursuant to the Power Revenue Bond Indenture.

"Prepayment Option" has the meaning given to said term in Section 10.1.

"Qualified Purpose" means capital expenditures for one or more qualified renewable energy facilities as described in Section 54C(a)(1) and 54C(d)(1) of the Code.

"RBI" means the Bond Buyer Revenue Bond Index or comparable index of long-term municipal obligations chosen by the Commission, and, if no comparable index can be obtained, eighty percent (80%) of the interest rate on actively traded thirty (30) year United States Treasury obligations.

"Rental Payment Date" means April 25 and October 25 in each year, commencing April 25, 2016, and continuing to and including October 25, 2032, as set forth in the Payment Schedule.

"Rental Payments" means the basic rental payments payable by the Commission under this Lease pursuant to Section 4.01, in each case consisting of a principal and interest component, as set forth in the Payment Schedule.

"Replaced Equipment" has the meaning given to said term in Section 8.01.

"Replacement Equipment" has the meaning given to said term in Section 8.01.

"S&P" means Standard & Poor's Corporation, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors or assigns, except

that if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, then the term "S&P" will be deemed to refer to any other nationally recognized securities rating agency selected by the Commission.

"Senior Obligations" means the Power Revenue Bonds and any other Obligations Secured by Net Revenues, all of which must be issued or incurred in compliance with Section 4.03 on a basis senior to this Lease.

"Sequestration" means any automatic reductions in the Federal Subsidy Payments pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

"State" means the State of California.

"2008 CREB Lease" means that certain Master Equipment Lease/Purchase Agreement, dated as of October 1, 2008, between the Commission and the Lessor.

"2011 QECB Lease" means that certain Equipment Lease/Purchase Agreement (Taxable Direct Pay New Clean Renewable Energy Bond), dated as of December 1, 2011, between the Commission and the Lessor.

"2012 NCREB Lease" means that certain Equipment Lease/Purchase Agreement (Taxable Direct Pay Qualified Energy Conservation Bond), dated as of April 1, 2012, between the Commission and the Lessor.

"2015 NCREB Project" has the meaning set forth in the recitals hereto.

"Variable Rate Indebtedness" means any indebtedness the interest rate on which is not fixed at the time of incurrence of such indebtedness, or has not at some subsequent date been fixed, at a single numerical rate(s) for the remaining term of the indebtedness.

"Vendor" means the manufacturer or supplier of the Equipment or any other person as well as the agents or dealers of the manufacturer or supplier with whom Lessor arranged the Commission's acquisition and financing of the Equipment pursuant to this Lease.

"Vendor Agreement" means any contract entered into by the Commission and any vendor for the acquisition, installation, maintenance or servicing of the Equipment.

ARTICLE II

Section 2.01. Representations and Covenants of the Commission. The Commission represents, covenants and warrants for the benefit of Lessor on the date hereof as follows:

(a) The Commission is a political subdivision of the State within the meaning of Section 103(c) of the Code, duly organized and existing under the constitution and laws of the State, with full power and authority to enter into this Agreement and the transactions contemplated hereby and thereby, and to perform all of its obligations hereunder and thereunder.

(b) The Commission has duly authorized the execution and delivery of this Agreement and the Filing Agent Agreement by proper action of its governing body at a meeting duly called, regularly convened and attended throughout by the requisite quorum of the

members thereof, or by other appropriate official approval, and all requirements have been met and procedures have occurred in order to ensure the validity and enforceability of this Agreement

(c) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default exists at the date hereof.

(d) The Commission will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

(e) The Commission has complied with such public bidding requirements as may be applicable to this Agreement and the acquisition by the Commission of the Equipment.

(f) During the Lease Term, the Equipment will be used by the Commission only for the purpose of performing essential governmental or proprietary functions of the Commission consistent with the permissible scope of the Commission's authority. The Commission does not intend to sell or otherwise dispose of the Equipment or any interest therein prior to the last Rental Payment scheduled to be paid hereunder.

(g) The Commission has kept, and throughout the Lease Term will keep, its books and records in accordance with generally accepted accounting principles and practices consistently applied, and will deliver to Lessor (i) annual audited financial statements (including (1) statements of net assets, (2) statement of revenues, expenses and changes in net assets, (3) statement of cash flows, and (4) notes to the financial statements within 270 days of its fiscal year end, (ii) such other financial statements and information as Lessor may reasonably request, and (iii) its annual budget for the following Fiscal Year when approved. The financial statements described in subsection (i) will be accompanied by an unqualified opinion of the Commission's auditor. The financial statements and budgets described in clauses (i) and (iii) above will be prepared for the Electric System. Credit information relating to the Commission may be disseminated among Lessor and any of its affiliates and any of their respective successors and assigns.

(h) The Commission has an immediate need for the Equipment and expects to make immediate use of the Equipment. The Commission's need for the Equipment is not temporary, and the Commission does not expect the need for any item of the Equipment to diminish during the Lease Term to such item.

(i) The payment of the Rental Payments or any portion thereof is not directly or indirectly (x) secured by any interest in property used or to be used in any activity carried on by any person other than a state or local governmental unit or payments in respect of such property; or (y) on a present value basis, derived from payments (whether or not to the Commission) in respect of property, or borrowed money, used or to be used in any activity carried on by any person other than a state or local governmental unit. The Equipment will not be used, directly or indirectly, in any activity carried on by any person other than a state or local governmental unit. No portion of the Acquisition Amount for the Equipment will be used, directly or indirectly, to make or finance loans to any person other than the Commission.

(j) There is no pending litigation, tax claim, proceeding or dispute that may adversely affect the Electric System's financial condition or impairs the Commission's ability to perform its obligations hereunder

The Commission will, at its expense, maintain its legal existence in good standing and do any further act and execute, acknowledge, deliver, file, register and record any further documents Lessor may reasonably request in order to protect Lessor's first priority security interest in the Equipment, and Lessor's rights and benefits under this Lease.

(k) [[The City is the fee owner of the real estate and improvements thereon where the Equipment is and will be located, and has good and marketable title thereto, and there exists no mortgage, pledge, lien, security interest, charge or other encumbrance of any nature whatsoever on or with respect to such real estate or improvements.]]

(l) No lease, rental agreement, lease purchase agreement, payment agreement or contract for purchase to which the Commission has been a party at any time has been terminated by the Commission as a result of insufficient funds being appropriated in any fiscal year. No event has occurred which would constitute an event of default under any debt, revenue bond or obligation which the Commission has issued during the past ten (10) years.

(m) The Commission does not currently owe or have any liability to the Federal government that would offset the Commission's claim to the Federal Subsidy Payments under Section 6431(f) of the Code.

ARTICLE III

Section 3.01. Lease of Equipment. Subject to the terms of this Agreement, Lessor agrees to provide the Acquisition Amount to acquire the Equipment. Upon the execution of this Lease, Lessor demises, leases, transfers and lets to the Commission, and the Commission acquires, rents and leases from Lessor, the Equipment as set forth in this Lease, and in accordance with the terms hereof.

Section 3.02. Conditions to Lessor's Performance.

(a) As a prerequisite to the performance by Lessor of any of its obligations pursuant to this Lease, the Commission shall deliver to Lessor the following:

- (i) A fully executed copy of this Agreement;
- (ii) A Certificate executed by the Secretary of the Commission, in substantially the form attached hereto as Exhibit B, completed to the satisfaction of Lessor;
- (iii) Certified copies of the resolutions of the Commission's governing body and the Board of Supervisors' of the City and County of San Francisco authorizing the execution and delivery of this Lease and performance by the Commission of its obligations hereunder;
- (iv) An opinion of counsel to the Commission in substantially the form attached hereto as Exhibit C;
- (v) An opinion of bond counsel to the Commission in substantially the form attached hereto as Exhibit G;
- (vi) A non-arbitrage and tax law compliance certificate in form satisfactory to bond counsel to the Commission, dated the date hereof;

(vii) Evidence of insurance as required by Section 7.02 hereof;

(viii) All documents, including financing statements, affidavits, notices and similar instruments, in form satisfactory to Lessor, which Lessor deems necessary or appropriate at that time pursuant to Section 6.02;

(ix) A copy of a fully completed and executed Form 8038-TC; and

(x) Such other items, if any, as are set forth in such Lease or are reasonably required by Lessor.

(b) In addition, the performance by Lessor of any of its obligations hereunder will be subject to: (i) no Material Adverse Change having occurred, and, (ii) no Event of Default having occurred.

(c) Subject to satisfaction of the foregoing, Lessor will deposit the Acquisition Amount with the Commission.

Section 3.03. Creation of Acquisition Fund.

(a) There is hereby created a special fund to be known as the "San Francisco Public Utilities Commission 2015 New Clean Renewable Energy Bond Equipment Acquisition Fund" (the "Acquisition Fund"), to be held in trust by the Commission for the purposes stated herein, for the benefit of Lessor and Commission, to be held, disbursed and returned in accordance with the terms hereof.

(b) The Commission will invest and reinvest moneys on deposit in the Acquisition Fund in Qualified Investments (as defined below). The Commission will be solely responsible for ascertaining that all proposed investments and reinvestments are Qualified Investments and that they comply with federal, state and local laws, regulations and ordinances governing investment of such funds. Accordingly, the Lessor is not responsible for any liability, cost, expense, loss or claim of any kind, directly or indirectly arising out of or related to the investment or reinvestment of all or any portion of the moneys on deposit in the Acquisition Fund, and the Commission agrees to and does hereby release the Lessor from any such liability, cost, expenses, loss or claim. Interest on the Acquisition Fund will become part of the Acquisition Fund, and gains and losses on the investment of the moneys on deposit in the Acquisition Fund will be borne by the Acquisition Fund. For purposes of this agreement, "Qualified Investments" means any investments that meet the requirements of the Commission's current investment policy, and includes the City and County of San Francisco Pooled Fund Portfolio.

(c) Amounts in the Acquisition Fund will be disbursed by the Commission in payment of amounts described in Section 3.04 hereof. If the amounts in the Acquisition Fund are insufficient to pay such amounts, the Commission will provide any balance of the funds needed to complete the acquisition of the Equipment. Any moneys remaining in the Acquisition Fund at the end of the Expenditure Period will be applied as provided in Section 4.08(i) hereof.

(d) The Acquisition Fund will be terminated at the earliest of (i) the final distribution of amounts in the Acquisition Fund or (ii) written notice given by Lessor of the occurrence of a default or termination of the Lease.

Section 3.04. Acquisition of Equipment.

(a) Acquisition Contracts. The Commission will arrange for, supervise and provide for, or cause to be supervised and provided for, the acquisition of the Equipment, with moneys available in the Acquisition Fund. The Commission represents the estimated costs of the Equipment are within the funds estimated to be available therefor, and Lessor makes no warranty or representation with respect thereto. Lessor will have no liability under any of the acquisition or construction contracts. The Commission will obtain all necessary permits and approvals, if any, for the acquisition, equipping and installation of the Equipment, and the operation and maintenance thereof.

(b) Authorized Acquisition Fund Disbursements. Disbursements from the Acquisition Fund will be made for the purpose of paying (including the reimbursement to the Commission for advances from its own funds to accomplish the purposes hereinafter described) the cost of acquiring the Equipment. Disbursements may be made from the Acquisition Fund so long as (i) no Event of Default (nor any event which, with notice or lapse of time or both, would become an Event of Default) has occurred and is continuing and the representations and warranties of the Commission set forth in the Lease are true and correct as of the date hereof; and (ii) no material adverse change in the Commission's financial condition has occurred since the date of the Lease.

Section 3.05. Deposit to Acquisition Fund. Upon satisfaction of the conditions specified in Section 3.02, Lessor will cause the Acquisition Amount to be deposited in the Acquisition Fund in the amount of \$_____. The Commission agrees to pay any costs with respect to the Equipment in excess of amounts available therefor in the Acquisition Fund.

Section 3.06. Excess Amounts in the Acquisition Fund. Following the final disbursement from the Acquisition Fund at the end of the Expenditure Period, or termination of the Acquisition Fund as otherwise provided herein, the Commission will transfer any remainder from the Acquisition Fund to Lessor for application to amounts owed under the Lease in accordance with Section 4.08(i).

ARTICLE IV

Section 4.01. Rental Payments; Pledge of Net Revenues to pay Rental Payments; Electric Revenue Fund.

(a) The Commission agrees to pay to the Lessor the Rental Payments, in the amounts and on the Rental Payment Dates set forth in the Payment Schedule attached as Exhibit A-2.

(b) The Rental Payments are payable exclusively from the Net Revenues of the Electric System. The Commission hereby transfers, places a charge upon, assigns and sets over to the Lessor, the Net Revenues of the Electric System that are necessary to pay the Rental Payments. The payments and obligations of the Commission under this Agreement are secured by and payable from the Net Revenues. The Net Revenues shall not be used for any other purpose during the Lease Term, except that out of Net Revenues there may be apportioned and paid such sums for such purposes, as are expressly permitted by this Article. Said pledge constitutes a direct and exclusive charge and lien on the Net Revenues for the payment of the Rental Payments in accordance with the terms thereof. Such pledge is subordinate to the

pledge of Revenues (as defined in the Power Revenue Bond Indenture) to payment of debt service on the Power Revenue Bonds.

(c) The Net Revenues constitute a trust fund for the security and payment of the Rental Payments. The enterprise funds of the Commission unrelated to the Electric System, are not pledged, and the credit or taxing power of the Commission is not pledged, for the payment of the Rental Payments. The Lessor will not compel the forfeiture of its property, other than the Equipment, in the Event of Default. The Rental Payments are not a debt of the Commission, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues, except the Net Revenues.

Section 4.02. Receipt and Deposit of Gross Revenues. The Commission covenants and agrees that all Gross Revenues, when and as received, will be held by the Commission in trust hereunder, and will be deposited by the Commission in the Electric Revenue Fund (which has heretofore been created by the Commission) and will be accounted for through and held in trust in the Electric Revenue Fund, and the Commission shall only have such beneficial right or interest in any of such money as in this Agreement provided. All such Gross Revenues will be transferred, disbursed, allocated and applied solely to the uses and purposes hereinafter in this Article set forth, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Commission. Notwithstanding the foregoing, if any Senior Obligations are outstanding and the terms of such Senior Obligations conflict with this Section, the terms of the Senior Obligations will control.

Section 4.03. Issuance of Obligations Secured by Net Revenues. Nothing in this Agreement prohibits or impairs the authority of the Commission to issue bonds, notes, leases, installment sale agreements or other obligations secured by a lien on Net Revenues (excluding the Federal Subsidy Payments) which is superior to, on a parity with, or subordinate to, the lien established hereunder, upon such terms and in such principal amounts as the Commission may determine; provided, that the Commission may issue or incur any such Obligations Secured by Net Revenues subject to the following specific conditions, which are hereby made conditions precedent to the issuance and delivery of such Obligations Secured by Net Revenues:

(a) The Commission shall be in compliance with all covenants set forth in this Agreement.

