

File No. 130380

Committee Item No. 6

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Sub-Committee Date: 05/15/2013

Board of Supervisors Meeting

Date: _____

Cmte Board

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Completed by: Victor Young Date May 10, 2013

Completed by: Victor Young Date _____

1 [Issuance - Clean and Safe Neighborhood Parks General Obligation Bonds, 2012, Series
2 2013A - Not to Exceed \$195,000,000]

3 **Resolution providing for the issuance of not to exceed \$195,000,000 aggregate**
4 **principal amount of Clean and Safe Neighborhood Parks General Obligation Bonds,**
5 **2012, Series 2013A; authorizing the execution, authentication and registration of said**
6 **Bonds; providing for the levy of a tax to pay the principal and interest thereof;**
7 **providing for the appointment of depositories and other agents for said Bonds;**
8 **providing for the establishment of accounts related thereto; ratifying certain actions**
9 **previously taken; and granting general authority to city officials to take necessary**
10 **actions in connection with the authorization, issuance, sale and delivery of said Bonds.**

11
12 WHEREAS, By Resolution 256-12 adopted by the Board of Supervisors (the "Board of
13 Supervisors") of the City and County of San Francisco (the "City") on July 10, 2012, and
14 signed by the Mayor on July 12, 2012, the Board of Supervisors determined that the public
15 interest and necessity demand improving the safety and quality of neighborhood parks and
16 waterfront open spaces across the City as therein described (collectively, the "Project"); and

17 WHEREAS, By Ordinance No. 161-12, finally passed by the Board of Supervisors on
18 July 17, 2012, and signed by the Mayor on July 24, 2012 (the "Bond Ordinance"), the Board of
19 Supervisors duly called a special election to be held on November 6, 2012 (the "Bond
20 Election"), for the purpose of submitting to the electors of the City a proposition to incur
21 bonded indebtedness in the amount of \$195,000,000 to finance the Project; and

22 WHEREAS, The Registrar of Voters of the City duly and regularly canvassed the
23 returns of said election and, as the result of such canvass, certified to the Board of
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1 Supervisors that more than two-thirds of the votes cast on said proposition favored the
2 incurring of such bonded indebtedness; and

3 WHEREAS, This Board of Supervisors has determined, and does hereby declare that it
4 is necessary and desirable that all of said Bonds designated generally as City and County of
5 San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2012)
6 (the "Bonds") (each series to bear such additional or other designation as may be necessary
7 or appropriate to distinguish such series from every other series and from other bonds issued
8 by the City) in the aggregate principal amount of \$195,000,000, be issued and sold in series
9 from time to time, for the purposes authorized and on the conditions set forth in this
10 Resolution of the Board of Supervisors; and

11 WHEREAS, The City expects to pay certain expenditures in connection with the
12 projects to be financed by the Bonds prior to the issuance and sale of the Bonds, and the City
13 intends to reimburse itself and to pay third parties for such prior expenditures from the
14 proceeds of the Bonds; and

15 WHEREAS, Section 1.150-2 of the Treasury Regulations promulgated under the
16 Internal Revenue Code of 1986 (the "Treasury Regulations") requires the City to declare its
17 reasonable official intent to reimburse prior expenditures with the proceeds of a subsequent
18 borrowing; and

19 WHEREAS, The Treasury Regulations require that any reimbursement allocation of
20 proceeds of the Bonds to be made with respect to expenditures incurred prior to the issuance
21 of the Bonds will occur not later than eighteen (18) months after the later of (i) the date on
22 which the expenditure is paid or (ii) the date on which the facilities are placed in service, but in
23 no event later than three (3) years after the expenditure is paid; and

24 WHEREAS, The Bonds will be payable from proceeds of the voter-approved special ad
25 valorem tax levy described herein; and,

1 WHEREAS, The Bonds are being issued pursuant to a resolution duly adopted by the
2 Board of Supervisors, Title 5, Division 2, Part I, Chapter 3, Article 4.5 of the California
3 Government Code, the Charter of the City and a duly held election; and

