

File No. 120229

Committee Item No. 4
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance SUB-Committee Date: March 28, 2012

Board of Supervisors Meeting Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget & Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Ethics Form 126 |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
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OTHER

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | *Preliminary Official Statement |
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Completed by: Victor Young

Date: March 23, 2012

Completed by: Victor Young

Date: _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Taxable and/or Tax-Exempt Certificates of Participation for Various Capital Improvements -
2 Official Statement]

3 **Resolution approving the form of and authorizing the distribution of a preliminary**
4 **official statement relating to the execution and delivery of City and County of San**
5 **Francisco Certificates of Participation for Various Capital Improvements and**
6 **authorizing the preparation, execution and delivery of a final official statement;**
7 **ratifying the approvals and terms and conditions of a previous ordinance; and related**
8 **matters.**

9
10 WHEREAS, By Ordinance No. 74-09 passed on May 5, 2009, and approved by the
11 Mayor of the City on May 11, 2009 (the "2009 Ordinance"), the Board of Supervisors of the
12 City and County of San Francisco (the "Board of Supervisors" or the "Board"), in order to
13 finance City capital improvements and other facilities and improvements, has previously
14 authorized the execution and delivery of Certificates of Participation issued pursuant to a
15 Trust Agreement dated as of May 1, 2009 (the "Trust Agreement"), between the City and U.S.
16 Bank National Association (the "Trustee"), which Certificates of Participation were to be
17 secured by a Property Lease dated as of May 1, 2009 (the "Property Lease"), pursuant to
18 which the City leased certain property to the Trustee, and a Project Lease dated as of May 1,
19 2009 (the "Project Lease"), pursuant to which the Trustee leased said property back to the
20 City; and,

21 WHEREAS, The Trust Agreement provides for the issuance of additional Certificates of
22 Participation to provide funds for additional capital projects of the City, by the execution and
23 delivery of a supplement to the Trust Agreement, and authorizes the principal and interest
24 with respect to said Certificates of Participation to be secured by a supplemental Property
25

1 Lease and to be paid from amounts paid by the City under a supplemental Project Lease;
2 and,

3 WHEREAS, Pursuant to the authority granted under the 2009 Ordinance and the Trust
4 Agreement, two prior series of Certificates of Participation have been issued and delivered by
5 the City for the purpose of financing the acquisition, construction and installation of certain
6 City improvements, including improvements on City streets; and,

7 WHEREAS, By adoption of Ordinance No. 264-10 passed on October 26, 2010, and
8 approved by the Mayor of the City on November 5, 2010 (the "Ordinance"), the Board has
9 authorized the issuance pursuant to the Trust Agreement of one or more series of additional
10 Certificates of Participation in an aggregate principal amount of not to exceed \$48,000,000 (as
11 further defined herein, the "2012 Certificates") to provide funds to finance the acquisition,
12 construction and installation of additional improvements on City streets and also to provide for
13 various disability access improvement projects (the "2012 Project"); and,

14 WHEREAS, The Board has approved the execution and delivery of supplements to the
15 Trust Agreement, Property Lease and Project Lease and other documents relating thereto,
16 and has authorized and directed the Director of the Office of Public Finance (the "Director of
17 Public Finance"), to provide for the sale of the 2012 Certificates, by either competitive or
18 negotiated sale, using the approved forms of such documents and subject to the terms and
19 conditions set forth in the Ordinance; and,

20 WHEREAS, The Director of Public Finance has determined to cause the execution and
21 delivery of the 2012 Certificates, under the authority granted by and subject to the terms and
22 conditions set forth in the Ordinance, to be designated "City and County of San Francisco
23 Certificates of Participation, (Multiple Capital Improvement Projects)", with such further
24 designations as to series and year of issuance as the Director of Public Finance shall
25 authorize, to finance the 2012 Project; and,