(b) The Net Revenues of the Electric System, calculated on sound accounting principles, as shown by the books of the Commission for the latest Fiscal Year or any more recent twelve (12) month period selected by the Commission, ending not more than sixty (60) days prior to the adoption, execution or delivery of the Obligations Secured by Net Revenues Instrument pursuant to which such Obligations Secured by Net Revenues are issued, plus, at the option of the Commission, Additional Revenues, are at least equal to:

(i) One Hundred Twenty-Five percent (125%) of Maximum Annual Debt Service, with Maximum Annual Debt Service calculated on this Agreement and all Obligations Secured by Net Revenues to be outstanding immediately subsequent to the issuance of such Obligations Secured by Net Revenues which have a lien on Net Revenues of the Electric System that is superior to the lien created on Net Revenues under this Agreement;

(ii) One Hundred Ten percent (110%) of Maximum Annual Debt Service, with Maximum Annual Debt Service calculated on this Agreement and all Obligations Secured by Net Revenues to be outstanding immediately subsequent to the issuance of such Obligations Secured by Net Revenues which have a lien on Net Revenues of the Electric System that is on a parity with the lien on Net Revenues created under this Agreement; and

(iii) One Hundred percent (100%) of Maximum Annual Debt Service, with Maximum Annual Debt Service calculated on this Agreement and all Obligations Secured by Net Revenues to be Outstanding immediately subsequent to the issuance of such Obligations Secured by Net Revenues which have a lien on Net Revenues of the Electric System which is subordinate to the lien on Net Revenues created under this Agreement.

(c) The Obligations Secured by Net Revenues Instrument providing for the issuance of such Obligations Secured by Net Revenues under this Section 4.03 shall provide that the proceeds of such Obligations Secured by Net Revenues shall be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Electric System, or otherwise for facilities, improvements or property which the Commission determines are of benefit to the Electric System, or for the purpose of refunding any Obligations Secured by Net Revenues, in whole or in part, including all costs (including costs of issuing such Obligations Secured by Net Revenues and including capitalized interest on such Obligations Secured by Net Revenues during any period which the Commission deems necessary or advisable) relating thereto.

Section 4.04. Rental Payments to be Unconditional. Subject to the limitations contained in this Article, the obligations of the Commission to make Rental Payments and to perform and observe the other covenants and agreements contained herein, are absolute and unconditional in all events, without abatement, diminution, deduction, set-off or defense, for any reason, including without limitation any failure of the Equipment, after it has been accepted by the Commission, any defects, malfunctions, breakdowns or infirmities in the Equipment or any accident, condemnation or unforeseen circumstances. Without limiting the foregoing, the Commission acknowledges and agrees that the unavailability of the Federal Subsidy Payments, or failure of the U.S. Treasury to pay the Federal Subsidy Payments to the Commission, including Sequestration of the Federal Subsidy Payments, shall not relieve the Commission of any of its obligations under this Agreement, including, without limitation, its obligation to make Rental Payments.

Section 4.05. Rate Covenant.

(a) The Commission will fix, prescribe, revise and collect Charges for the Electric System during each Fiscal Year which (together with any fund balances of the Electric System which are available for payment of Debt Service and are not budgeted to be expended during the Fiscal Year) are at least sufficient to yield Gross Revenues, after making allowances for contingencies and error in the estimates, to pay the following amounts in the following order:

(i) all Maintenance and Operation Costs of the Electric System estimated by the Commission to become due and payable in such Fiscal Year;

(ii) Debt Service on all Obligations Secured by Net Revenues then outstanding;

(iii) all other payments required for compliance with this Agreement; and

(iv) all payments required to meet any other obligations of the Commission which are charges, liens, encumbrances upon or payable from the Gross Revenues or the Net Revenues.

(b) In addition, the Commission will fix, prescribe, revise and collect Charges for the Electric System during each Fiscal Year which (together with any fund balances of the Electric System which are available for payment of Debt Service and are not budgeted to be expended during the Fiscal Year) are sufficient to yield Net Revenues of the Electric System at least equal to one hundred ten percent (110%) of the amounts payable under the preceding clause (a)(ii) in such Fiscal Year.

Section 4.06. NCREB Covenants.

During the Term of this Agreement, the Commission will comply with the requirements of this Section 4.06 for the purpose of assuring the status of this Agreement as a "new clean renewable energy bond."

(a) New Clean Renewable Energy Project. The Commission will assure that all of the Available Project Proceeds will be used for a Qualified Purpose or Purposes in accordance with Section 54C(a)(1) of the Code.

(b) Qualified Issuer. The Commission will maintain its status as a governmental body which constitutes a "Qualified Issuer" under and as required by Section 54C(a)(2) and as defined in Section 54C(d)(6) of the Code.

(c) Designation of this Agreement as New Clean Renewable Energy Bond. The Commission hereby designates this Agreement as a "new clean renewable energy bond" for purposes of Section 54C(a)(3) of the Code.

(d) Three Year Expenditure of Proceeds on Project. The Commission reasonably expects to expend all of the Available Project Proceeds for a Qualified Purpose or Purposes with respect to the 2015 NCREB Project within the Expenditure Period. To the extent that less than one hundred percent (100%) of the Available Project Proceeds are expended for a Qualified Purpose by the end of the Expenditure Period, all nonqualified bonds (as determined under Section 142 of the Code) will be redeemed within 90 days of the end of the Expenditure Period, all in accordance with the requirements of Section 54A(d)(2)(B) of the Code, in the time and manner prescribed by the Code.

(e) Binding Commitment to Spend Available Project Proceeds. The Commission reasonably expects that, within 6 months of the date of delivery of this Agreement, it will enter into a binding commitment with a third party to spend at least ten percent (10%) of the Available Project Proceeds for a Qualified Purpose with respect to the 2015 NCREB Project.

(f) Financing Capital Expenditures, No Working Capital. All Available Project Proceeds of this Agreement will be spent on capital expenditures with a reasonably expected economic life of one year or more.

(g) Limitation on Issuance Costs. No proceeds of this Agreement and investment earnings thereon, in an amount in excess of two percent (2%) of the proceeds of the sale of this Agreement, will be used to pay costs of delivering of this Agreement. If the fees of the original purchaser are retained as a discount on the purchase of this Agreement, such retention will be deemed to be an expenditure of proceeds of this Agreement for said fees.

(h) Allocation of New Clean Renewable Energy Bond Limitation. The Commission has received an allocation of a portion of the national new clean renewable energy bond limitation in the aggregate amount of \$4,100,000, included in the transcript for this Agreement.

(i) Limitation on Private Activity Bonds. The Commission will assure that the proceeds of this Agreement will be used in a manner that does not satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code. For this purpose, bonds issued for the purpose of providing loans, grants, or other repayment mechanisms for capital expenditures to implement green community programs shall not be treated as private activity bonds.

(j) No Arbitrage. The Commission will not take, or permit or suffer to be taken, any action with respect to the proceeds of this Agreement which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of delivery of this Agreement would have caused this Agreement to be "arbitrage bonds" within the meaning of Section 148 of the Code as modified by Section 54A(d)(4) of the Code, including the Treasury Regulations with respect thereto.

(k) Rebate Compliance. The Commission will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to this Agreement. For purposes of this paragraph, investments of Available Project Proceeds during the Expenditure Period are deemed to comply with the requirements and limitations of Section 148 of the Code.

(l) Limitation on Reserve Funds. No fund, the proceeds of which are pledged to, or are reasonably expected to be used directly or indirectly to pay, amounts due under this Agreement or are reserved or otherwise set aside such that there is a reasonable assurance that such amounts will be available to pay amounts due under this Agreement will be funded with respect to this Agreement, except as follows: (i) the fund is funded at a rate not more rapidly than equal annual installments, (ii) such fund is funded in a manner reasonably expected to result in an amount not greater than an amount necessary to repay the issue, and (iii) the yield on the fund is not greater than the rate determined under 54A(d)(5)(B) of the Code.

(m) Acquisition, Disposition and Valuation of Investments. Except as otherwise provided in the following sentence, the Commission covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Agreement or otherwise containing proceeds of this Agreement will be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) and investments in

a reserve fund will be valued at their present value (within the meaning of Section 148 of the Code).

(n) Prohibition on Financial Conflicts of Interest. The Commission hereby covenants and agrees to comply with all State and local law requirements governing conflicts of interest as such requirements may relate, directly or indirectly, to this Agreement. The Commission hereby covenants and agrees to comply with any conflict of interest rules prescribed by the IRS or United States Department of Treasury governing the appropriate Member of Congress, Federal, State, and local officials, and their spouses, as such rules may apply to this Agreement.

(o) Davis-Bacon Act Requirements. The Commission hereby covenants and agrees to comply with the wage rate requirements of Title 40, Subtitle II, Part A, Chapter 31, Subchapter IV of the United States Code as such requirements relate to the proceeds of this Agreement. The Commission shall maintain or cause to be maintained documentation which demonstrates compliance with such requirements and shall make such documentation available to Lessor upon its request.

(p) Election to Receive Federal Subsidy Payments. The Commission hereby irrevocably elects to treat this Agreement as a "Specified Tax Credit Bond" within the meaning of Section 6431(f) of the Code such that the Commission will be eligible to receive direct payment by the Federal government of a refundable credit equal to the lesser of the interest component of the Rental Payments or 70% of the tax credit rate applicable to this Agreement.

(q) Maintenance of Qualification for Federal Subsidy Payments. The Commission will take all actions necessary to assure that this Agreement remains a "new clean renewable energy bond" under Section 54C(a) of the Code and a "specified tax credit bond" eligible for the Federal Subsidy Payments under Section 6431(f) of the Code.

Section 4.07. Federal Subsidy Payments.

(a) Pledge of Federal Subsidy Payments. The Commission hereby pledges the Federal Subsidy Payments as security for the Rental Payments. Promptly upon receipt of any Federal Subsidy Payments, the Commission will cause such Federal Subsidy Payments to be paid to the Lessor for credit against the Rental Payments next coming due. The Federal Subsidy Payments are not pledged to the payment of debt service on the Power Revenue Bonds or other Obligations Secured by Net Revenues.

(b) Filing of Forms To Receive Federal Subsidy Payment. The Commission will, within the 45-day period beginning on the date that is 90 days before the next Lease Payment Date, file or cause to be filed Form 8038-CP or any successor form designated by the Federal government, requesting payment of the Federal Subsidy Payment with respect to the next Rental Payment.

Section 4.08. Mandatory, Extraordinary and Optional Prepayment

(i) Mandatory Prepayment at Expiration of Expenditure Period. Any funds remaining in the Acquisition Fund on or after the Expenditure Period and not applied to Equipment Costs, will be applied by Lessor, within 90 days of the end of the Expenditure Period, in inverse chronological order, to the prepayment of the principal component of the outstanding Rental Payments. Up to \$400,000 principal amount may be prepaid at a prepayment price equal to 100% of the principal component of the Rental Payments being prepaid, plus accrued interest to

the date of prepayment. Any prepaid principal exceeding \$400,000 will be prepaid at a prepayment price equal to 103% of the principal component of the Rental Payments being prepaid, plus accrued interest to the date of prepayment. To the extent that the mandatory prepayment amount exceeds the amount remaining in the Acquisition Fund, the Commission will contribute the excess amount required for the prepayment.

(ii) Extraordinary Prepayment. In the event the Equipment is damaged or destroyed, or the property in which the Equipment is located is taken under the power of eminent domain, the Commission has the option to prepay the principal component of the Rental Payments, in whole or in part, on any date, from Net Proceeds (as defined in Section 8.01), at a prepayment price equal to 103% of the principal component of the Rental Payments being prepaid, plus accrued interest to the date of prepayment.

(iii) Optional Prepayment.

(A) On or after April 25, 2024 (the 17th semiannual Rental Payment Date), the principal component of the Rental Payments is subject to optional prepayment, which may be exercised by the Commission, at a price equal to the principal amount to be prepaid, plus a premium equal to 2% of the principal amount being prepaid, plus accrued interest to the date of prepayment.

(B) On any date, the principal component of the Rental Payments is subject to optional prepayment, in whole only, which may be exercised by the Commission, in the event a "Change in Law" occurs. "Change in Law" means legislation is enacted by the Congress of the United States of America or a ruling, regulation or statement is issued by the Treasury or the Internal Revenue Service, the effect of which (A) repeals, revokes or reduces the Federal Subsidy Payments with respect to the Agreement or (B) imposes one or more substantive conditions on the receipt of Federal Subsidy Payments, and such conditions are unacceptable to the Commission. The prepayment premium for the optional prepayment of the principal component of the Rental Payments under this clause (B) is 3% of the principal component of Rental Payments being prepaid, if such option is exercised prior to the 17th semi-annual payment, and 2% thereafter through maturity.

Section 4.09. Against Sale, Encumbrance. Except as provided herein, the Commission covenants that the property, facilities and improvements of the Electric System will not be mortgaged or otherwise encumbered, sold, leased, pledged, nor will any charge be placed thereon, nor will it be disposed of as a whole or substantially as a whole.

Section 4.10. Insurance. The Commission covenants that it will at all times during the term of this Agreement maintain such insurance on the Electric System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works. If any useful part of the Electric System will be damaged or destroyed, such part will be restored to use. The Net Proceeds of insurance against accident to or destruction of the physical Electric System will be used for repairing or rebuilding the damaged or destroyed portions of the Electric System (to the extent that such repair or rebuilding is determined by the Commission to be useful or of continuing value to the Electric System), and to the extent not so applied, will be applied to the redemption of the outstanding Obligations Secured by Net Revenues issued on a pro rata basis, and for such purpose will be paid into a redemption account to be established and held by the Commission or its agent, each in the capacity as a fiduciary.

Any such insurance will be in the form of policies or contracts for insurance with insurers of good standing, and will be payable to the Commission, or may be in the form of self-insurance by the Commission.

ARTICLE V

Section 5.01. Delivery, Installation and Acceptance of Equipment.

(a) The Commission will order the Equipment, cause the Equipment to be delivered and installed at the location specified in Exhibit A-1, and pay any and all delivery and installation costs and other Equipment Costs in connection therewith. When the Equipment has been delivered and installed, the Commission will promptly accept such Equipment and evidence said acceptance by executing and delivering to Lessor an Acceptance Certificate in the form attached hereto as Exhibit D.

(b) The Commission will deliver to Lessor original invoices and bills of sale relating to each item of Equipment accepted by the Commission.

Section 5.02. Quiet Enjoyment of Equipment. So long as the Commission is not in default under this Lease, neither Lessor nor any entity claiming by, through or under Lessor, will interfere with the Commission's quiet use and enjoyment of the Equipment during the Lease Term.