4 WHEREAS, The adoption of this Resolution shall constitute authorization of the Bonds
5 within the meaning of Section 864 of the California Code of Civil Procedure; and,

6 WHEREAS, Pursuant to Section 9.106 of the Charter of the City, there shall be
7 delivered a certificate of a duly authorized officer of the City, concurrently with the issuance of
8 each series of the Bonds, stating that the outstanding general obligation bonded indebtedness
9 of the City, including all series of the Bonds issued and to be issued and outstanding on the
10 date of delivery of such series, will not exceed three percent of the assessed value of all
11 taxable real and personal property located within the City; and

12 WHEREAS, The Citizens' General Obligation Bond Oversight Committee shall conduct
13 an annual review of bond spending and shall provide an annual report on the management of
14 the program to the Mayor, Board of Supervisors, the Recreation and Park Commission and
15 the Port Commission and to the extent permitted by law, one-tenth of one percent (0.1%) of
16 the gross proceeds of the Bonds shall be deposited in a fund established by the Controller's
17 Office and appropriated by the Board of Supervisors at the direction of the Citizen's General
18 Obligation Bond Oversight Committee to cover the costs of this committee and this review
19 process;

20 NOW, THEREFORE, BE IT RESOLVED by the Board of the City as follows:

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

22 Section 2. Conditions Precedent. All conditions, things and acts required by law to
23 exist, to happen and to be performed precedent to and in the issuance of the Bonds exist,
24 have happened and have been performed in due time, form and manner in accordance with
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1 applicable law, and the City is now authorized pursuant to its Charter and applicable law to
2 incur indebtedness in the manner and form provided iii this Resolution (the "Resolution").

3 Section 3. Issuance of Bonds. The Board of Supervisors hereby authorizes the
4 issuance and sale of not to exceed \$195,000,000 aggregate principal amount of the Bonds for
5 the construction, reconstruction, purchase and/or completion of the real property
6 improvements set forth in the following proposition:

7 "SAN FRANCISCO CLEAN AND SAFE NEIGHBORHOOD PARKS BONDS To
8 improve the safety and quality of neighborhood parks across the city and waterfront open
9 spaces, enhance water quality and clean up environmental contamination along the Bay,
10 replace unsafe playgrounds, fix restrooms, improve access for the disabled, and ensure the
11 seismic safety of park and recreation facilities, shall the City and County of San Francisco
12 issue \$195 million dollars in General Obligation Bonds, subject to independent oversight and
13 regular audits?"

14 The Bonds may be sold in one or more series, as the Board of Supervisors shall
15 determine, and shall be sold in accordance with law, as such law may from time to time be
16 amended, supplemented or revised, and on the terms and conditions approved by the Board
17 of Supervisors in this Resolution, as supplemented by such other resolution or resolutions
18 relating to such series of Bonds and as provided in resolution of the Board of Supervisors
19 authorizing and directing the sale of each series of the Bonds (each, a "Sale Resolution"). The
20 offering and sale of the Bonds may be aggregated with the offering and sale of other general
21 obligation bonds being issued by the City as authorized from time to time by the Board of
22 Supervisors.

23 Section 4. Execution and Authentication. The resolution of the Board of Supervisors
24 authorizing and directing the sale of any series of the Bonds shall set forth the form of such
25 bond, with such necessary or appropriate variations, omissions and insertions as may be

1 permitted by such resolution. "CUSIP" identification numbers may be imprinted on the Bonds,
2 but such numbers shall not constitute a part of the contract evidenced by the Bonds and any
3 error or omission with respect thereto shall not constitute cause for refusal of any purchaser to
4 accept delivery of and pay for the Bonds. In addition, failure on the part of the City to use such
5 CUSIP numbers in any notice to Owners of the Bonds shall not constitute an event of default
6 or any violation of the City's contract with such Owners and shall not impair the effectiveness
7 of any such notice.