1 WHEREAS, Since the Board approved the form of the Preliminary Official Statement
2 relating to the 2012 Certificates as set forth in the Ordinance, the City's budget and finances
3 have materially changed and updated information has become available including but not
4 limited to the release of the City's Comprehensive Annual Financial Report for the year ended
5 June 30, 2011; and,

6 WHEREAS, In connection with such material changes and updates, the Director of
7 Public Finance now seeks approval and authorization of the distribution of the form of a
8 revised preliminary official statement relating to the 2012 Certificates (the "Revised
9 Preliminary Official Statement"); and,

10 WHEREAS, The Director of Public Finance has submitted the form of the Revised
11 Preliminary Official Statement to the Board; such document is on file with the Clerk of the
12 Board of Supervisors in File No. 120229, which is hereby declared to be a part of this
13 Resolution as if set forth fully herein; now, therefore, be it

14 RESOLVED By the Board of Supervisors of the City and County of San Francisco, as
15 follows:

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

17 Section 2. Official Statement. The form of Revised Preliminary Official Statement is
18 hereby approved with such changes, additions, amendments or modifications made in
19 accordance with Section 3 hereof. The Director of Public Finance is hereby authorized to
20 approve the distribution of the preliminary Official Statement in substantially said form, with
21 such changes, additions, modifications or deletions as the Director of Public Finance may
22 approve upon consultation with the City Attorney; such approval to be conclusively evidenced
23 by the distribution of the preliminary Official Statement to potential bidders for or purchasers of
24 the 2012 Certificates. The Controller of the City (the "Controller") is hereby authorized to
25 cause the distribution of the Revised Preliminary Official Statement in connection with the

1 2012 Certificates, deemed final for purposes of Rule 15c2-12 of the Securities and Exchange
2 Act of 1934, as amended, and to sign a certificate to that effect. The Controller is hereby
3 further authorized and directed to prepare and sign a final Official Statement for the 2012
4 Certificates. The Co-Financial Advisors to the City (the "Co-Financial Advisors"), under the
5 direction of the Director of Public Finance, are hereby authorized and directed to cause to be
6 printed and mailed, or distributed electronically, to prospective bidders or purchasers, as
7 appropriate, for the 2012 Certificates, copies of the Revised Preliminary Official Statement
8 and the final Official Statement relating to the 2012 Certificates.

9 Section 3. Modifications to Revised Preliminary Official Statement. The Controller is
10 further authorized, in consultation with the City Attorney, to approve and make such changes,
11 additions, amendments or modifications to the Revised Preliminary Official Statement or the
12 final Official Statement described in Section 2 as may be necessary or advisable. The
13 approval of any change, addition, amendment or modification to the Revised Preliminary
14 Official Statement or the final Official Statement shall be evidenced conclusively by the
15 distribution of the preliminary Official Statement to potential bidders for or purchasers of the
16 2012 Certificates and the execution and delivery of the final Official Statement.

17 Section 4. Ratification. The terms and conditions and approvals of the Ordinance,
18 except as such terms and conditions and approvals are superseded by this resolution, and all
19 actions heretofore taken pursuant to the Ordinance in connection with the issuance of the
20 2012 Certificates, are hereby approved, confirmed and ratified.

21
22 APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

23 By: Kenneth David Roux
24 KENNETH DAVID ROUX
25 Deputy City Attorney

Mayor Lee
BOARD OF SUPERVISORS



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER


Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

Nadia Sesay
Director
Office of Public Finance

MEMORANDUM

TO: Honorable Members, Board of Supervisors

FROM: Nadia Sesay, Director of Public Finance 

SUBJECT: Resolution Approving the Form of and Authorizing the Distribution of the Official Statement relating to City and County of San Francisco Certificates of Participation (Multiple Capital Improvement Projects), Series 2012A

DATE: March 6, 2012

We would like to respectfully request consideration of the resolution at the March 21, 2012 Budget and Finance Committee meeting.

Federal securities laws impose on the City the obligation to ensure that its offering documents are accurate and complete in all material respects. This obligation applies to the individual members of the governing bodies approving the disclosure documents as well as City staff charged with preparing the documents.