Section 5.03. Location; Inspection. Once installed, no item of the Equipment will be relocated from the base location specified for it in this Lease on which such item is listed without Lessor's prior written consent, which consent will not be unreasonably withheld. Lessor will have the right at all reasonable times during regular business hours to enter into and upon the property of the Commission for the purpose of inspecting the Equipment.

Section 5.04. Use and Maintenance of the Equipment. The Commission will not install, use, operate, or maintain the Equipment (or cause the Equipment to be installed, used, operated or maintained) improperly, carelessly, or in violation of any applicable law, or in a manner contrary to that contemplated by this Lease. The Commission will provide all permits and licenses, if any, necessary for the installation and operation of the Equipment. In addition, the Commission agrees to comply in all respects with all applicable laws, regulations and rulings of any legislative, executive, administrative, or judicial body; *provided* that the Commission may contest in good faith the validity or application of any such law, regulation or ruling in any reasonable manner that does not, in the opinion of Lessor, which opinion will not be withheld unreasonably, adversely affect the interest (including the reversionary interest) of Lessor in and to the Equipment or its interest or rights under this Lease.

The Commission agrees that it will maintain, preserve, and keep the Equipment in good repair and working order, in a condition comparable to that recommended by the manufacturer. Lessor shall have no responsibility to maintain, repair or make improvements or additions to the Equipment. In all cases, the Commission agrees to pay any costs necessary for the manufacturer to re-certify the Equipment as eligible for manufacturer's maintenance upon the return of the Equipment to Lessor as provided for herein.

The Commission shall not alter any item of Equipment or install any accessory, equipment or device on an item of Equipment if that would impair any applicable warranty, the originally intended function or the value of that Equipment. All repairs, parts, accessories,

equipment and devices furnished, affixed to or installed on any Equipment, excluding temporary replacements, shall thereupon become subject to the security interest of Lessor specified in Section 6.02.

ARTICLE VI

Section 6.01. Title to the Equipment. During the Lease Term, and so long as the Commission is not in default under Article XII hereof, all right, title and interest in and to each item of the Equipment shall be vested in the Commission immediately upon its acceptance of each item of Equipment, subject to the terms and conditions of this Lease. The Commission will at all times protect and defend, at its own cost and expense, its title in and to the Equipment from and against all claims, liens and legal processes of its creditors, and keep all Equipment free and clear of all such claims, liens and processes. Upon the occurrence of an Event of Default or upon termination of this Lease pursuant to the terms of this Agreement, full and unencumbered legal title to the Equipment will pass to Lessor, and the Commission will have no further interest therein. In addition, upon the occurrence of such an Event of Default or such termination, the Commission will execute and deliver to Lessor such documents as Lessor may reasonably request to evidence the passage of such legal title to Lessor and the termination of the Commission's interest therein, and upon request by Lessor will deliver possession of the Equipment to Lessor in accordance with Section 12.02. Upon payment of all amounts due and owing under this Agreement in accordance with Section 10.01 (including payment of all Rental Payments and other amounts payable under this Agreement), Lessor's security interest or other interest in the Equipment will terminate, and Lessor will execute and deliver to the Commission such documents as the Commission may request to evidence the termination of Lessor's security interest in the Equipment.

Section 6.02. Security Interest. To secure the payment and performance of all of Lessee's obligations hereunder, the Commission hereby grants to Lessor a first priority security interest constituting a first lien on (a) the Equipment, and (b) any and all proceeds of any of the Equipment (collectively, the "Collateral"). The Commission agrees to execute and authorizes Lessor to file such notices of assignment, chattel mortgages, financing statements and other documents, in form satisfactory to Lessor, which Lessor deems necessary or appropriate to establish, maintain and continue the effectiveness of Lessor's security interest in the Collateral. Lessor shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as enacted in California. Lessor shall not be liable for any loss to any Equipment or other Collateral in its possession, nor shall such loss diminish the amount of Rental Payments due under this Agreement. Without limiting the generality of the foregoing, the Commission agrees that upon the acquisition of each item of Equipment, the Commission shall execute, deliver and file, and hereby authorizes the filing by Lessor of, financing statements and fixture filings in all jurisdictions required by Lessor specifically identifying the Equipment and the other Collateral, naming Lessee as the debtor and Lessor as the secured party. The Commission will promptly execute and authorize the filing by Lessor of any financing statements, fixture filing or other instruments deemed necessary by Lessor to prevent any filed financing statement, fixture filing or other instrument from becoming misleading or to continue the perfection of the security interest granted hereby. Notwithstanding a termination of this Agreement, the Commission's grant of a security interest in the Equipment and the other Collateral shall survive until payment in full of all amounts payable under this Agreement and the release in writing by Lessor.

Section 6.03. Personal Property. The Commission agrees that the Equipment is deemed to be and will remain personal property, and will not be deemed to be affixed to or a

part of the real estate on which it may be situated, notwithstanding that the Equipment or any part thereof may be or hereafter become in any manner physically affixed or attached to real estate or any building thereon. The Commission shall not create, incur, assume or permit to exist any mortgage, pledge, lien, security interest, charge or other encumbrance of any nature whatsoever on any of the real estate or improvements thereon where the Equipment is or will be located or enter into any agreement to sell or assign or enter into any sale/leaseback arrangement of such real estate or improvements without the prior written consent of Lessor; *provided*, that if Lessor or its assigns is furnished with a waiver of interest in the Equipment acceptable to Lessor or its assigns in its discretion from any party taking an interest in any such real estate prior to such interest taking effect, such consent shall not be unreasonably withheld.

ARTICLE VII

Section 7.01. Liens, Taxes, Other Governmental Charges and Utility Charges. The Commission will keep the Equipment free of all levies, liens, and encumbrances except those created hereunder. The parties to this Agreement contemplate that the Equipment will be used for a governmental or proprietary purpose of the Commission and that the Equipment will therefore be exempt from all property taxes. If the use, possession or acquisition of any Equipment is nevertheless determined to be subject to taxation, the Commission will pay when due all taxes and governmental charges lawfully assessed or levied against or with respect to such Equipment. The Commission will pay all utility and other charges incurred in the use and maintenance of the Equipment. The Commission will pay such taxes or charges as the same may become due; *provided* that, with respect to any such taxes or charges that may lawfully be paid in installments over a period of years, the Commission will be obligated to pay only such installments as accrue during the Lease Term. During the Lease Term, Lessor will not claim ownership of the Equipment for the purpose of any tax credits, benefits or deductions with respect to the Equipment.

Section 7.02. Insurance. The Commission will during the Lease Term maintain or cause to be maintained (a) casualty insurance naming Lessor and its assigns as loss payee and additional insured and insuring the Equipment against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State, and any other risks reasonably required by Lessor, in an amount at least equal to the greater of the principal amount of the Rental Payments then unpaid or the replacement cost of the Equipment; (b) liability insurance naming Lessor and its assigns as additional insured that protects Lessor from liability in all events in form and amount satisfactory to Lessor; and (c) worker's compensation coverage as required by the laws of the State; *provided* that, with Lessor's prior written consent, the Commission may self-insure against the risks described in clause (a). The Commission will furnish to Lessor evidence of such insurance or self-insurance coverage throughout the Lease Term. The Commission will not cancel or modify such insurance or self-insurance coverage in any way that would affect the interests of Lessor without first giving written notice thereof to Lessor at least 30 days in advance of such cancellation or modification. Notwithstanding the foregoing provisions of this Section, any policy of insurance required by this Section is subject to the review and approval of Lessor at all times upon its request.

Section 7.03. Risk of Loss. Whether or not covered by insurance or self-insurance, the Commission hereby assumes all risk of loss of, or damage to and liability related to injury or damage to any persons or property arising from the Equipment from any cause whatsoever, and no such loss of or damage to or liability arising from the Equipment will relieve the Commission of the obligation to make the Rental Payments or to perform any other obligation under this Lease. Whether or not covered by insurance or self-insurance, the Commission hereby agrees

to reimburse Lessor (to the fullest extent permitted by applicable law, but only from legally available funds) for any and all liabilities, obligations, losses, costs, claims, taxes or damages suffered or incurred by Lessor, regardless of the cause thereof, and all expenses incurred in connection therewith (including, without limitation, counsel fees and expenses, and penalties connected therewith imposed on interest received) arising out of or as a result of (a) entering into of this Agreement or any of the transactions contemplated hereby, (b) the ordering, acquisition, ownership use, operation, condition, purchase, delivery, acceptance, rejection, storage or return of any item the Equipment, (c) any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment resulting in damage to property or injury to or death to any person, and/or (d) the breach of any covenant of the Commission in connection with this Lease or any material misrepresentation provided by the Commission in connection with this Lease. The provisions of this paragraph will continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of the Lease Term for any reason.

Section 7.04. Advances. In the event the Commission will fail to keep the Equipment in good repair and working order, Lessor may, but will be under no obligation to, maintain and repair the Equipment and pay the cost thereof. All amounts so advanced by Lessor will constitute additional rent for the Lease Term, and the Commission covenants and agrees to pay such amounts so advanced by Lessor with interest thereon from the date advanced until paid at a rate equal to the Contract Rate plus 5% per annum, or the maximum amount permitted by law, whichever is less.

ARTICLE VIII

Section 8.01. Damage, Destruction and Condemnation. If, prior to the termination of the Lease Term, (a) the Equipment or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, the Commission and Lessor will cause the Net Proceeds of any insurance claim or condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment. Any balance of the Net Proceeds remaining after such work has been completed will be retained by the Commission.

If the Commission elects to replace any item of the Equipment (the "*Replaced Equipment*") pursuant to this Section, the replacement equipment (the "*Replacement Equipment*") shall be new or of a quality, type, utility and condition at least as good as the Replaced Equipment, or will be of equal or greater value than the Replaced Equipment, shall provide at least the same level of energy and/or operational savings expected in the aggregate from the Replaced Equipment prior to such casualty, destruction or condemnation, and shall qualify under Section 54C of the Code. The Commission shall grant to Lessor a first priority security interest in any such Replacement Equipment. The Commission will represent, warrant and covenant to Lessor that each item of Replacement Equipment is free and clear of all claims, liens, security interests and encumbrances, excepting only those liens created by or through Lessor, and shall provide to Lessor any and all documents as Lessor may reasonably request in connection with the replacement, including, but not limited to, documentation in form and substance satisfactory to Lessor evidencing Lessor's security interest in the Replacement Equipment. Lessor and the Commission hereby acknowledge and agree that any Replacement Equipment acquired pursuant to this paragraph shall constitute "Equipment" for purposes of this

Agreement. The Commission shall complete the documentation of Replacement Equipment on or before the next Rental Payment date after the occurrence of a casualty event, or be required to exercise the Prepayment Option with respect to the damaged Equipment.

For purposes of this Article, the term "*Net Proceeds*" will mean the amount remaining from the gross proceeds of any insurance claim or condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys' fees, incurred in the collection thereof.

Section 8.02. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 8.01, the Commission will complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds. The amount of the Net Proceeds, if any, remaining after completing such repair, restoration, modification or improvement, or after purchasing such Equipment, will be retained by the Commission. If the Commission shall make any payments pursuant to this Section, the Commission shall not be entitled to any reimbursement therefor from Lessor, nor will the Commission be entitled to any diminution of the amounts payable under Article IV.

ARTICLE IX

Section 9.01. Disclaimer of Warranties. Lessor makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for use of the Equipment, or any other warranty or representation, express or implied, with respect thereto and, as to Lessor, the Commission's acquisition of the Equipment will be on an "as is" basis. In no event will Lessor be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Agreement, the Equipment or the existence, furnishing, functioning or the Commission's use of any item, product or service provided for in this Agreement.

Section 9.02. Vendor's Warranties. Lessor hereby irrevocably appoints the Commission its agent and attorney-in-fact during the Lease Term, so long as the Commission will not be in default under this Lease, to assert from time to time whatever claims and rights (including without limitation warranties) relating to the Equipment that Lessor may have against Vendor. The Commission's sole remedy for the breach of such warranty, indemnification or representation will be against Vendor of the Equipment, and not against Lessor. Any such matter will not have any effect whatsoever on the rights and obligations of Lessor with respect to this Lease, including the right to receive full and timely payments under this Lease. The Commission expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties relating to the Equipment.

ARTICLE X

Section 10.01. Prepayment Option. The Commission has the option to prepay or satisfy all of its obligations hereunder (the "Prepayment Option") at the times and upon the terms specified in Section 4.08.

After the payment of the applicable prepayment price specified in Section 4.08, the Commission will own the Equipment, and Lessor's security interests in and to the Equipment will be terminated.

ARTICLE XI

Section 11.01. Assignment by Lessor.

(a) Lessor's right, title and interest in and to this Agreement, the Rental Payments, and any other amounts payable by the Commission under this Lease, its security interest in the Equipment, and all proceeds therefrom, may be assigned and reassigned in whole or in part to one or more assignees or subassignees by Lessor, without the necessity of obtaining the consent of the Commission; *provided*, that any such assignment, transfer or conveyance to a trustee for the benefit of owners of certificates of participation will be made in a manner that conforms to any applicable State or local law. Nothing in this Section 11.01 will be construed, however, to prevent Lessor from executing any such assignment, transfer or conveyance that does not involve funding through the use of certificates of participation within the meaning of applicable State or local law, including any such assignment, transfer or conveyance as part of a multiple asset pool to a partnership or trust; *provided* such certificates are sold only on a private placement basis (and not pursuant to any "public offering") or any such assignment, transfer or conveyance so affected to a purchaser(s) who represents that (i) such purchaser has sufficient knowledge and experience in financial and business matters to be able to evaluate the risks and merits of the investment, (ii) such purchaser understands that neither the Lease nor certificates will be registered under the Securities Act of 1933, (iii) such purchaser is either an "accredited investor" within the meaning of Regulation D under the Securities Act of 1933, or a qualified institutional buyer within the meaning of Rule 144A, and (iv) it is the intention of such purchaser to acquire such certificates (A) for investment for its own account or (B) for resale in a transaction exempt from registration under the Securities Act of 1933; *provided further*, that in any event, the Commission will not be required to make Rental Payments, to send notices or to otherwise deal with respect to matters arising under this Lease with or to more than one individual or entity; and provided that any transaction undertaken under this Section 11.01 complies with Section 54C of the Code.