8 The Bonds shall be signed by the Mayor of the City and countersigned by the Clerk of
9 the Board of Supervisors. Such signatures may be facsimile or manual. The Clerk of the
10 Board of Supervisors may cause the official seal of the City to be impressed or printed on
11 each of the Bonds. The Treasurer of the City or designee thereof (the "City Treasurer") shall
12 authenticate the Bonds by manual signature, and when so executed and authenticated, the
13 Clerk of the Board of Supervisors shall deliver the Bonds to or for the account of the
14 purchaser in exchange for the purchase price thereof.

15 In case any of such officers whose signatures or countersignatures appear on the
16 Bonds shall cease to be such officer before the delivery of such Bonds to the purchaser, such
17 signatures or countersignatures shall nevertheless be valid and sufficient for all purposes as if
18 they had remained in office until the delivery of the Bonds.

19 Section 5. Transferor Exchange and Registration of Bonds. Any Bond may be
20 transferred or exchanged in accordance with its terms and the resolution of the Board of
21 Supervisors authorizing and directing its sale. Each Bond shall be registered in accordance
22 with the resolution of the Board of Supervisors authorizing and directing its sale.

23 Section 6. General Redemption Provisions. The terms of redemption (whether
24 optional redemption or mandatory redemption), if any, of any series of Bonds and the manner
25

1 prescribed for notice of any redemption of such series of Bonds shall be set forth in the Sale
2 Resolution authorizing the sale of the Bonds to be redeemed.

3 The Sale Resolution authorizing the sale of each series of Bonds shall provide that the
4 City Treasurer shall establish a Redemption Account for such series of Bonds and shall
5 further provide for the deposit and application of moneys in such Redemption Account.

6 Section 7. Tax Levy. For the purpose of paying the principal of and interest on the
7 Bonds, the Board of Supervisors agrees and covenants with the holders of the Bonds that at
8 the time of fixing the general ad valorem tax levy it shall fix, and in the manner provided for
9 such general tax levy, levy and collect annually until the Bonds are paid or until there shall be
10 a sum set apart for that purpose in the treasury of the City sufficient to meet all sums coming
11 due for payment of principal of and interest on the Bonds, ad valorem taxes sufficient to pay
12 the annual interest on the Bonds as the same becomes due and also such part of the principal
13 thereof as shall become due.

14 Said ad valorem taxes shall be levied without limitation as to rate or amount upon all
15 property within the City subject to taxation by the City (except certain property which is taxable
16 at limited rates) in an amount sufficient for the payment of the principal of and interest on the
17 Bonds, shall be in addition to all other taxes levied for City purposes, shall be collected at the
18 same time and in the same manner as other taxes of the City are collected, and shall be used
19 only for the payment of the Bonds and the interest thereon.

20 All taxes collected pursuant to this Section 7 shall be deposited in a special account to
21 be designated as the "General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds,
22 2012) Bond Account" (the "Bond Account") and each and every series of Bonds issued under
23 this Resolution shall be equally and ratably secured by the taxes collected pursuant to this
24 Section. Such account shall be administered by the City Treasurer and kept separate and
25 apart from all other accounts. Pursuant to the resolution of the Board of Supervisors

1 authorizing and directing the sale of any series of the Bonds, the City Treasurer may establish
2 such additional accounts and subaccounts within the Bond Account or with any agent,
3 including but not limited to any paying agent or fiscal agent, as may be necessary or
4 convenient in connection with the administration of any series of the Bonds. The resolution of
5 the Board of Supervisors authorizing and directing the sale of any series of the Bonds shall
6 establish subaccounts within the Bond Account for each series of the Bonds to provide for the
7 payment of principal and interest on such series of Bonds.