Background:

On October 26, 2010, the Board of Supervisors adopted Ordinance No. 264-10 (the "Ordinance") that authorized the issuance of not to exceed \$48,000,000 certificates of participation (the "Certificates") to finance the acquisition, construction, improvement and installation of certain street improvements and to provide for various disability access improvements (the "Project"). The Ordinance also approved the form of and authorized the distribution of a preliminary official statement relating to the issuance of the Certificates and the form of Appendix A (and together with the preliminary and final official statement, the "Official Statement") containing information about the City's finances that was current as of August 31, 2010. The Board of Supervisors last approved the distribution of official statements and appendices on January 24, 2012 in adopting Resolutions No. 17-12, 18-12 and 25-12 in connection with the issuance of the City's General Obligation Bonds Series 2012A, 2012B and 2012C financing the City's Earthquake Safety and Emergency Response Bond, Clean and Safe Neighborhood Parks Bond and Road Repair and Street Safety Bond programs, respectively.

The City's commercial paper program has provided interim financing of Project expenditures pending the sale of the Certificates. As of March 6, 2012, the commercial paper program has provided interim financing of approximately \$19.2 million of Project costs to be refunded by the Certificates.

Summary of Revisions to the Official Statement:

The proposed Resolution approves the revised Official Statement relating to the Certificates, updated to reflect significant changes in the City's budget and finances that have occurred since the Board adopted Resolutions No. 17-12, 18-12 and 25-12. The attached Official Statement has been modified to reflect material changes to the City's finances, including the release of the Comprehensive Annual Financial Report for fiscal year 2010-11. The information contained in the Appendix A relating to the Certificates was updated as of February 13, 2012 and was prepared by City staff for inclusion in the Official Statement.

For general reference, the following information summarizes material changes in the City's finances since September 2011:

Comprehensive Annual Financial Report

The City's most recently completed Comprehensive Annual Financial Report for fiscal year 2010-11 was issued on November 28, 2011. The fiscal year 2010-11 CAFR reported that as of June 30, 2011, the General Fund available for appropriation in fiscal year 2011-12 was \$168.5 million, representing a \$63.2 million increase in available fund balance over the \$105.3 million available as of June 30, 2010.

November 2012 Election – Bond Measures

On November 8, 2011, voters approved the following bond measures:

- Proposition A authorized the San Francisco Unified School District to issue an aggregate principal amount not to exceed \$531.0 million of general obligation bonds to repair and rehabilitate school facilities.
- Proposition B authorized the issuance of up to \$248 million in general obligation bonds to provide funds to repair and repave City streets and remove potholes; strengthen and seismically upgrade street structures; redesign street corridors by adding or improving pedestrian signals, lighting, sidewalk extensions, bicycle lanes, trees and landscaping; construct and renovate curb ramps and sidewalks to increase accessibility and safety for everyone, including persons with disabilities; and add and upgrade traffic signals to improve MUNI service and traffic flow.

Issuances of Bonds

On November 17, 2011 the City and County of San Francisco issued its Certificates of Participation (Moscone Center South Refunding Project), Series 2011A and Series 2011B in the aggregate principal amount of \$86,480,000.

On November 30, 2011 the City and County of San Francisco issued its General Obligation Refunding Bonds Series 2011-R1 in the aggregate principal amount of \$339,475,000.

Mayor's Budget Instructions

On December 6, 2011 the Mayor's Office issued instructions for fiscal year 2012-13 and 2013-14 department budget submissions.

San Francisco Redevelopment Agency Dissolution

On February 1, 2012, the SFRDA ceased to exist by operation of law as a result of Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26"), and a recent California Supreme Court decision described in the Appendix A.

State of California Budget

On January 5, 2012, California Governor Brown released his fiscal year 2012-13 budget proposal. The Governor's proposal is subject to revision and approval by the Legislature and the assumptions will be updated in the Governor's May Revision. The City has not completed an analysis of the potential impacts to the City of the Governor's fiscal year 2012-13 state budget proposal.