(b) Unless to an affiliate controlling, controlled by or under common control with Lessor, no assignment, transfer or conveyance permitted by this Section 11.01 will be effective until the Commission shall have received a written notice of assignment that discloses the name and address of each such assignee; *provided*, that if such assignment is made to a bank or trust company as trustee or paying agent for owners of certificates of participation, trust certificates or partnership interests with respect to the Rental Payments payable under this Lease, it will thereafter be sufficient that the Commission receives notice of the name and address of the bank or trust company as trustee or paying agent. During the Lease Term, the Commission will keep, or cause to be kept, a complete and accurate record of all such assignments in form necessary to comply with Section 149 of the Code. The Commission will retain all such notices as a register of all assignees and will make all payments to the assignee or assignees designated in such register. The Commission shall not have the right to and shall not assert against any assignee any claim, counterclaim or other right the Commission may have against Lessor or the Vendor. For an assignment affected under the terms of this Agreement, assignments in part may include without limitation assignment of all of Lessor's security interest in and to the Equipment and all rights in, to and under the Lease. The option granted in this Section may be separately exercised from time to time with respect to the Equipment, but such option does not permit the assignment of less than all of Lessor's interests in the Equipment.

(c) If Lessor notifies the Commission of its intent to assign the Lease, the Commission agrees that it will execute and deliver to Lessor a Notice and Acknowledgement of

Assignment substantially in the form of Exhibit F attached to this Lease within fifteen (15) business days after its receipt of such request.

Section 11.02. Assignment and Subleasing by the Commission. None of the Commission's right, title, and interest in, to and under this Lease or any portion of the Equipment or the Acquisition Fund may be assigned or encumbered by the Commission for any reason.

ARTICLE XII

Section 12.01. Events of Default Defined. Any of the following events will constitute an "Event of Default" hereunder:

(a) Failure by the Commission to: (i) pay any Rental Payment or other payment required to be paid under this Lease within 30 days of the date when due as specified herein, (ii) maintain insurance as required herein, or (iii) maintain any Equipment or Replacement Equipment free and clear of liens, claims and processes as further described in, and subject to Section 6.01 hereof;

(b) Failure by the Commission to observe and perform any covenant, condition or agreement contained in this Agreement on its part to be observed or performed, other than as referred to in subparagraph (a) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the Commission by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; *provided that*, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Commission within the applicable period and diligently pursued until the default is corrected;

(c) Any statement, representation or warranty made by the Commission in or pursuant to this Lease or its execution, delivery or performance shall prove to have been false, misleading, incorrect or breached in any material respect on the date when made;

(d) Any default or event of default occurs with respect to the 2008 CREB Lease, the 2011 QECB Lease or the 2012 NCREB Lease;

(e) Except as provided in Section 12.01(d) above, any default occurs under any other agreement for borrowing money, lease financing of property or otherwise receiving credit secured by, or payable from, Net Revenues, if such default consists of (i) the failure to pay any indebtedness when due or (ii) the failure to perform any other obligation thereunder and gives the holder of the indebtedness the right to accelerate the indebtedness;

(f) The Commission shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of the Commission, or of all or a substantial part of the assets of the Commission, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, (v) have an order for relief entered against it under applicable federal bankruptcy law, or (vi) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a

petition filed against the Commission in any bankruptcy, reorganization, moratorium or insolvency proceeding; or

(g) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator for the Commission or of all or a substantial part of the assets of the Commission, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 30 consecutive days.

Section 12.02. Remedies on Default. Whenever any Event of Default exists, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to the Commission, Lessor may declare all Rental Payments payable by the Commission pursuant to this Lease and other amounts payable by the Commission under this Lease to the end of the Lease Term to be due;

(b) With or without terminating the Lease Term, Lessor may enter the premises where the Equipment is located and retake possession of such Equipment or require the Commission at the Commission's expense to promptly return any or all of such Equipment to the possession of Lessor at such place within the United States as Lessor will specify, and sell or lease such Equipment or, for the account of the Commission, sublease such Equipment, continuing to hold the Commission liable, but solely from legally available funds, for the difference between (i) the Rental Payments payable by the Commission and other amounts hereunder or the Equipment that are payable by the Commission to the end of the Lease Term, and (ii) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of Lessor in exercising its remedies hereunder, including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing such Equipment and all brokerage, auctioneer's and attorney's fees). The exercise of any such remedies respecting any such Event of Default shall not relieve the Commission of any other liabilities hereunder or the Equipment; and

(c) Lessor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights hereunder as a secured party in any or all of the Equipment.

Section 12.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice other than such notice as may be required in this Article.

ARTICLE XIII

Section 13.01. Notices. All notices, certificates or other communications under this Lease shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, or delivered by overnight courier, or sent by facsimile transmission (with electronic confirmation) to the parties hereto at the addresses immediately after the signatures to this Agreement (or at such other address as either party hereto will

designate in writing to the other for notices to such party) and to any assignee at its address as it appears on the registration books maintained by the Commission.

Section 13.02. Binding Effect. This Lease will inure to the benefit of and will be binding upon Lessor and the Commission and their respective successors and assigns.

Section 13.03. Severability. In the event any provision of this Lease will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 13.04. Amendments, Changes and Modifications. This Agreement may only be amended by Lessor and the Commission in writing.

Section 13.05. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 13.06. Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the State.

Section 13.07. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 13.08. Incorporation of Miscellaneous Terms and Conditions. The terms and conditions set forth in Exhibit E hereto are hereby incorporated into this Agreement in full and made a part hereof as though fully set forth herein.

IN WITNESS WHEREOF, Lessor and the Commission have caused this Agreement to be executed in their names by their duly authorized representatives as of the date first above written.

LESSOR:
Banc of America Leasing & Capital, LLC

11333 McCormick Road
Hunt Valley II
Mail Code MD5-03-07-05
Hunt Valley, Maryland 21031
Attention: Contract Administration
Fax No.: (443) 556-6977

COMMISSION:
Public Utilities Commission of the City and
County of San Francisco, acting on behalf
of the City and County of San Francisco
525 Golden Gate Ave
San Francisco, CA 94102

Attention:
Fax No.: (415) 487-5258

By: _____
Name:
Title:

By: _____
Name:
Title:

ATTEST:

By: _____
Name:
Title: Secretary

List of Exhibits

- Exhibit A-1 -- Description of 2015 NCREB Project
- Exhibit A-2 -- Rental Payment Schedule
- Exhibit B -- Certificate of the Commission
- Exhibit C -- Opinion of Counsel Form
- Exhibit D -- Acceptance Certificate
- Exhibit E -- Miscellaneous Terms and Conditions
- Exhibit F -- Notice and Acknowledgment of Assignment
- Exhibit G -- Form of Opinion of Bond Counsel

EXHIBIT A-1

DESCRIPTION OF 2015 NCREB PROJECT

Re: Equipment Lease/Purchase Agreement, dated as of October 1, 2015, between Banc of America Leasing & Capital, LLC, as Lessor, and the Public Utilities Commission of the City and County of San Francisco, acting on behalf of the City and County of San Francisco, as Lessee

1. *Defined Terms.* All terms used herein have the meanings ascribed to them in the above-referenced Equipment Lease/Purchase Agreement (the "*Equipment Lease*").
2. *Equipment.* The following items of Equipment are hereby included under this Equipment Lease.

Description of San Francisco Police Academy Solar Energy Facility

The San Francisco Police Academy Solar Energy Facility consists of a 270 kW (Option 1) or 200 kW (Option 2) DC photovoltaic (PV) system on carport structures in the parking lot of the San Francisco Police Academy.

San Francisco Police Academy is located at 350 Amber Drive in San Francisco. This site used to be a school – Diamond Heights Elementary School. The parking lot proposed to be used for the PV project used to be the school playground.

The parking lot is paved and has drainage, but needs maintenance. As part of the PV project scope, a current geotech report will be commissioned to obtain site specific coefficients for seismic design and also the allowable lateral soil pressures and bearing pressures for the structural design.

The PV carports will require concrete piers to be installed in the parking lot to support the weight of the carport framing and the PV modules. The carports will be installed in three (or two) rows, running North-South, based upon the parking lot orientation. See attached project site plan drawings. Each carport row will allow multiple modules (4 to 6, depending on model of PV module selected) to be oriented per row to cover the width of the carport. Each row will have a 3 degree tilt to aid drainage of rain water.

PV output from each row will be routed to inverters located at the end of each row. The inverters will be supported by the car port structure / framing. The DC power will be converted to AC, and then routed via underground conduits (to be installed) to the main electrical switchboard for electrical tie-in at the 120/208V main panel. The power will be used on-site.

The project is projected to generate a minimum of 335,000 kWh per year (Option 1) or 248,000 kWh per year (Option 2) and this renewable energy will serve on-site municipal loads.

The table below summarizes the major project parameters and key notes:

Location	Estimated Area for PV (sq. ft) (1)	PV System Size (DC kW) (2)	Budgetary Cost (\$ million) (3)	Allowable Weight on Roof for PV Panels (lbs/sf) (4)	Anticipated Technology
San Francisco Police Academy	18,500 or 14,000	270 kW (option 1) or 200 kW (option 2)	\$2.1	n/a	High Efficiency Crystalline PV, mounted on car port structures in the site parking lot

Notes:

- (1) The estimated area noted above is based upon initial PV carport layouts – 3 or 2 rows, as shown in the attached site plans.
- (2) System sizing based upon high-efficiency PV panels installed DC output of 16+ watts/sq. ft. DC STC (nominal), before accounting for conversion & system losses.
- (3) Budgetary cost for this large PV system is estimated at \$8.0 per watt, plus required geotech, structural and paving work to support PV project installation.
- (4) Estimate for allowable weight is not applicable as the project is being mounted on carport structures supported by structural piers in the parking lot.

Description of Marina Middle Solar Energy Facility

The Marina Middle Solar Energy Facility consists of a 200 kW DC photovoltaic (PV) system at the Marina Middle School.

Marina Middle School is located at 3500 Fillmore Street in San Francisco. The PV project is intended to be installed on the Main classroom and Gymnasium building roofs using either a positively attached racking system, ballasted racking system with seismic restraints, or a combination of ballast and positively attached racking, as allowable based upon the structural design / analysis. The racking will be low- slope, estimated 10 degree tilt, and the modules will be south-facing.

The roof covering on the two buildings is a Garland Company modified bitumen system, consisting of a cap sheet, multiple fiberglass ply sheets, insulation and a concrete deck. As the PV project is intended to operate at least 20 years, the project's roofing scope will identify and repair roof membrane conditions currently meriting repair and to identify and pro-actively perform any reasonable preventative maintenance. The objective is to take prudent and reasonable steps now to reduce the risk of having to make roof repairs below the solar PV arrays for at least the next 10 years. Roofing repairs as well as roof protection / flashing requirements to allow placement of ballast and /or installation of racking anchoring will be compliant with the existing roof warranty.

PV output from the arrays on each roof will be routed to inverters on the roof to combine and convert DC power to AC power. The combined AC outputs from the Main Classroom building and the Gymnasium will be routed down from the roof to the main electrical room located in the basement of the Main Classroom building. The AC output will be tied into the main electrical panel. The power will be used on-site.

The project is projected to generate a minimum of 266,000 kWh per year and this renewable energy will serve on-site municipal loads.

The table below summarizes the major project parameters and key notes:

Location	Estimated Area for PV (sq. ft) (1)	PV System Size (DC kW) (2)	Budgetary Cost (\$ million) (3)	Allowable Weight on Roof for PV Panels (lbs/sf) (4)	Anticipated Technology
Marina Middle School	15,000 sq. ft.	200 kW	\$2.0	8.0 est.	High Efficiency Crystalline PV, mounted on low-tilt (10 deg) racking on roof

Notes:

- (1) The estimated area noted above is based an estimated 50% usable area, after allowed for perimeter clearances, obstructions, walkways etc. Actual roof area of the two buildings – Main Classroom and Gymnasium is ~ 29,700 sq. ft. See attached site plan.
- (2) System sizing based upon high-efficiency PV panels installed DC output of 18 watts/sq. ft. DC STC (nominal), before accounting for conversion & system losses.
- (3) Budgetary cost for this large PV system is estimated at \$8.0 per watt, plus required roofing repairs (below PV footprint) to support PV project installation.
- (4) Estimate for allowable weight for PV system (panels, racking, ballast, anchors). Includes DSA (Division of State Architect) allowed use of portion of live load towards PV system dead load.

Dated: October __, 2015

LESSOR:

Banc of America Leasing & Capital, LLC

11333 McCormick Road
Hunt Valley II
Mail Code MD5-03-07-05
Hunt Valley, Maryland 21031
Attention: Documentation
Fax No.: (443) 556-6977

By: _____
Name:
Title:

COMMISSION:

Public Utilities Commission
of the City and County of San Francisco,
acting on behalf of the City and County of
San Francisco

525 Golden Gate Ave
San Francisco, CA 94102

Attention:
Fax No.: (415) 487-5258

By: _____
Name:
Title:

EXHIBIT A-2

PAYMENT SCHEDULE

Pmt. No.	Payment Date	Outstanding Balance	Principal Portion	Interest Portion*	Total Rental Payment	US Treasury Subsidy Amount**	Net Payment After Subsidy
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							

*Calculated at Contract Rate of [4.97] %.

**Calculated at 70% of the published tax credit rate on the date of the Direct Purchase Agreement, and does not include any reductions that may result from Sequestration.

COMMISSION:
Public Utilities Commission
of the City and County of San Francisco,
acting on behalf of the City and County of
San Francisco

By: _____
Name:
Title:

LESSOR: Banc of America Leasing & Capital, LLC
11333 McCormick Road
Hunt Valley II
Mail Code MD5-03-07-05
Hunt Valley, Maryland 21031
Attention: Documentation Department
Fax No.: (443) 556-6977

By: _____
Name:
Title:

EXHIBIT B

CERTIFICATE OF THE COMMISSION

The undersigned, a duly elected and acting Secretary of the Public Utilities Commission of the City and County of San Francisco, acting on behalf of the City and County of San Francisco (the "*Commission*") certifies as follows:

A. The following listed persons are duly elected and acting officials of the Commission (the "*Officials*") in the capacity set forth opposite their respective names below, and the facsimile signatures below are true and correct as of the date hereof;

B. The Officials below have been duly authorized to execute and deliver, on behalf of the Commission, the Equipment Lease/Purchase Agreement (Taxable Direct Pay New Clean Renewable Energy Bond) dated as of October 1, 2015 between the Commission and Banc of America Leasing & Capital, LLC.