8 The City Treasurer shall also deposit in the Bond Account from the proceeds of sale of
9 the Bonds, any moneys received on account of original issue premium and interest accrued
10 on the Bonds to the date of payment of the purchase price thereof, and such other moneys, if
11 any, as may be specified in the Sale Resolution authorizing the sale of each series of Bonds.
12 So long as any of the Bonds are outstanding, moneys in the Bond Account shall be used and
13 applied by the City Treasurer solely for the purpose of paying the principal of and interest on
14 the Bonds as such principal and interest shall become due and payable, or for purchase of
15 Bonds if permitted by the Sale Resolution authorizing the sale of each series of Bonds;
16 provided, however, that when all of the principal of and interest on the Bonds have been paid,
17 any moneys then remaining in said account shall be transferred to the General Fund of the
18 City or as otherwise permitted by law. The Board of Supervisors shall take such actions
19 annually as are necessary or appropriate to cause the debt service on the Bonds due in any
20 fiscal year to be included in the budget for such fiscal year and to make the necessary
21 appropriations therefor.

22 Section 8. Administration and Disbursements From Bond Account.

23 (a) Interest. On or before June 15 and December 15 in each year (or on such other
24 dates as provided in a Sale Resolution) that any of the Bonds is outstanding, the City
25 Treasurer shall transfer to and set aside in the Bond Account and the appropriate

1 subaccounts therein relating to each series of the Bonds an amount which, when added to the
2 amount contained in the Bond Account and subaccounts therein on that date, if any, will be
3 equal to the aggregate amount of the interest becoming due and payable on each series of
4 the Bonds outstanding on such interest payment date.

5 (b) Principal. On or before June 15 in each year (or on such other dates as
6 provided in a Sale Resolution) that any of the Bonds is outstanding, the City Treasurer shall
7 transfer to and set aside in the Bond Account and the appropriate subaccounts therein
8 relating to each series of the Bonds an amount which will be equal to the principal on each
9 series of the Bonds outstanding that will become due and payable on said June 15, including
10 those Bonds subject to mandatory redemption on such date pursuant to the provisions of the
11 Sale Resolution authorizing the sale of such Bonds.

12 All moneys in the Bond Account shall be used and withdrawn by the City Treasurer
13 solely for the purpose of paying the principal of and interest on each series of the Bonds as
14 the same shall become due and payable. On June 15 and December 15 in each year that any
15 Bond is outstanding, the City Treasurer shall allocate, transfer and apply to the various
16 subaccounts in the Bond Account created pursuant to the Sale Resolution authorizing the sale
17 of a series of Bonds, on such date on which payment of principal or interest on any series of
18 Bonds is due, from moneys on deposit in the Bond Account, an amount equal to the amount
19 of principal of, premium, if any, or interest due on said date with respect to each series of the
20 Bonds then outstanding. Unless other provision shall have been made pursuant to this
21 Resolution for the payment of any Bond, all amounts held in the various subaccounts of the
22 Bond Account created pursuant to the Sale Resolution authorizing the sale of a series of
23 Bonds shall be used and applied by the City Treasurer to pay principal of, premium, if any,
24 and interest due on the series of Bonds to which such subaccount relates, as and when due.
25

1 Section 9. Appointment of Depositories and Other Agents. The City Treasurer is
2 hereby authorized and directed to appoint one or more depositories as he or she may deem
3 desirable and may authorize such depository to perform, under the supervision of the City
4 Treasurer, any of the City Treasurer's duties and responsibilities under this Resolution, to the
5 extent permitted by applicable law.

6 The City Treasurer is hereby also authorized and directed to appoint one or more
7 agents as he or she may deem necessary or desirable. To the extent permitted by applicable
8 law and under the supervision of the City Treasurer, such agents may serve as paying agent,
9 fiscal agent, escrow agent or registrar for the Bonds or may assist the City Treasurer in
10 performing any or all of such functions and such other duties as the City Treasurer shall
11 determine including such duties and responsibilities of the City Treasurer provided for in this
12 Resolution. Such agents shall serve under such terms and conditions as the City Treasurer
13 shall determine. The City Treasurer may remove or replace agents appointed pursuant to this
14 paragraph at any time.

15 Section 10. Project Account. There is hereby established a project account to be
16 designated as the "General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds,
17 2012) Project Account" (the "Project Account"). The Project Account shall be maintained by
18 the City Treasurer, as a separate account, segregated and distinct from all other accounts.
19 The City Treasurer may establish such accounts and subaccounts as may be necessary or
20 convenient in connection with the administration of the Project or the Bonds.