Controller's Budget Updates

As directed by Charter Section 3.105, the Controller published his scheduled six-month budget status update on February 13, 2012.

Additional Information:

For further explanation and discussion of the legal obligations of members of boards and commissions approving disclosure documents, please see the video recording of the training seminar held by the City Attorney's office on this subject located at the following address: http://www.sfgov.org/site/cityattorney_index.asp?id=57734.

The Resolution is expected to be introduced at the Board of Supervisors meeting on Tuesday, March 6, 2012. The form of Official Statement will also be submitted.

Your consideration of this request is greatly appreciated. Please contact me at 554-5956 if you have any questions. Thank you.

cc: Angela Calvillo, Clerk of the Board of Supervisors
Kate Howard, Mayor's Budget Director
Simone Jacques, Department of Public Works
Douglas Legg, Department of Public Works
Harvey Rose, Budget Analyst
Ben Rosenfield, Controller
Kenneth Roux, Deputy City Attorney

NEW ISSUE — BOOK-ENTRY ONLY

RATINGS: Moody's: _____
S&P: _____
Fitch: _____

(See "RATINGS" herein)

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, and Elizabeth C. Green, Esq., Los Angeles, California, Co-Special Counsel to the City, subject, however to certain qualifications described herein, under existing law, the portion of lease payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Co-Special Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."



§ _____
**CITY AND COUNTY OF SAN FRANCISCO
CERTIFICATES OF PARTICIPATION, SERIES 2012A
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)**

**evidencing proportionate interests of the Owners thereof in a Project Lease,
including the right to receive Base Rental payments to be made by the
CITY AND COUNTY OF SAN FRANCISCO**

Dated: Date of Delivery

Due: April 1, as shown on the inside cover

This cover page contains certain information for general reference only. It is not intended to be a summary of the security for or the terms of the Certificates. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Certificates captioned above (the "Certificates") are executed and delivered to provide funds to: (i) pay a portion of the costs of the acquisition, construction and installation of certain improvements to various City streets (the "Project"); [(ii) fund the 2012A Reserve Account of the Reserve Fund established under the Trust Agreement]; and (iii) pay costs of execution and delivery of the Certificates. See "ESTIMATED SOURCES AND USES OF FUNDS."

The Certificates are executed and delivered pursuant to a Trust Agreement, dated as of May 1, 2009, between the City and County of San Francisco (the "City"), and U.S. Bank National Association, as trustee (the "Trustee"), as previously supplemented and amended and as supplemented and amended by that certain Second Supplement to Trust Agreement, dated as of [Dated Date] (as so amended and supplemented, the "Trust Agreement"), and in accordance with the Charter of the City (the "Charter"). See "THE CERTIFICATES—Authority for Execution and Delivery." The Certificates evidence principal and interest components of the Base Rental payable by the City pursuant to a Project Lease, dated as of May 1, 2009, by and between the Trustee, as lessor, and the City, as lessee, as previously supplemented and amended and as supplemented and amended by that certain Second Supplement to Project Lease, dated as of [Dated Date] (as so supplemented and amended, the "Project Lease"). The City has covenanted in the Project Lease to take such action as may be necessary to include and maintain all Base Rental and Additional Rental payments in its annual budget, and to make necessary annual appropriations therefor. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES—Covenant to Budget." The obligation of the City to pay Base Rental is in consideration for the use and occupancy of the land and facilities subject to the Project Lease (the "Leased Property"), and such obligation may be abated in whole or in part if there is substantial interference with the City's use and occupancy of the Leased Property. See "CERTAIN RISK FACTORS — Abatement."

The Certificates will be delivered in fully registered form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the Certificates will be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Principal and interest with respect to the Certificates will be paid by the Trustee to DTC, which will in turn remit such payments to DTC participants for subsequent disbursement to the beneficial owners of the Certificates. See "THE CERTIFICATES—Form and Registration." Interest evidenced and represented by the Certificates is payable on April 1 and October 1 of each year, commencing October 1, 2012. Principal will be paid as shown on the inside cover hereof. See "THE CERTIFICATES—Payment of Principal and Interest."