Name of Official

Title

Signature

[Assistant General Manager,
Business Services and Chief
Financial Officer]

[Deputy Chief Financial Officer]

Dated: October __, 2015

By: _____

Name:

Title: Secretary, Public Utilities
Commission of the City and County
of San Francisco, acting on behalf of
the City and County of San
Francisco

EXHIBIT C

OPINION OF COUNSEL TO THE COMMISSION
(to be typed on letterhead of counsel)

_____, 2015

Board of Supervisors of the City and County
of San Francisco
San Francisco, California

Banc of America Leasing & Capital, LLC, and successors and assigns
Hunt Valley, Maryland

Re: Equipment Lease/Purchase Agreement, dated as of October 1, 2015, between Banc of America Leasing & Capital, LLC, as Lessor, and the Public Utilities Commission of the City and County of San Francisco, acting on behalf of the City and County of San Francisco, as Lessee

Ladies and Gentlemen:

This office has acted counsel to the Public Utilities Commission of the City and County of San Francisco, acting on behalf of the City and County of San Francisco (the "*Commission*"). In connection therewith, the undersigned has examined (a) an executed counterpart of a certain Equipment Lease/Purchase Agreement, dated as of October 1, 2015, and Exhibits thereto, between Banc of America Leasing & Capital, LLC ("*Lessor*") and the Commission (the "*Agreement*") which, among other things, provides for the lease of certain property listed therein (the "*Equipment*"), a Direct Purchase Agreement, dated _____, 2015, between the Lessor and the Commission, relating to the purchase by the Lessor of the right to receive Rental Payments due by the Commission under the Agreement (the "*Direct Purchase Agreement*"), and a Filing Agent Agreement, between the Commission and U.S. Bank National Association, as Filing Agent, dated as of October 1, 2015 (the "*Filing Agent Agreement*"), (b) executed counterparts of the resolutions of the Commission (the "*Proceedings*") which, among other things, authorize the Commission to execute the Agreement and (c) such other opinions, documents and matters of law as the undersigned has deemed necessary in connection with the following opinions. The Agreement, the Direct Purchase Agreement and the Filing Agent Agreement are referred to collectively as the "*Transaction Documents*."

Based on the foregoing, the undersigned is of the following opinions:

1. The Commission is a public body corporate and politic, duly organized and existing under the laws of the State of California (the "*State*") and the Constitution of the State (the "*Constitution*").
2. The Commission has the requisite power and authority to lease and acquire the Equipment and to execute and deliver the Transaction Documents and to perform its obligations under the Transaction Documents.

3. The Transaction Documents have been duly authorized, approved, executed and delivered by and on behalf of the Commission and are valid and binding obligations of the Commission enforceable in accordance with their respective terms.

4. The authorization, approval, execution and delivery of the Transaction Documents and the Proceedings have been performed in accordance with all open meeting laws, public bidding laws and all other applicable State and federal laws, including the Constitution and do not conflict with or constitute a violation of, breach of, or default under (i) any Constitutional provision or any other provision of State law; (ii) to the best of my knowledge after due investigation, any agreement or other instrument to which the Commission is a party or by which the Commission is bound, or (iii) to the best of my knowledge after due investigation, any order, rule or regulation of any State court or State governmental agency or body having jurisdiction over the Commission or any of its properties.

5. No further consent, approval, authorization or order of any court or governmental agency or body or official is required to be obtained by the Commission in connection with the execution and delivery of the Transaction Documents or the performance of its obligations thereunder or under the Proceedings.

6. The execution and delivery of the Transaction Documents by the Commission do not violate any federal or California statute, rule or regulation applicable to the Commission.

7. The execution and delivery by the Commission of, and performance of its obligations under the Transaction Documents, and compliance by the Commission with the provisions of the foregoing, and the adoption of the proceedings authorizing such execution, delivery and performance (the "Proceedings"), do not and will not in any material respect conflict with or constitute a violation of, breach of, or default under (i) any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Commission or any of its properties or (ii) to my knowledge, any agreement or other instrument to which the Commission is a party or by which the Commission is bound.

8. There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the Commission in which an unfavorable decision, ruling or finding would adversely affect the Commission's ability to adopt the Proceedings, or in any way contesting the existence of the Commission or the powers of the Commission with respect thereto, or the ability of the Commission to perform its obligations under the Transaction Documents, or affecting, contesting or seeking to prohibit, restrain or enjoin the execution and delivery of the Transaction Documents, or in any way contesting or affecting the validity of the Proceedings, or the validity or enforceability of the Transaction Documents.

9. To my knowledge, the Commission is not in violation of any existing law, rule or regulation applicable to it and is not in default under any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which it is a party or by which the Commission is bound or to which any of its assets is subject, which would have a material adverse effect on its financial condition or its abilities to perform its respective obligations under the Transaction Documents.

All capitalized terms herein will have the same meanings as in the Transaction Documents unless otherwise provided herein. This letter is furnished solely for the benefit of

above-addressed parties, including permitted successors and assigns. This letter is not to be circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by anyone other than the above-addressed parties.

Very truly yours,

DENNIS J. HERRERA
City Attorney

EXHIBIT D

ACCEPTANCE CERTIFICATE

Banc of America Leasing & Capital, LLC
11333 McCormick Road
Hunt Valley II
Mail Code MD5-03-07-05
Hunt Valley, Maryland 21031

Re: Schedule of Property No. 1, dated _____, 20__, to Equipment Lease/Purchase Agreement, dated as of October 1, 2015, between Banc of America Leasing & Capital, LLC, as Lessor, and the Public Utilities Commission of the City and County of San Francisco, acting on behalf of the City and County of San Francisco, as Lessee

Ladies and Gentlemen:

In accordance with the Equipment Lease/Purchase Agreement (the "*Agreement*"), the undersigned Lessee hereby certifies and represents to, and agrees with Lessor as follows:

1. All of the Equipment (as such term is defined in the Agreement) listed on the attached Exhibit A (the "*Schedule*") has been delivered, installed and accepted on the date hereof.

2. Lessee has conducted such inspection and/or testing of the Equipment listed in the Schedule as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes.

3. Lessee is currently maintaining the insurance coverage required by Section 7.02 of the Agreement.

4. Lessee hereby reaffirms that the representations, warranties and covenants contained in the Agreement are true and correct as of the date hereof.

5. No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default (as defined in the Agreement) exists at the date hereof.

Date: _____

[This Certificate is not to be dated or signed until all of the 2015 NCREB Project has been completed]

LESSEE:
Public Utilities Commission
of the City and County of San Francisco,
acting on behalf of the City and County of
San Francisco

By: _____

Name: _____

Title: _____

(Seal)

EXHIBIT E

MISCELLANEOUS TERMS AND CONDITIONS

1. Submitting False Claims; Monetary Penalties

Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim will be liable to the Commission, acting on behalf of the City and County of San Francisco (referred to hereinafter as 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 will 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: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) 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; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) 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 (e) 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..

2. Conflict of Interest

Through its execution of this Agreement, Lessor 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.

3. Proprietary or Confidential Information of City

Lessor understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Lessor may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. Lessor agrees that all information disclosed by City to Lessor will be held in confidence and used only in performance of the Agreement. Lessor will exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

4. Ownership of Results

Any interest of Lessor in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Lessor in connection with services to be performed under this Agreement, will become the

property of and will be transmitted to City. However, Lessor may retain and use copies for reference and as documentation of its experience and capabilities.

5. Works for Hire

If, in connection with services performed under this Agreement, Lessor create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship will be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the City. If it is ever determined that any works created by Lessor under this Agreement are not works for hire under U.S. law, Lessor hereby assigns all copyrights to such works to the City, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the City, Lessor may retain and use copies of such works for reference and as documentation of its experience and capabilities.

6. Audit and Inspection of Records

Lessor agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Agreement. Lessor will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Lessor will maintain such data and records in an accessible location and condition for a period of not less than five years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement will have the same rights conferred upon City by this Section.

7. Subcontracting

Lessor is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by City in writing. Neither party will, 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 will confer no rights on any party and will be null and void.

8. Assignment

The services to be performed by Lessor are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by the Lessor unless first approved by City by written instrument executed and approved in the same manner as this Agreement.

9. 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, will not be a waiver of any such default or right to which the party is entitled, nor will it in any way affect the right of the party to enforce such provisions thereafter.

10. Reserved

11. Reserved

12. Nondiscrimination; Penalties

a. Lessor Shall Not Discriminate

In the performance of this Agreement, Lessor agrees not to discriminate against any employee, City and County employee working with such Lessor, applicant for employment with such Lessor, 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 (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

b. Subcontracts

Lessor will incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and will require all subcontractors to comply with such provisions. Lessor's failure to comply with the obligations in this subsection will constitute a material breach of this Agreement.

c. Nondiscrimination in Benefits

Lessor 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 §12B.2(b) of the San Francisco Administrative Code.

d. Condition to Contract

As a condition to this Agreement, Lessor will 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.

e. 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. Lessor will comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Lessor understands that pursuant to §§12B.2(h) and 12C.3(g) 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 Lessor and/or deducted from any payments due Lessor.

13. MacBride Principles—Northern Ireland

Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco 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 and County of San Francisco 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 Lessor acknowledges and agrees that he or she has read and understood this section.

14. Tropical Hardwood and Virgin Redwood Ban

Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco 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.

15. Drug-Free Workplace Policy

Lessor 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 City premises. Lessor agrees that any violation of this prohibition by Lessor, its employees, agents or assigns will be deemed a material breach of this Agreement.

16. Resource Conservation

Chapter 5 of the San Francisco Environment Code ("Resource Conservation") is incorporated herein by reference. Failure by Lessor to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

17. Compliance with Americans with Disabilities Act

Lessor 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. Lessor will 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. Lessor 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 Lessor, its employees, agents or assigns will constitute a material breach of this Agreement.

18. Sunshine Ordinance

In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, will 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.

19. Public Access to Meetings and Records

If the Lessor receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, Lessor will comply with and be bound by all the applicable provisions of that Chapter. By executing this Agreement, the Lessor agrees to open its meetings and records to the public in the manner set forth in §§12L.4 and 12L.5 of the Administrative Code. Lessor further agrees to make-good faith efforts to promote community membership on its Board of Directors in the manner set forth in §12L.6 of the Administrative Code. The Lessor acknowledges that its material failure to comply with any of the provisions of this paragraph will constitute a material breach of this Agreement. The Lessor further acknowledges that such material breach of the Agreement will be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

20. Limitations on Contributions

Through execution of this Agreement, Lessor 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 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 (1) 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, (2) a candidate for the office held by such individual, or (3) 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. Lessor acknowledges that the foregoing restriction applies only if the contract or a 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. Lessor further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Lessor's board of directors; Lessor's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Lessor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Lessor. Additionally, Lessor acknowledges that Lessor must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

21. Requiring Minimum Compensation for Covered Employees

a. Lessor 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 Lessor's obligations under the MCO is set forth in this Section. Lessor is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

b. The MCO requires Lessor to pay Lessor'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 Lessor is obligated to keep informed of the then-current requirements. Any subcontract entered into by Lessor will require the subcontractor to comply with the requirements of the MCO and will contain contractual obligations substantially the same as those set forth in this Section. It is Lessor'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 Lessor.

c. Lessor will 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.

d. Lessor will maintain employee and payroll records as required by the MCO. If Lessor fails to do so, it will be presumed that the Lessor paid no more than the minimum wage required under State law.

e. The City is authorized to inspect Lessor's job sites and conduct interviews with employees and conduct audits of Lessor

f. Lessor'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 will 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 Lessor fails to comply with these requirements. Lessor 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 Lessor's noncompliance. The procedures governing the assessment of liquidated damages will be those set forth in Section 12P.6.2 of Chapter 12P.

g. Lessor understands and agrees that if it fails to comply with the requirements of the MCO, the City will 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, Lessor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Lessor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City will 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 will be exercisable individually or in combination with any other rights or remedies available to the City.

h. Lessor 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.

i. If Lessor is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but Lessor later enters into an agreement or agreements that cause Lessor to exceed that amount in a fiscal year, Lessor will thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Lessor and this department to exceed \$25,000 in the fiscal year

22. Reserved

23. Reserved

24. Preservative-treated Wood Containing Arsenic

Lessor 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" will 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. Lessor 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 Lessor from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" will mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

25. Agreement Made in California; Venue

The formation, interpretation and performance of this Agreement will be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement will be in San Francisco.

26. Compliance with Laws

Lessor will keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

27. Protection of Private Information

Lessor has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Lessor agrees that any failure of Contactor to comply with the requirements of Section 12M.2 of this Chapter will be a material breach of the Contract. In such

an event, in addition to any other remedies available to it under equity or law, the City may terminate the Contract, bring a false claim action against the Lessor pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Lessor.

EXHIBIT F

NOTICE AND ACKNOWLEDGEMENT OF ASSIGNMENT

DATED _____, 20__

BANC OF AMERICA LEASING & CAPITAL, LLC ("*Assignor*") hereby gives notice that it has assigned and sold to _____ ("*Assignee*") all of Assignor's right, title and interest in, to and under the Equipment Lease/Purchase Agreement (Taxable Direct Pay [Qualified Energy Conservation][New Clean Renewable Energy] Bond), dated as of October 1, 2015 (the "*Agreement*"), between Assignor and the Public Utilities Commission of the City and County of San Francisco, acting on behalf of the City and County of San Francisco ("*Lessee*"), together with all exhibits, schedules, addenda and attachments related thereto, and all certifications and other documents delivered in connection therewith, the Rental Payments and other amounts due under the Agreement, all of Assignor's right, title and interest in the Equipment (as defined in the Agreement)(collectively, the "*Assigned Property*").

1. Pursuant to the authority of Resolution _____ adopted on _____, 20__, Lessee hereby [consents to and] acknowledges the effect of the assignment of the Assigned Property and absolutely and unconditionally agrees to deliver to Assignee all Rental Payments and other amounts coming due under the Agreement in accordance with the terms thereof on and after the date of this Acknowledgment.

2. Lessee hereby agrees that: (i) Assignee shall have all the rights of Lessor under the Agreement and all related documents, including, but not limited to, the rights to issue or receive all notices and reports, to give all consents or agreements to modifications thereto, to receive title to the equipment in accordance with the terms of the Agreement, to declare a default and to exercise all remedies thereunder; and (ii) except as provided in Section 3.03 of the Agreement, the obligations of Lessee to make Rental Payments and to perform and observe the other covenants and agreements contained in the Agreement shall be absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense.

3. Lessee agrees that, as of the date of this Notice and Acknowledgment of Assignment (this "*Acknowledgement*"), the following information about the Agreement is true, accurate and complete:

Number of Rental Payments Remaining	—	_____
Amount of Each Rental Payment	—	\$ _____
Total Amount of Rents Remaining	—	\$ _____
Frequency of Rental Payments	—	_____
Next Rental Payment Due	—	_____
Funds Remaining in Acquisition Fund	—	\$ _____

4. The Agreement remains in full force and effect, has not been amended and no Non-appropriation or Event of Default (or event which with the passage of time or the giving of notice or both would constitute a default) has occurred thereunder.