21 All of the proceeds of the sale of the Bonds, excluding any premium and accrued
22 interest received thereon, shall be deposited by the City Treasurer to the credit of the Project
23 Account and shall be applied exclusively to the objects and purposes specified in the
24 proposition set forth in Section 3 hereof. When such objects and purposes have been
25 accomplished, any moneys remaining in such account shall be transferred to the Bond

1 Account established pursuant to Section 7 hereof and applied to the payment of the principal
2 of and interest on any series of Bonds. Amounts in the Project Account may be applied to the
3 payment of costs of issuance of the Bonds, including, without limitation, bond and financial
4 printing expenses, mailing and publication expenses, rating agency fees, and the fees and
5 expenses of paying agents, registrars, financial consultants, disclosure counsel and bond
6 counsel.

7 Section 11. Defeasance Provisions. The Sale Resolution of the Board authorizing and
8 directing the sale of any series of Bonds may provide for the defeasance of such series of
9 Bonds. Any Bonds which have been deemed paid in accordance with the defeasance
10 provisions of the Sale Resolution authorizing and directing their sale shall no longer be
11 deemed outstanding under this Resolution.

12 Section 12. Tax Covenants. Any series of the Bonds may be issued as bonds the
13 interest on which is excluded from gross income for federal or state income tax purposes or
14 as bonds the interest on which is included in gross income for federal or state income tax
15 purposes or as taxable bonds. With respect to any series of the Bonds the interest on which is
16 excluded from gross income for federal or state income tax purposes, the City may make such
17 covenants and representations as are necessary or convenient to comply with applicable laws
18 and regulations.

19 Section 13. Other Terms and Provisions Relating To the Bonds. The Sale Resolution
20 providing for the sale of any series of Bonds may provide for (a) the purchase of bond
21 insurance or other credit enhancement relating to such series of Bonds and to the
22 establishment of such additional terms and procedures as may be necessary to provide for
23 the application of such bond insurance or other credit enhancement for the benefit of the
24 Bondholders; (b) the investment of moneys held in any fund or account relating to the Bonds
25 in specific categories or types of investments, so long as such investments are legal

1 investments for the City and in compliance with any policy or guideline of the City applicable
2 thereto; and (c) the adoption of any supplemental resolutions relating solely to such series of
3 Bonds.

4 Section 14. Supplemental Resolutions. For any one or more of the following purposes
5 and at any time or from time to time, a supplemental resolution of the City may be adopted,
6 which, without the requirement of consent of the owners of the Bonds, shall be fully effective
7 in accordance with its terms:

8 (a) To add to the covenants and agreements of the City in this Resolution or any
9 Sale Resolution authorizing the sale of any series of Bonds, other covenants and agreements
10 to be observed by the City which are not contrary to or inconsistent with this Resolution or any
11 Sale Resolution authorizing the sale of any series of Bonds as theretofore in effect;

12 (b) To add to the limitations and restrictions in this Resolution or any Sale
13 Resolution authorizing the sale of any series of Bonds, other limitations and restrictions to be
14 observed by the City which are not contrary to or inconsistent with this Resolution or any Sale
15 Resolution authorizing the sale of any series of Bonds as theretofore in effect;

16 (c) To confirm, as further assurance, any pledge under, and the subjection to any
17 lien or pledge created or to be created by, this Resolution or any Sale Resolution authorizing
18 the sale of any series of Bonds as then in effect, of any moneys, securities or funds, or to
19 establish any additional funds or accounts to be held under this Resolution or any Sale
20 Resolution authorizing the sale of any series of Bonds;

21 (d) To cure any ambiguity, supply any omission, or cure or correct any defect or
22 inconsistent provision in this Resolution or any Sale Resolution authorizing the sale of any
23 series of Bonds; or

24 (e) To make such additions, deletions or modifications as shall not be materially
25 adverse to the owners of the Bonds.

