

LEGISLATIVE DIGEST

[Authorizing Refunding Certificates of Participation - U.S. Bank Trust Company, National Association - Multiple Capital Improvement Projects]

Ordinance authorizing the execution and delivery of Certificates of Participation, in one or more series from time to time ("Certificates"), to prepay rental payments due to U.S. Bank Trust Company, National Association, as successor project trustee, due under a Project Lease, dated as of July 1, 2017, by and between the Project Trustee and the City and County of San Francisco ("City"); approving the form of a Supplement to Trust Agreement between the City and U.S. Bank Trust Company, National Association (as successor-in-interest to U.S. Bank National Association), as project trustee ("Master Lease Project Trustee") (including certain indemnities contained therein); approving respective forms of a Supplement to Property Lease and a Supplement to Project Lease, each between the City and the Master Lease Project Trustee for the lease to the Master Lease Project Trustee and lease back to the City of all or a portion of certain real property and improvements owned by the City and located at 747 Howard Street within the City, or other property as determined by the Director of Public Finance; approving the form of Escrow Agreement (including certain indemnities contained therein), between the City and U.S. Bank Trust Company, National Association, as escrow agent; approving the form of an Official Notice of Sale and a Notice of Intention to Sell the Certificates of Participation; approving the form of an Official Statement in preliminary and final form; approving the form of a purchase contract between the City and one or more initial purchasers of the Certificates; approving the form of a Continuing Disclosure Certificate, as defined herein; granting general authority to City officials to take necessary actions in connection with the authorization, sale, execution and delivery of the Certificates of Participation; approving modifications to documents, including the release of property; and ratifying previous actions taken in connection therewith, as defined herein.

Existing Law

This is new legislation.

Background Information

The proposed Ordinance authorizes the execution and delivery from time to time of Refunding Certificates of Participation (Multiple Capital Improvement Projects) ("Certificates"). The proceeds of the Certificates will be used, together with other available funds of the City, to (i) prepay the rental payments due under the 2017B Lease Agreement, which will be used to defease all or any portion of the City and County of San Francisco Certificates of Participation, Series 2017B (Moscone Convention Center Expansion Project) ("2017B Certificates"), as determined by the Director of Public Finance, including the payment of any interest accrued on the principal amounts thereof through the date of payment; (ii) fund a debt service or other

similar reserve, as appropriate; and (iii) pay costs of issuance associated with the execution and delivery of the Certificates.

The Certificates will be executed and delivered in one or more series, from time to time, pursuant to one or more supplements to the Original Trust Agreement, dated May 1, 2009 (each, a "Supplement to Trust Agreement"), by and between the City and the Trustee, supplementing the Original Trust Agreement.

The proposed Ordinance also approves the execution of one or more supplements to the Master Project Lease, dated May 1, 2009 (each, a "Supplement to Project Lease"), supplementing and amending the Master Project Lease to provide for (i) the additional or adjusted Base Rental to be paid by the City in connection with the issuance of the Certificates and the prepayment of the 2017B Certificates and (ii) certain other related matters as determined by the Director of Public Finance. The proposed Ordinance also approves related documents including a form of Escrow Agreement, between the City and U.S. Bank Trust Company, National Association, as escrow agent. Certificate proceeds will be used to defease the Refunded Certificates and are required to result in net debt service savings to the City of not less than three percent (3%) calculated pursuant to the procedure set forth in Chapter 43, Article VIII of the Administrative Code or by any other method permitted by law or other ordinance of the Board.

The Certificates will be secured by lease payments made by the City under the Original Project Lease.

The proposed Ordinance authorizes the Controller or the Director of Public Finance to sell the Certificates by competitive sale or negotiated sale. If sold by competitive sale, the Certificates will be awarded to the bidder whose bid constitutes the lowest true interest cost to the City. In the alternative, the proposed Ordinance also authorizes the Director of Public Finance to sell the Certificates on a negotiated sale basis, provided the compensation to the selected underwriter cannot exceed (0.5%) of the principal amount of the Certificates.

The proposed Ordinance also approves forms of standard sale documents: the Preliminary Official Statement (including Appendix A (i.e. the City's demographic and financial information)), Purchase Contract, Notice of Intention to Sell, Official Notice of Sale, the Continuing Disclosure Certificate.