5. Any inquiries of Lessee related to the Agreement and any requests for disbursements from the Acquisition Fund, if applicable, and all Rental Payments and other amounts coming due pursuant to the Agreement on and after the date of this Acknowledgment should be remitted to Assignee at the following address (or such other address as provided to Lessee in writing from time to time by Assignee):

ACKNOWLEDGED AND AGREED:

LESSEE: _____
[FOR EXHIBIT PURPOSES ONLY]

By: _____

Name: _____

Title: _____

ASSIGNOR: BANC OF AMERICA LEASING & CAPITAL, LLC

[FOR EXHIBIT PURPOSES ONLY]

By: _____

Name: _____

Title: _____

EXHIBIT G

Form of Opinion of Bond Counsel

[Date of Funding]

Banc of America Leasing & Capital, LLC, and successors and assigns
11333 McCormick Road
Hunt Valley, Maryland

Re: Equipment Lease/Purchase Agreement (Taxable Direct Pay New Clean Renewable Energy Bond), dated as of October 1, 2015, between Banc of America Leasing & Capital, LLC, as Lessor, and the Public Utilities Commission of the City and County of San Francisco, acting on behalf of the City and County of San Francisco, as Lessee

Ladies and Gentlemen:

We have acted as bond counsel in connection with the execution and delivery by the Public Utilities Commission of the City and County of San Francisco, acting on behalf of the City and County of San Francisco ("Lessee") of an Equipment Lease/Purchase Agreement (Taxable Direct Pay New Clean Renewable Energy Bond), dated as of October 1, 2015 (the "Agreement"), and Exhibits thereto by and between Banc of America Leasing & Capital, LLC ("Lessor") and Lessee, which among other things provides for the lease of certain property (the "Equipment"). We have examined the law and the certified transcript of proceedings and such other papers as we deem necessary to render this opinion. Capitalized terms used and not defined herein shall have the meaning set forth in the Agreement.

As to questions of fact material to our opinion, we have relied upon the certified transcript of proceedings and other certificates of public officials furnished to us, without undertaking to verify such facts by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the Agreement, and we express no opinion relating thereto.

Based on the examination, we are of the opinion, as of the date hereof, as follows:

1. The Agreement has been authorized, executed and delivered in accordance with the Constitution and laws of the State of California and constitutes a valid, enforceable and binding obligation of Lessee.

2. The execution and delivery of the Agreement does not require its registration under the Securities Act of 1933, as amended, or qualification thereof under the Trust Indenture Act of 1933. No opinion is expressed with respect to the necessity of the registration of the Agreement under the "Blue Sky" or securities laws of any state, territory, or possession of the United States or of the District of Columbia.

3. The Agreement constitutes a "new clean renewable energy bond" within the meaning of Section 54C of the Internal Revenue Code of 1986 (the "Tax Code"). The Lessee has irrevocably elected to apply the provisions of Section 6431(f) of the Tax Code to the Agreement, and the Agreement is a specified tax credit bond ("Qualified Bond") eligible for the credits payable by the Federal government to the Lessee under Section 6431(f) of the Tax Code (the "Federal Subsidy Payments"), and the interest component of the Rental Payments paid to the Lessor is not intended to be excluded from gross income of the Lessor for federal income taxes. The opinions set forth in the preceding sentence are subject to the condition that the Lessee complies with all requirements of the Tax Code that must be satisfied subsequent to the execution and delivery of the Agreement in order for the Agreement to be treated as a Qualified Bond and continue to be eligible for the Federal Subsidy Payments. The Lessee has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may result in a delay or forfeiture of all or a portion of the Federal Subsidy Payments, and may cause the Agreement to cease to be treated as a Qualified Bond, either prospectively from the date of determination or retroactively to the date of execution and delivery of the Agreement. We express no opinion regarding the procedures and availability of funds with respect to the payment of the Federal Subsidy Payments by the Federal government, nor do we express any opinion regarding other federal tax consequences arising with respect to the Agreement.

4. The interest portion of Rental Payments under the Agreement is excludable from gross income of the owners thereof for purposes of income taxation by the State of California.

We express no opinion with respect to the laws of any jurisdiction other than the laws of the State of California and the federal laws of the United States of America. The opinion expressed above is based upon such laws as are in effect on the date hereof and we expressly disclaim any undertaking to advise you of any subsequent changes therein.

The opinion above expresses the professional judgment of the attorneys participating in the transaction as to the legal issues addressed herein. By rendering such opinion, the undersigned does not become an insurer or guarantor of that expression of professional judgment or of the transaction opined upon. Nor does the rendering of this opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

This opinion is being furnished to you for your sole use only in connection with this transaction, and no other party is entitled to rely on it without our written consent, except for permitted successors and assigns of Lessor under the Agreement.

Very truly yours,

DIRECT PURCHASE AGREEMENT**concerning**

**\$4,100,000 Equipment Lease/Purchase Agreement
(Taxable Direct Pay New Clean Renewable Energy Bond)
tentatively dated as of October 1, 2015
between Banc of America Leasing & Capital, LLC and
Public Utilities Commission of the City and County of San Francisco,
Acting on behalf of the City and County of San Francisco**

Dated as of October __, 2015

Public Utilities Commission
of the City and County of San Francisco,
acting on behalf of the City and County of
San Francisco
525 Golden Gate Ave
San Francisco, California 94102

Ladies and Gentlemen,

Banc of America Leasing & Capital, LLC, as Lessor (the "Lessor"), offers to enter into this Direct Purchase Agreement (this "Agreement") with the Public Utilities Commission of the City and County of San Francisco, acting on behalf of the City and County of San Francisco (the "Commission"), which, upon acceptance of this offer by the Commission, will be binding upon the Commission and the Lessor. This offer is made subject to written acceptance by the Commission on or before 5:00 p.m., Eastern time, on October __, 2015, the date hereof and, if not so accepted, will be subject to withdrawal by the Lessor upon written notice delivered to the Commission at any time prior to such acceptance.

Unless otherwise specified herein, any capitalized term used but not defined in this Agreement will have the meaning given such term in the NCREB Lease (as defined herein).

1. Execution and Delivery of NCREB Lease; Purchase and Sale of NCREB Lease. Upon the terms and conditions hereof and upon the basis of the representations, warranties and covenants set forth in this Agreement, the Lessor and the Commission each hereby agrees to enter into an Equipment Lease/ Purchase Agreement (Taxable Direct Pay New Clean Renewable Energy Bond), tentatively dated as of October 1, 2015 (the "NCREB Lease"). The Lessor hereby agrees to purchase from the Commission its lease payment obligation arising under the NCREB Lease, and the Commission hereby agrees to sell to the Lessor all (but not less than all) of such obligation at a purchase price of \$4,100,000. For purposes of this Agreement, the lease payments payable by the Commission under the NCREB Lease are sometimes referred to herein as the "Rental

Payments," and the instrument evidencing such obligations is the NCREB Lease. The Rental Payments will possess principal and interest components and mature, will be eligible for the applicable Federal Subsidy Payments under Section 6431 of the Code (the "Federal Subsidy Payments") and will be purchased at the price, all as set forth in Exhibit A attached hereto. The NCREB Lease will otherwise be as described in the resolution of the Commission authorizing its execution and delivery (the "Resolution"), and will be issued pursuant to the Constitution and laws of the State of California (the "State") and the Resolution.

The delivery and payment of the NCREB Lease and other actions contemplated hereby, to take place at the time thereof, are sometimes referred to herein as the "Closing."

The proceeds of the NCREB Lease will be used to pay all or a portion of the cost of acquiring the Equipment, as described in the NCREB Lease (the "Project").

The NCREB Lease is being entered into in accordance with the applicable provisions of California law including Section 9.107(8) of the Charter of the City and County of San Francisco (the "Act") and the Resolution. All amounts due under the NCREB Lease are to be paid in accordance with the terms of the NCREB Lease.

2. Representations and Warranties of the Lessor. The Lessor is purchasing the NCREB Lease for its own account and not with a present view to distribute or participate the NCREB Lease, provided that in the course of managing its portfolio of municipal bonds and notes, the Lessor may resell the NCREB Lease, or an interest or participation therein, at any time on a private placement basis to a Lessor who (i) represents that such Lessor has sufficient knowledge and experience in financial and business matters and it is capable of evaluating the merits and risks of the prospective investment, (ii) understands that the NCREB Lease is not registered under the Securities Act of 1933, as amended (the "Securities Act"), (iii) is either an "accredited investor" within the meaning of Regulation D under the Securities Act or a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act, and (iv) intends to acquire the NCREB Lease for either investment for its own account or resale in a transaction exempt from registration under the Securities Act.

3. Representations and Warranties of the Commission. The Commission will make the following representations and warranties to the Lessor, all of which will survive the delivery of the NCREB Lease:

(a) The Commission is and will be at the date of Closing duly organized and validly existing, with the powers and authority set forth in the Act;

(b) The Commission has, and will have at the date of Closing, full legal right, power and authority to: (i) execute and deliver this Agreement, the NCREB Lease, and the Filing Agent Agreement (the "Filing Agent Agreement"), tentatively dated as of October 1, 2015 (collectively, the "Commission Documents"); and (ii) carry out and consummate the transactions contemplated by the Resolution and the Commission Documents;

(c) By all necessary official action, the Commission has duly authorized the execution and delivery of the NCREB Lease pursuant to the Resolution and the City Charter, and approved the adoption or execution and delivery of the Commission Documents, and the performance by the Commission of the obligations on its part contained therein, and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered by the parties thereto, the Commission Documents will constitute the legally valid and binding obligations of the Commission enforceable upon the Commission in accordance with their respective terms, except insofar as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors and to the extent enforcement may also be subject to the exercise of judicial discretion and the laws of equity in appropriate cases;

(d) The Commission has complied, and will at the Closing be in compliance in all respects, with the obligations on its part to be performed on or prior to the Closing under the Commission Documents, the Resolution and the City Charter;

(e) The Commission is not in breach of or default (nor is it aware of any breach or default) under any applicable constitutional provision, law, or administrative regulation of the State or the United States or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement, or other instrument to which the Commission is a party, or which relates to the pledge of (or lien on) the NCREB Lease, or to which any of the Commission's properties or assets are otherwise subject, and no event has occurred and is continuing that with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the execution and delivery of the Commission Documents, and compliance with the provisions on the Commission's part contained therein, will not conflict with or constitute a breach of or default under the Commission's by-laws or any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement, or other instrument to which the Commission, or which relates to the pledge of (or lien on) the NCREB Lease or to which any of the Commission's properties or assets are otherwise subject, nor will any such execution, delivery, adoption, or compliance result in the creation or imposition of any lien, charge, or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Commission or the NCREB Lease or under the terms of any such law, regulation or instrument, except as provided by the NCREB Lease and the Resolution;

(f) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter have been duly obtained that are required for the due authorization by or that would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Commission of, its obligations in connection with the execution and delivery of the NCREB Lease and the sale thereof pursuant to this Agreement, except for purposes of the NCREB Lease, the filing of Form 8038-TC with the Internal Revenue Service (or the filing of such other forms as may be prescribed by the Internal Revenue Service); provided, however, any such form will be filed (or caused to be filed) by the Commission promptly after Closing as to ensure the qualification of the NCREB Lease as a "new clean renewable energy bond" within the meaning of Section 54C of the Code;

(g) To the best knowledge of the undersigned officer of the Commission, as of the date hereof, 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 threatened against the Commission, affecting or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the NCREB Lease, or contesting or affecting as to the Commission the validity or enforceability of the Commission Documents or the Resolution in any respect relating to authorization of the Commission Documents, or contesting the powers of the Commission or any authority for the execution or delivery of the NCREB Lease, or in any way questions the formation or existence of the Commission, or in any manner contesting the qualification of the NCREB Lease as a "new clean renewable energy bond" within the meaning of Section 54C of the Code;

(h) That (i) neither the Commission nor any person under its control or direction will make any use of the proceeds of the NCREB Lease (or amounts deemed to be proceeds under the Code) in any manner that would cause the NCREB Lease to (1) be an "arbitrage bond" within the meaning of Section 148 of the Code or (2) not be a "new clean renewable energy bond" within the meaning of Section 54C of the Code; (ii) the Commission will cause the calculation and payment of any amount required to be rebated to the United States Treasury pursuant to the Code; and (iii) the Commission will file (or cause to be filed) such documents and forms prescribed by the Internal Revenue Service to claim the Federal Subsidy Payments made available pursuant to Section 6431 of the Code.

(i) Between the date of this Agreement and the date of Closing, the Commission will not have issued any bonds or notes or incurred (or consented to the issuance of) any other obligations for borrowed money payable from the Net Revenues (as defined in the NCREB Lease);

(j) With respect to the Project, the Commission has complied and will continue to comply with the provisions of the Davis-Bacon Act, which is codified at Subchapter IV of Chapter 31 of Title 40 of the United States Code, and the regulations and guidance promulgated thereunder; and

(k) The Commission acknowledges that its payment obligations under the NCREB Lease will not be affected by the federal government's payment of the Federal Subsidy Payments made available to the Commission under Section 6431 of the Code, and that the Commission does not currently owe or have any liability to the federal government which could offset the Commission's claim to the Federal Subsidy Payments under Section 6431 of the Code.

4. Payment and Delivery. On October 16, 2015, or on such other date as the parties mutually agree upon in writing, but in no event later than October 16, 2015, the NCREB Lease will be delivered by the Commission to the Lessor. On or before the date of Closing, such other documents as mentioned herein, will be delivered at the offices of Jones Hall, A Professional Law Corporation ("Bond Counsel"), in San Francisco, California, and to the Lessor at its address in Section 11 hereof. Upon delivery of the NCREB Lease, the Lessor will deposit \$_____ of the purchase price thereof in the Acquisition Fund pursuant to the NCREB Lease, and will pay, on behalf of the Commission, those costs of issuance listed on Exhibit C ("Costs of Issuance"), directly to

the parties listed on Exhibit C, in the aggregate amount of \$_____. To the extent that the total amount of \$_____ is not needed to pay Costs of Issuance, Lessor shall remit the difference to the Commission for deposit to the Acquisition Fund, and in any event not later than [January 1, 2016].

5. Conditions of Closing for the Lessor. The Lessor has entered into this Agreement in reliance upon the representations and warranties of the Commission contained herein and to be contained in the documents and instruments to be delivered at Closing, and upon the performance by the Commission of its obligations hereunder, both as of the date hereof and as of the date of Closing. Accordingly, the Lessor's obligation under this Agreement to purchase and pay for the NCREB Lease will be subject to the performance by the Commission of its obligations to be performed hereunder at or prior to the date of Closing, and will also be subject to the following conditions:

(a) At the time of Closing (i) the representations and warranties of the Commission contained herein will be true, complete and correct with the same effect as if made on the date of Closing, (ii) the Commission Documents will be in full force and effect and will not have been amended, modified or supplemented except as may have been agreed to by the Lessor and (iii) the Commission will have duly adopted and there will be in full force and effect such resolutions as in the opinion of Bond Counsel will be necessary in connection with the transactions contemplated hereby, and such resolutions will not have been amended, modified or supplemented.

