

1 [Administrative Code - Certificates of Participation and Commercial Paper Debt Policies]

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3 **Ordinance amending the San Francisco Administrative Code by adding Section 10.62**
4 **to adopt a binding financial policy under Charter Section 9.120.**

5 NOTE: Additions are *single-underline italics Times New Roman*;
6 deletions are ~~*strike-through italics Times New Roman*~~.
7 Board amendment additions are double-underlined;
8 Board amendment deletions are ~~strike-through normal~~.

8 Be it ordained by the People of the City and County of San Francisco:

9 Section 1. **Binding Financial Policy.** This ordinance reflects a financial policy
10 adopted under Charter Section 9.120. As such, it must be adopted as an ordinance approved
11 by the Mayor and passed by a two-thirds' vote of the Board of Supervisors. The City may not
12 adopt a budget that the Controller determines is inconsistent with any of the provisions of this
13 ordinance. Upon a two-thirds' vote, the Board of Supervisors by resolution may suspend, in
14 whole or in part, this ordinance for the succeeding fiscal year.

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16 Section 2. The San Francisco Administrative Code is hereby amended by adding
17 Section 10.62, to read as follows:

18 **SEC. 10.62. CERTIFICATES OF PARTICIPATION; COMMERCIAL PAPER.**

19 (a) This Policy shall govern the authorization of Certificates of Participation ("COPs") that
20 may be caused to be executed and delivered by the City in connection with the financing of capital
21 projects. This Policy also governs the issuance of commercial paper from time to time by the
22 Controller's Office of Public Finance. This Policy supplements the Controller's Office of Public
23 Finance's Debt Policy of the City and County of San Francisco ("Debt Policy"), which document is on
24 file for informational purposes with the Clerk of the Board.

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1 **(b) Certificates of Participation.**

2 (1) The City may cause the execution and delivery of COPs for, without limitation, (i)
3 the acquisition or improvement of existing facilities and/or construction of new facilities that result in
4 immediate or future savings in payments currently made or to be made by the City's General Fund, (ii)
5 to leverage grant and other monies to reduce operating costs of the City, (iii) for the construction,
6 improvement or acquisition of facilities to address legal mandates or (iv) the construction,
7 improvement or acquisition of facilities for critical public health and safety needs. Notwithstanding
8 anything contained in this ordinance, COPs may not be used to finance operating costs of the City.

9 (2) The Director of Public Finance shall identify specific revenue sources within the
10 General Fund (e.g., transient occupancy taxes, tobacco settlement receipts, etc) as internal repayment
11 sources for COPs, to ensure that prudent repayment schedules are placed on the General Fund.

12 (3) The City may use COPs and other lease financing debt as funding sources for
13 capital projects provided the annual debt service cost of such outstanding indebtedness does not
14 exceed 3.25 percent of General Fund discretionary revenues.

15 **(c) Commercial Paper Program.**

16 (1) The Director of Public Finance may issue tax-exempt and taxable commercial paper
17 notes to provide interim funds to finance the acquisition, construction, and rehabilitation of capital
18 improvements and capital equipment. Commercial paper notes shall not be issued for any project
19 unless that project and financing plan therefor shall have received prior approval from the Board of
20 Supervisors and the Mayor.

21 (2) The Director of Public Finance shall provide a written report to the Board of
22 Supervisors twelve months following the initial issuance of commercial paper notes and annually
23 thereafter until no commercial paper note remain outstanding describing (i) the notes issued since
24 commencement of the Commercial Paper Program and since the date of the last report;(ii)
25 summarizing the current status of projects financed with commercial paper; and (iii) identifying the

1 long term plan of finance with respect any general obligation bonds, COPs or other long term
2 obligation to refund such commercial paper notes.

3 **(d) Exceptions from the Policy.**

4 (1) The Board of Supervisors, by a resolution adopted by a two-thirds' vote, may
5 temporarily suspend the provisions of this Section 10.62 for the current or upcoming budget year, and
6 may suspend its provisions for individual transactions.

7 (2) The failure of the City to comply with any provision of this Policy shall not affect the
8 authorization or the validity or enforceability of any COPs or other long term obligation that are
9 otherwise issued in accordance with law.

10 (3) The Policy shall only apply to indebtedness secured by the City's General Fund and
11 does not apply to other departments or enterprises of the City, including the Airport Commission, the
12 Mayor's Office of Housing, the Municipal Transportation Authority, the Port Commission, or the
13 Public Utilities Commission.

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15 **Section 3. Effective Date; Operative Date.**

16 (1) This ordinance shall become effective 30 days from the date of passage.

17 (2) This ordinance shall become operative on July 1, 2012.

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

22 By: _____
23 MARK D. BLAKE
24 Deputy City Attorney