1 Any modification or amendment of this Resolution or any Sale Resolution
2 authorizing the sale of any series of Bonds and of the rights and obligations of the City and of
3 the owners of the Bonds, in any particular, may be made by a supplemental resolution, with
4 the written consent of the owners of at least a majority in aggregate principal amount of the
5 Bonds outstanding at the time such consent is given. No such modification or amendment
6 shall permit a change in the terms or maturity of the principal of any outstanding Bonds or of
7 any interest payable thereon or a reduction in the principal amount thereof or in the rate of
8 interest thereon, or shall reduce the percentage of Bonds the consent of the owners of which
9 is required to effect any such modification or amendment, or shall reduce the amount of
10 moneys for the repayment of the Bonds, without in each case the consent of all the owners of
11 such Bonds.

12 Section 15. Ratification. All actions heretofore taken by officials, employees and
13 agents of the City with respect to the sale and issuance of the Bonds are hereby approved,
14 confirmed and ratified.

15 Section 16. General Authority. The Clerk of the Board of Supervisors, the Budget and
16 Finance Committee of the Board of Supervisors, the Mayor, the City Treasurer, the City
17 Administrator, the City Attorney, the Director of Public Finance of the City and the Controller
18 are each hereby authorized and directed in the name and on behalf of the City to take any
19 and all steps and to issue and deliver any and all certificates, requisitions, agreements,
20 notices, consents, and other documents, including but not limited to, letters of representations

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1 to any depository or depositories, which they or any of them might deem necessary or
2 appropriate in order to consummate the lawful issuance, sale and delivery of the Bonds and
3 otherwise to give effect to this Resolution.

4
5 APPROVED AS TO FORM:

6 DENNIS J. HERRERA, City Attorney

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9 By: 

Mark D. Blake
Deputy City Attorney

10
11 n\financ\as2013\1200368\00842556

Items 6, 7 and 8
Files 13-0380, 13-0377 and 13-0371

Department:
 Recreation and Park Department
 Port
 Controller's Office of Public Finance

EXECUTIVE SUMMARY

Legislative Objectives

- File 13-0380: Resolution providing for the issuance of not-to-exceed \$195,000,000 aggregate principal amount of Clean and Safe Neighborhood Parks General Obligation Bonds, 2012.
- File 13-0377: Resolution authorizing and directing the sale of not-to-exceed \$74,030,000 of Clean and Safe Neighborhood Parks General Obligation Bonds, Series 2013A.
- File 13-0371: Ordinance appropriating \$74,030,000 of bond proceeds to fund renovation, repair and construction of parks and open spaces, including \$53,187,500 for the Recreation and Park Department, \$18,200,000 for the Port, and \$2,642,500 for issuance and oversight costs and placing these funds on Controller's Reserve pending the sale of the bonds.

Key Points

- San Francisco voters approved \$195,000,000 Clean and Safe Neighborhood Parks General Obligation Bonds on November 6, 2012 for capital improvements for various neighborhood parks, City-wide parks, and Citywide programs under the Recreation and Park Department and waterfront parks under the Port. The proposed resolutions would authorize issuance of the entire \$195 million bonds and direct the first sale of these bonds for a not-to-exceed \$74,030,000, leaving a remaining authorized balance of \$120,970,000.

Fiscal Impacts

- The proposed resolution authorizing the sale of not-to-exceed \$74,030,000 in Clean and Safe Neighborhood Park Bonds will have a projected annual interest rate of 6.0 percent over approximately 20 years, with estimated total debt service payments of \$125,904,308, including \$53,674,308 in interest and a par amount of \$72,230,000 in principal, with estimated average annual debt service payments of \$6,295,215. Debt service would be paid from increased Property Taxes, such that an owner of a residence with an assessed value of \$500,000 would pay additional Property Taxes of an average of \$12.92 per year.
- On February 21, 2013, the Recreation and Park Commission appropriated \$670,000 from the undesignated Open Space Contingency Reserve Funds as a temporary loan, to be reimbursed from the upcoming bond sale to expedite site investigations at eight of the RPD bond project sites. An estimated \$4.1 million was previously expended on planning and design of the Port's Northeast Wharf Plaza project as part of the Cruise Terminal Project, such that \$4.1 million will also be reimbursed from the subject bond proceeds.