(b) The Lessor will have the right to terminate its obligations under this Agreement to execute and deliver the NCREB Lease and pay for the NCREB Lease by notifying the Commission of its election to do so if, after the execution hereof and on or prior to the date of Closing:

(i) legislation will have been introduced in, proposed, actively considered or enacted by the Congress of the United States or the State's legislature, legislation will have been adopted by, or favorably reported for passage by committee to either House of the United States Congress or of the State's legislature or legislation pending in the Congress of the United States or the State's legislature will have been amended, or a decision will have been rendered by a court of the United States or the State, including the Tax Court of the United States, or a ruling will have been made or a regulation will have been proposed or made or a press release, official statement or other form of notice will have been issued by the Treasury Department of the United States or the Internal Revenue Service or other federal or state authority, with respect to interest or Federal Subsidy Payments on obligations of the general character of the NCREB Lease, which may have the purpose or effect, directly or indirectly, of affecting the tax status of the Commission, its property or income, any of its securities or, in the reasonable opinion of the Lessor, affects materially and adversely the market price generally of obligations of the general character of the NCREB Lease or the ability of the Commission to be eligible for the Federal Subsidy Payments therefor;

(ii) any legislation, resolution, rule or regulation will have been enacted or proposed or actively considered for enactment by any government body, department or agency of the State, or any decision by any court of competent

jurisdiction within the State will have been rendered that in the reasonable opinion of the Lessor affects materially and adversely the market price generally of obligations of the general character of the NCREB Lease or the ability of the Commission to be eligible for the Federal Subsidy Payments therefor;

(iii) the United States will have become engaged in hostilities which have resulted in a declaration of war or a national emergency or other unforeseen national or international calamity or any conflict involving the armed forces of the United States will have occurred, escalated or accelerated to such an extent as, in the reasonable opinion of the Lessor, affects materially and adversely the market price generally of obligations of the general character of the NCREB Lease or the ability of the Commission to be eligible for the Federal Subsidy Payments therefor;

(iv) there will have occurred and be in force a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by authorities of the United States, the State or New York State, or any devaluation of the dollar will have been proposed or effected by any governmental authority of the United States;

(v) there will have occurred any material adverse change in the affairs of the Commission that, in the reasonable judgment of the Lessor, materially and adversely affects the price for the NCREB Lease, the market price generally of obligations of the general character of the NCREB Lease, or the ability of the Commission to be eligible for the Federal Subsidy Payments therefor;

(vi) a decision of any federal or state court or a ruling or regulation (final, temporary or proposed) of the Securities and Exchange Commission or other governmental agency will have been made or issued that would make the NCREB Lease or any securities of the Commission or any similar body of the type contemplated herein subject to the registration requirements of the Securities Act; or

(vii) the withdrawal or downgrading of any rating of the Commission's outstanding indebtedness or of the Commission by a national rating agency.

(c) Prior to the date of Closing, the Lessor will have received fully-executed originals of the following documents in form and substance satisfactory to the Lessor and McGuireWoods LLP, counsel to the Lessor (the "Lessor's Counsel"):

(i) An approving opinion of Bond Counsel with respect to the NCREB Lease, dated as of the date of Closing and addressed to the Lessor, in form and substance acceptable to the Lessor;

(ii) a certificate, dated the date of Closing, signed by an authorized officer of the Commission to the effect that: (A) the representations of the Commission contained in the Commission Documents are true as of the date of Closing; (B) the Commission has performed all obligations to be performed under the Resolution and the Commission Documents as of the date of Closing; and (C)

no material liabilities have been incurred by the Commission other than in the ordinary course of business that have not been disclosed to the Lessor;

(iii) a copy of the Resolution, certified by the Secretary or other appropriate official, authorizing the Commission to execute and deliver the NCREB Lease and the other Commission Documents;

(iv) incumbency certificates of the members of the governing body of the Commission with respect to the Resolution, in substantially the form attached to the NCREB Lease as Exhibit B, with such changes as are acceptable to the Lessor;

(v) the NCREB Lease, this Agreement and any other Commission Documents;

(vi) Internal Revenue Service Form 8038-TC for the NCREB Lease;

(vii) a non-arbitrage and tax law compliance certificate in form satisfactory to Bond Counsel, dated the date of Closing;

(viii) a certificate of the Commission containing a statement that the Commission has made an irrevocable election to have Section 6431(f) of the Code apply to the NCREB Lease; and

(ix) such additional certificates, legal opinions, proceedings, instruments or other documents as the Lessor or Lessor's Counsel may reasonably request.

All representations, warranties and agreements of the Commission set forth in this Agreement will remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of the Lessor or any person controlling the Lessor and (ii) acceptance of and payment for the NCREB Lease by the Lessor. For all purposes of this Agreement, a default will not be deemed to be continuing if it has been cured, waived or otherwise remedied.

6. Payment of Fees and Expenses.

(a) The Lessor agrees to pay, on behalf of the Commission, but solely from the portion of the purchase price of the NCREB Lease specified in Section 4 (\$____), all expenses incident to the performance of the Commission's obligations hereunder including, but not limited to: (i) the cost of preparation of the NCREB Lease; (ii) the fees and disbursements of Bond Counsel, Lessor's Counsel (not to exceed \$15,000) and Counsel to the Commission; and (iii) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisors retained by the Commission. The Lessor is under no obligation to pay other costs and expenses incurred by the Commission or others in connection with the execution and delivery of the NCREB Lease.

(b) The fees and expenses described in paragraph (a) above will be paid by the Commission whether or not the NCREB Lease is executed and delivered, unless the

Lessor is in default in its obligation to purchase hereunder. All fees and expenses described in this Section 6, to the extent they are identifiable and billed, will be paid on the date of Closing, and the remainder will be paid promptly upon receipt of statements therefor. The obligations of the Commission under this Section 6 will survive the issuance and final scheduled Rental Payment of the NCREB Lease and any termination of this Agreement.

(c) Whether or not the NCREB Lease is executed and delivered by the Commission to the Lessor, the Lessor will be under no obligation to pay any costs or expenses incident to the performance of the obligations of the Commission hereunder.

7. Qualification Under State Securities Laws. Because the NCREB Lease will not be offered for sale under the Blue Sky or other securities laws and regulations, the Commission is not required to furnish such information, execute such instruments and take such other action in cooperation with the Lessor to qualify the NCREB Lease for offer and sale under the Blue Sky or other securities laws and regulations or provide for the continuance of such qualification. In addition, the Commission will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

8. Parties in Interest. This Agreement is made solely for the benefit of the Lessor and its subsidiaries and affiliates, the Commission, and their respective successors and assigns, and no other person, partnership or corporation will acquire or have any right under or by virtue of this Agreement.

9. Absence of Liability. No recourse will be had by the Lessor for any claims based on this Agreement or otherwise against any member, officer or agent of the Commission in his or her individual capacity, all claims, if any, being waived and released by the Lessor.

10. Counterparts. This Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

11. Notices. Any notice or other communication to be given under this Agreement may be given by delivering the same in writing by registered or certified mail to the following addresses:

If to the Commission:	Public Utilities Commission of the City and County of San Francisco 525 Golden Gate Ave San Francisco, California 94102 Attention: Debt Manager
-----------------------	---

If to the Lessor:

Banc of America Leasing & Capital, LLC
11333 McCormick Road
Hunt Valley II
Mail Code MD5-03-07-05
Hunt Valley, Maryland 21031
Attention: Contracts Administration

12. Miscellaneous Terms and Conditions. The terms and conditions set forth in Exhibit B hereto are hereby incorporated into this Agreement and made a part hereof in full as though fully set forth herein.

13. Governing Law. This Agreement will be governed by, and construed in accordance with, the laws of the State of California.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

This Agreement will become effective upon the execution of the acceptance and approval hereof as of the date first written above by a duly authorized representative of the Commission and will be valid and enforceable as of the time of such acceptance.

Very truly yours,

BANC OF AMERICA LEASING & CAPITAL,
LLC

By: _____

Name:

Title:

Time of Execution: _____

Accepted:

Public Utilities Commission
of the City and County of San Francisco,
Acting on behalf of the City and County of
San Francisco

By: _____

Name:

Title:

Time of Execution: _____

EXHIBIT A

1. Date of the NCREB Lease – October 1, 2015
2. Date of Rental Payments –April 25, October 25
3. Prepayment Provisions are set forth in Section 4.08 of the NCREB Lease.
4. Scheduled Rental Payments, including principal and interest components, and related payment dates:

NCREB LEASE	
Par Amount of NCREBs	\$4,100,000
Purchase Price	\$4,100,000
Interest Rate	%
Tax Credit Rate*	%
Final Maturity (yrs.)	October 25, 2032 (17 yrs)
Funding/Closing Date	October 16, 2015

Pmt. No.	Payment Date	Taxable Outstanding Balance	Taxable Principal Portion	Taxable Interest Portion	Taxable Payment Amount	US Treasury Subsidy Amount	Net Payment After Subsidy
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							

Pmt. No.	Payment Date	Taxable Outstanding Balance	Taxable Principal Portion	Taxable Interest Portion	Taxable Payment Amount	US Treasury Subsidy Amount	Net Payment After Subsidy
24							
25							
26							
27							
28							
29							
30							
31							

* Equal to 70% of the published tax credit rate on the date hereof. For purposes of determining the subsidy payment under Section 6431(f) of the Code, this tax credit rate will be used. Does not include any reductions in subsidy payments that may result from sequestration by the United States government.

EXHIBIT B

MISCELLANEOUS TERMS AND CONDITIONS

1. Submitting False Claims; Monetary Penalties

Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim will be liable to Commission (referred to hereinafter as 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 will 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: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) 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; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) 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 (e) 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..

2. Conflict of Interest

Through its execution of this Agreement, Lessor 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.

3. Proprietary or Confidential Information of City

Lessor understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Lessor may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. Lessor agrees that all information disclosed by City to Lessor will be held in confidence and used only in performance of the Agreement. Lessor will exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

4. Ownership of Results

Any interest of Lessor in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Lessor in connection with services to be performed under this Agreement, will become the property of and will be transmitted to City. However, Lessor may retain and use copies for reference and as documentation of its experience and capabilities.

5. Works for Hire

If, in connection with services performed under this Agreement, Lessor create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship will be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the City. If it is ever determined that any works created by Lessor under this Agreement are not works for hire under U.S. law, Lessor hereby assigns all copyrights to such works to the City, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the City, Lessor may retain and use copies of such works for reference and as documentation of its experience and capabilities.

6. Audit and Inspection of Records

Lessor agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Agreement. Lessor will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Lessor will maintain such data and records in an accessible location and condition for a period of not less than five years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement will have the same rights conferred upon City by this Section.

7. Subcontracting

Lessor is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by City in writing. Neither party will, 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 will confer no rights on any party and will be null and void.

8. Assignment

The services to be performed by Lessor are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by the Lessor unless first approved by City by written instrument executed and approved in the same manner as this Agreement.

9. 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, will not be a waiver of any such default or right to which the party is entitled, nor will it in any way affect the right of the party to enforce such provisions thereafter.

10. Reserved

11. Reserved

12. Nondiscrimination; Penalties

a. Lessor Will Not Discriminate

In the performance of this Agreement, Lessor agrees not to discriminate against any employee, City and County employee working with such Lessor, applicant for employment with such Lessor, 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 (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

b. Subcontracts

Lessor will incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and will require all subcontractors to comply with such provisions. Lessor's failure to comply with the obligations in this subsection will constitute a material breach of this Agreement.

c. Nondiscrimination in Benefits

Lessor 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 §12B.2(b) of the San Francisco Administrative Code.

d. Condition to Contract

As a condition to this Agreement, Lessor will 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.

e. 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. Lessor will comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Lessor understands that pursuant to

§§12B.2(h) and 12C.3(g) 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 Lessor and/or deducted from any payments due Lessor.

13. MacBride Principles—Northern Ireland

Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco 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 and County of San Francisco 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 Lessor acknowledges and agrees that he or she has read and understood this section.

14. Tropical Hardwood and Virgin Redwood Ban

Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco 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.

15. Drug-Free Workplace Policy

Lessor 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 City premises. Lessor agrees that any violation of this prohibition by Lessor, its employees, agents or assigns will be deemed a material breach of this Agreement.

16. Resource Conservation

Chapter 5 of the San Francisco Environment Code ("Resource Conservation") is incorporated herein by reference. Failure by Lessor to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

17. Compliance with Americans with Disabilities Act

Lessor 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. Lessor will 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. Lessor 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 Lessor, its employees, agents or assigns will constitute a material breach of this Agreement.

18. Sunshine Ordinance

In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, will 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.

19. Public Access to Meetings and Records

If the Lessor receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, Lessor will comply with and be bound by all the applicable provisions of that Chapter. By executing this Agreement, the Lessor agrees to open its meetings and records to the public in the manner set forth in §§12L.4 and 12L.5 of the Administrative Code. Lessor further agrees to make good faith efforts to promote community membership on its Board of Directors in the manner set forth in §12L.6 of the Administrative Code. The Lessor acknowledges that its material failure to comply with any of the provisions of this paragraph will constitute a material breach of this Agreement. The Lessor further acknowledges that such material breach of the Agreement will be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

20. Limitations on Contributions

Through execution of this Agreement, Lessor 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 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 (1) 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, (2) a candidate for the office held by such individual, or (3) 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. Lessor acknowledges that the foregoing restriction applies only if the contract or a 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. Lessor further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Lessor's board of directors; Lessor's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Lessor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Lessor. Additionally, Lessor acknowledges that Lessor must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

21. Requiring Minimum Compensation for Covered Employees

a. Lessor 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 Lessor's obligations under the MCO is set

forth in this Section. Lessor is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

b. The MCO requires Lessor to pay Lessor'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 Lessor is obligated to keep informed of the then-current requirements. Any subcontract entered into by Lessor will require the subcontractor to comply with the requirements of the MCO and will contain contractual obligations substantially the same as those set forth in this Section. It is Lessor'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 Lessor.

c. Lessor will 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.

d. Lessor will maintain employee and payroll records as required by the MCO. If Lessor fails to do so, it will be presumed that the Lessor paid no more than the minimum wage required under State law.

e. The City is authorized to inspect Lessor's job sites and conduct interviews with employees and conduct audits of Lessor

f. Lessor'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 will 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 Lessor fails to comply with these requirements. Lessor 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 Lessor's noncompliance. The procedures governing the assessment of liquidated damages will be those set forth in Section 12P.6.2 of Chapter 12P.

g. Lessor understands and agrees that if it fails to comply with the requirements of the MCO, the City will 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, Lessor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Lessor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City will 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 will be exercisable individually or in combination with any other rights or remedies available to the City.

h. Lessor 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.

i. If Lessor is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but Lessor later enters into an agreement or agreements that cause Lessor to exceed that

amount in a fiscal year, Lessor will thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Lessor and this department to exceed \$25,000 in the fiscal year

22. Reserved 23. Reserved

24. Preservative-treated Wood Containing Arsenic

Lessor 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" will 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. Lessor 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 Lessor from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" will mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

25. Agreement Made in California; Venue

The formation, interpretation and performance of this Agreement will be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement will be in San Francisco.