The Certificates are subject to prepayment prior to their scheduled principal payment dates as described herein. See "THE CERTIFICATES — Prepayment of the Certificates."

THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS UNDER THE PROJECT LEASE DOES NOT CONSTITUTE AN OBLIGATION TO LEVY OR PLEDGE, OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED, ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL OR ADDITIONAL RENTAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE CITY SHALL BE OBLIGATED TO MAKE BASE RENTAL PAYMENTS SUBJECT TO THE TERMS OF THE PROJECT LEASE AND NEITHER THE CITY NOR ANY OF ITS OFFICERS SHALL INCUR ANY LIABILITY OR ANY OTHER OBLIGATION WITH RESPECT TO THE EXECUTION AND DELIVERY OF THE CERTIFICATES. SEE "CERTAIN RISK FACTORS."

CERTIFICATE PAYMENT SCHEDULE

(See inside cover)

The Certificates are offered when, as and if executed and received by the initial purchasers, subject to the approval of the validity of the Project Lease by Jones Hall, A Professional Law Corporation, San Francisco, California, and Elizabeth C. Green, Esq., Los Angeles, California, Co-Special Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by the City Attorney and by Orrick, Herrington & Sutcliffe LLP, Disclosure Counsel. It is expected that the Certificates in book-entry form will be available for delivery through DTC on or about [_____, 2012].

Dated: _____, 2012.

** Complete copy of document is located in

File No. 120229

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

APPENDIX A

CITY AND COUNTY OF SAN FRANCISCO
ORGANIZATION AND FINANCES

This Appendix contains information that is current as of February 13, 2012.

This Appendix A to the Official Statement of the City and County of San Francisco (the "City" or "San Francisco") covers general information about the City's governance structure, budget processes, property taxation system and other tax and revenue sources, City expenditures, labor relations, employment benefits and retirement costs, and investments, bonds and other long-term obligations.

The various reports, documents, websites and other information referred to herein are not incorporated herein by such references. The City has referred to certain specified documents in this Appendix A which are hosted on the City's website. A wide variety of other information, including financial information, concerning the City is available from the City's publications, websites and its departments. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded and is not a part of or incorporated into this Appendix A. The information contained in this Official Statement, including this Appendix A, speaks only as of its date, and the information herein is subject to change. Prospective investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

TABLE OF CONTENTS

CITY GOVERNMENT AND ORGANIZATION 3
 City Charter 3
 Mayor and Board of Supervisors 3
 Other Elected and Appointed City Officers 4
CITY BUDGET 5
 Overview 5
 Budget Process 5
 November 2009 Charter Amendment Instituting Two-Year Budgetary Cycle 6
 Role of Controller; Budgetary Analysis and Projections 7
 General Fund Results; Audited Financial Statements 7
 Three-Year Budget Projection Report 13
 Adopted Fiscal Year 2011-12 Budget 13
 Impact of State Budget on City Budget 14
 Other Budget Updates 15
 Budgetary Reserves and Economic Stabilization 15
 San Francisco Redevelopment Agency Dissolution 16
PROPERTY TAXATION 20
 Property Taxation System - General 20
 Assessed Valuations, Tax Rates and Tax Delinquencies 21
 Tax Levy and Collection 23
 Taxation of State-Assessed Utility Property 25
OTHER CITY TAX REVENUES 25
 Business Taxes 25
 Transient Occupancy Tax 26
 Real Property Transfer Tax 27
 Sales and Use Tax 28
 Utility Users Tax 29
 Emergency Response Fee; Access Line Tax 29
 Parking Tax 29
INTERGOVERNMENTAL REVENUES 30
 Health and Welfare Realignment 30
 Public Safety Sales Tax 30
 Other Intergovernmental Grants and Subventions 30