26. Compliance with Laws

Lessor will keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

27. Protection of Private Information

Lessor has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Lessor agrees that any failure of Contactor to comply with the requirements of Section 12M.2 of this Chapter will be a material breach of the Contract. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Contract, bring a false claim action against the Lessor pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Lessor.

EXHIBIT C

NCREB LEASE COSTS OF ISSUANCE

Costs of Issuance

\$	Bond counsel fee; Jones Hall (includes \$2,006 of reimbursable expenses)
	City Attorney's office fee
	Revenue Bond Oversight Committee fee (1/20 of 1% gross proceeds)
	Financial advisory fee; Kitahata & Company
	Lessor counsel fee; McGuire Woods
	Filing agent fee; U.S. Bank (1 st year fee upfront)
\$	Total

Approved:

Public Utilities Commission
of the City and County of San Francisco,
Acting on behalf of the City and County of
San Francisco

By: _____
Name:
Title:

This **FILING AGENT AGREEMENT** (this "Agreement") is entered into as of October 1, 2015, by and between the Public Utilities Commission of the City and County of San Francisco, acting on behalf of the City and County of San Francisco (the "Commission") and U.S. Bank National Association (the "Bank"), as filing agent (the "Filing Agent").

RECITALS

WHEREAS, 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 (the "Commission NCREBs") to finance the cost of acquiring and installing clean renewable energy facilities comprised of the San Francisco Police Academy Solar Energy Facility and the Marina Middle School Solar Energy Facility (together, the "NCREBs Project"), all as more fully described in the Commission's application to the Internal Revenue Service for the Allocation; and

WHEREAS, the Commission has determined that Commission NCREBs, in the form of an Equipment Lease/Purchase Agreement (Taxable Direct Pay New Clean Renewable Energy Bond), dated as of October 1, 2015 (the "NCREB Lease/Purchase Agreement"), 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, shall be executed and delivered; and

WHEREAS, the Commission and the Bank wish to provide the terms under which the Bank will act as Filing Agent for the purpose of requisitioning from the United States Treasury, Internal Revenue Service ("IRS"), on a semiannual basis, the federal subsidy payment equal to 70% of the lesser of: (1) the amount of the interest component of each Rental Payment (as defined in the NCREB Lease/Purchase Agreement) due under the NCREB Lease/Purchase Agreement; or (2) interest calculated at the tax credit rate applicable to the NCREB Lease/Purchase Agreement ([4.97]%) (the "Direct Payment") pursuant to the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"), as such amount may be reduced by sequestration or other action of the United States government; and

WHEREAS, the Bank has agreed to serve as Filing Agent for and on behalf of the Commission; and

WHEREAS, the Commission has duly authorized the execution and delivery of this Agreement, and all things necessary to make this Agreement a valid agreement have been done;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

DEFINITIONS

Section 1.01. Definitions.

For all purposes of this Agreement except as otherwise expressly provided or unless the context otherwise requires:

"Interest Payment Date" means, with respect to the Rental Payments due under the NCREB Lease/Purchase Agreement, each April 25 and October 25, beginning April 25, 2016, through October 25, 2032.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government or any entity whatsoever.

ARTICLE TWO

APPOINTMENT OF BANK AS FILING AGENT

Section 2.01. Appointment and Acceptance.

The Commission hereby appoints the Bank to act as Filing Agent with respect to the NCREB Lease/Purchase Agreement for the specific purpose of requisitioning from the IRS on a semiannual basis the Direct Payment pursuant to the Recovery Act, as more specifically described in Article Three below.

The Bank hereby accepts its appointment and agrees to act as Filing Agent.

Section 2.02. Compensation.

As compensation for the Bank's services as Filing Agent, the Commission hereby agrees to pay the Bank the fee set forth on the fee schedule attached hereto as Exhibit A and made a part of this Agreement (the "Fee Schedule").

In addition, the Commission agrees to reimburse the Bank, immediately upon its request, for all reasonable and necessary out-of-pocket expenses, disbursements, and advances, including without limitation the reasonable fees, expenses, and disbursements of its agents and attorneys, made or incurred by the Bank in connection with performing under this Agreement and in connection with investigating and defending itself against any claim or liability in connection with its performance hereunder.

ARTICLE THREE

DUTIES

Section 3.01. Duties of the Filing Agent.

As Filing Agent, the Bank agrees to and shall, between the 45th and 90th days prior to each Interest Payment Date, file with the IRS a completed and executed Form 8038-CP requesting the Direct Payment with respect to the NCREB Lease/Purchase Agreement. After preparing the Form 8038-CP and prior to filing with the IRS, the Bank will submit the Form 8038-CP to the Commission at least fifty-five (55) days prior to each Interest Payment Date for review and signature. A blank Form 8038-CP, together with the Instructions for Form 8038-CP (January 2012) are attached hereto as Exhibit B and are made a part of this Agreement.

Section 3.02. Duties of the Commission.

The Commission agrees to cooperate with the Filing Agent, upon its request, in the completion and execution of each Form 8038-CP so filed with the IRS, including without limitation furnishing to the Filing Agent a complete Rental Payment schedule that provides a list of each Interest Payment Date, the total interest component of each Rental Payment payable on such date, the total principal amount of the NCREB Lease/Purchase Agreement expected to be outstanding on such date, the Direct Payment expected to be required from the IRS on such date, and the earliest date that Rental Payments can be prepaid.

ARTICLE FOUR

THE COMMISSION

Section 4.01. Commission Agreements.

The Commission agrees that:

(a) Within twenty (20) business days following execution and delivery of the NCREB Lease/Purchase Agreement, it will file with the IRS, and provide a copy to the Filing Agent, a completed and executed Form 8038-TC with an attached complete Rental Payment schedule, titled "Fixed Rate Obligation — Debt Service Schedule," that provides the information described in the Rental Payment schedule provided for in Section 3.02 above;

(b) Pursuant to Section 4.01 of the NCREB Lease/Purchase Agreement, the Commission will cause Rental Payments then due under the NCREB Lease/Purchase Agreement, to be paid to Bank of America, as Lessor on the NCREB Lease/Purchase Agreement; and the parties understand and agree the Direct Payment requisitioned by the Filing Agent with respect to an Interest Payment Date will be paid by the IRS either (i) directly to the Commission in partial reimbursement to the Commission for payment of the interest component of a Rental Payment on such date, or (ii) directly to Bank of America, as determined by the Commission in each Form 8038-CP; and

(c) The Commission will review each Form 8038-CP prior to submission to the IRS by the Filing Agent and will cause it to be signed by an authorized official of the Commission. The signature of the authorized official of the Commission shall serve as confirmation to the

Filing Agent that the Commission has reviewed the 8038-CP and confirms that the information contained thereon is complete and accurate.

ARTICLE FIVE

THE BANK

Section 5.01. Agreements of Bank.

The Bank undertakes to perform the duties set forth herein. No implied duties or obligations shall be read into this Agreement against the Bank.

Section 5.02. Reliance on Documents, etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank by the Commission.

(b) The Bank shall not be liable for any error of judgment made in good faith. The Bank shall not be liable for other than its gross negligence or willful misconduct in connection with any act or omission hereunder, and in no event shall the Bank's liability exceed an amount equal to the fees paid to the Bank in accordance with the Fee Schedule.

(c) No provision of this Agreement shall require the Bank to expend or risk its own funds, or otherwise incur any financial liability for performance of any of its duties hereunder or in the exercise of any of its rights or powers.

(d) The Bank may rely, or be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(e) The Bank may consult with counsel, and the written advice or opinion of counsel shall be full authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys and shall not be liable for the actions of such agent or attorney if appointed by it with reasonable care.

(g) The Bank shall not be liable for the failure of the IRS to make timely Direct Payment to the Commission.

Section 5.03. Other Transactions.

The Bank may engage in or be interested in any financial or other transaction with the Commission.

Section 5.04. Interpleader.

The Commission and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in a court of competent jurisdiction. The Commission and the Bank further agree that the Bank has the right to file an action in interpleader in any court of competent jurisdiction to determine the rights of any person claiming any interest herein.

Section 5.05. Hold Harmless.

To the extent allowed by law, the Commission shall indemnify and hold the Bank, as Filing Agent, harmless against any loss, cost, claim, liability or expense arising out of or in connection with the Bank's acceptance or administration of the Bank's duties hereunder (except any loss, liability or expense as may be adjudged by a court of competent jurisdiction or other final authority to be attributable to the Bank's gross negligence or willful misconduct). Such indemnification and hold harmless provision shall survive the termination or discharge of this Agreement or discharge of the Bonds.

ARTICLE SIX

MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other party.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Commission or the Bank shall be mailed, faxed, sent pdf or delivered to the Commission or the Bank, respectively, at the address shown below, or such other address as may have been given by one party to the other by fifteen (15) days written notice:

If to the Commission:	Public Utilities Commission of the City and County of San Francisco Attn: Deputy CFO 525 Golden Gate Ave San Francisco, CA 94102 Phone: 415-487-5262 Fax: 415-487-5258
-----------------------	--

If to the Bank:	U.S. Bank National Association Attn: Corporate Trust One California Street, Suite 1000 San Francisco, CA 94111 Phone: 415-677-3593
-----------------	--

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns.

All covenants and agreements herein by the Commission and the Bank shall bind their successors and assigns, whether so expressed or not.

Section 6.06. Severability.

If any provision of this Agreement shall be determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 6.08. Entire Agreement.

This Agreement shall constitute the entire agreement between the parties hereto relative to the Bank acting as Filing Agent.

Section. 6.09. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Term and Termination.

This Agreement shall be effective from and after its date and until the Bank resigns; provided, however, that no such termination shall be effective until a successor has been appointed and has accepted the duties of the Bank hereunder.

The Bank may resign at any time for cause by giving written notice thereof to the Commission. If the Bank shall resign, or become incapable of acting, the Commission shall promptly appoint a successor Filing Agent. If an instrument of acceptance by a successor Filing Agent shall not have been delivered to the Bank within thirty (30) days after the Bank gives notice of resignation, the Commission shall automatically become the Filing Agent for itself. The provisions of Section 2.02 and Section 5.05 hereof shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.11. Governing Law.

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 6.12. Patriot Act Compliance.

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust or other legal entity the Bank will ask for documentation to verify its formation and existence as a legal entity. The Bank may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Commission and the Bank have caused this Agreement to be executed in their respective names by their duly authorized representatives, in two counterparts, each of which shall be deemed an original.

PUBLIC UTILITIES COMMISSION OF THE
CITY AND COUNTY OF SAN FRANCISCO,
Acting on Behalf of the City and County of
San Francisco

By: _____

ATTEST:

By: _____

Secretary

U.S. BANK NATIONAL ASSOCIATION, as
Filing Agent

By: _____
Authorized Representative

EXHIBIT A
SCHEDULE OF COMPENSATION FOR
SERVICES
AS
FILING AGENT

\$4,100,000
PUBLIC UTILITIES COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO,
acting on behalf of the City and County of San Francisco
EQUIPMENT LEASE/PURCHASE AGREEMENT
(TAXABLE DIRECT PAY NEW CLEAN RENEWABLE BOND)

[\$250.00] per year as Filing Agent

To cover study and consideration of the Filing Agent Agreement and other documents, setting up of records, authenticating original documents, and all services required in establishing the account relationship. The annual fee shall be paid annually in advance.

Note: Extraordinary expenses will be billed at normal market costs.

"IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT"

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.

For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

EXHIBIT B

IRS FORM 8038-CP AND INSTRUCTIONS

(attached hereto and made a part hereof)

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

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- ☒ 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- ☐ 2. Request for next printed agenda Without Reference to Committee.
- ☐ 3. Request for hearing on a subject matter at Committee.
- ☐ 4. Request for letter beginning "Supervisor inquires"
- ☐ 5. City Attorney request.
- ☐ 6. Call File No. from Committee.
- ☐ 7. Budget Analyst request (attach written motion).
- ☐ 8. Substitute Legislation File No.
- ☐ 9. Reactivate File No.
- ☐ 10. Question(s) submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- ☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission
- ☐ Planning Commission ☐ Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.

Sponsor(s):

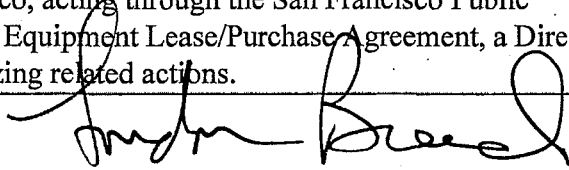
Breed

Subject:

Public Utilities Commission New Clean Renewable Energy Bonds Issuance---Not to Exceed \$4,100,000.]

The text is listed below or attached:

Resolution approving the issuance of not to exceed \$4,100,000 aggregate principal amount of New Clean Renewable Energy Bonds to be issued by the City and County of San Francisco, acting through the San Francisco Public Utilities Commission; approving the execution and delivery of an Equipment Lease/Purchase Agreement, a Direct Purchase Agreement, and a Filing Agent Agreement; and authorizing related actions.

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:

Services of the San Francisco Public Utilities Commission



Authorize \$4.1 Million NCREBs Financing for Two Power Enterprise Solar Projects

September 23, 2015

**Eric Sandler
SFPUC Chief Financial Officer and
Assistant General Manager, Business Services**



New Clean Renewable Energy Bonds (NCREBs)

Services of the San Francisco Public Utilities Commission

Federal program provides tax-advantaged financing for renewable energy projects

- 70% Federal interest rate subsidy
- <2% Estimated net True Interest Cost

Prior NCREBs Issuance

- 2008: \$6.3M—7 solar projects
- 2012: \$6.6M—2 solar projects

Proposed \$4.1M NCREBs

Services of the San Francisco Public Utilities Commission

- Proceeds to fund in-city solar generation projects:

Project	Budget	kWh per year
Marina Middle School	\$2,000,000	200 kW
SF Police Academy	\$2,100,000	200-270 kW
Total	\$4,100,000	

- IRS allocation received—April 2015
- Lender RFP issued—July 2015
- Commission action—September 2015
- Proposed bond sale—October 2015



Requested Action

Services of the San Francisco Public Utilities Commission

- Authorize the issuance of \$4.1M of NCREBs
- Approve form of bond sale documents
 - Equipment Lease Purchase Agreement
 - Direct Purchase Agreement
 - Filing Agent Agreement



Services of the San Francisco Public Utilities Commission

Questions