Policy Issues

- Excluding \$1,800,000 on reserve pending the bond sale, the Office of Public Finance estimates \$842,500 is needed to fund the issuance and oversight costs for the subject bonds. However, only an estimated \$500,000 is included by RPD and the Port for such issuance and oversight expenses. If RPD and the Port have not set aside sufficient funding for issuance and oversight costs, a portion of the \$6 million Program Contingency may be needed to cover these expenses.

Recommendation

- Approve the two proposed resolutions and the proposed ordinance.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

Charter Section 9.105 provides that the issuance and sale of General Obligation bonds are subject to approval of the Board of Supervisors. Charter Section 9.105 also provides that amendments to the appropriation ordinance, as finally adopted, are to be adopted in the same manner as other ordinances, subject to the Controller certifying the availability of funds.

Administrative Code Section 2.71 requires City departments to submit Bond Accountability Reports to the Clerk of the Board, Controller, Treasurer, Director of Public Finance and the Budget and Legislative Analyst 60 days prior to appropriation of bond funds.

Background

On November 6, 2012, San Francisco voters approved \$195 million of Clean and Safe Neighborhood Parks General Obligation Bonds (Proposition B), which is intended to:

1. Improve the safety and quality of neighborhood parks across the City and waterfront open spaces;
2. Enhance water quality and clean up environmental contamination along the Bay;
3. Replace unsafe playgrounds;
4. Fix restrooms;
5. Improve access for the disabled; and
6. Ensure the seismic safety of park and recreation facilities.

The specific neighborhood parks, playgrounds and recreation centers, Citywide parks, Citywide programs and Waterfront parks, to be funded under the \$195 million Clean and Safe Neighborhood Parks Bond, for the Recreation and Park Department and the Port are identified in Attachment I to this report and summarized in Table 1 below:

Table 1: Clean and Safe Neighborhood Parks Bond Allocation

	Recreation and Park Department	Port	Bond Issuance and Audit	Total
Neighborhood Parks, Playgrounds and Recreation Centers	\$91,000,000			\$91,000,000
Citywide Parks	21,000,000			21,000,000
Citywide Programs	40,500,000			40,500,000
Waterfront Parks		\$34,500,000		34,500,000
Program Contingencies	6,000,000			6,000,000
Bond Issuance and Oversight			2,000,000	2,000,000
Total	\$158,500,000	\$34,500,000	\$2,000,000	\$195,000,000

Source: March 13, 2013 Bond Accountability Report for the Clean and Safe Neighborhood Parks Bond.

As noted above, Administrative Code Section 2.71 requires the Recreation and Park Department and Port to submit a Bond Accountability Report to the Clerk of the Board, Controller, Treasurer, Director of Public Finance and the Budget and Legislative Analyst 60 days prior to appropriation of such bond funds. In accordance with Administrative Code Section 2.72, the Bond Accountability Report includes: (a) certification from an authorized representative that the

information in the report is correct; (b) cumulative amount of bond proceeds available and expended on the project; (c) brief description of each project line item for which bond proceeds have been expended; (d) the amount of bond proceeds expended on each project line item; (e) identification of completed and uncompleted project line items; (f) identification of any project line item not included in a proposed expenditure report; (g) certification that each project identified is in conformity with the voter authorization; and (h) identification of any project time line. On March 11, 2013, the Recreation and Park Department and the Port submitted their Bond Accountability Report on the subject Clean and Safe Neighborhood Parks General Obligation Bonds. Descriptions of each of the projects are included in the Bond Accountability Report.

DETAILS OF PROPOSED LEGISLATION

File 13-0380: The proposed resolution would authorize the issuance of the total not-to-exceed \$195,000,000 aggregate principal amount of Clean and Safe Neighborhood Parks General Obligation Bonds, 2012.

File 13-0377: The proposed resolution would authorize and direct the sale of not-to-exceed \$74,030,000 aggregate principal amount of Clean and Safe Neighborhood Parks General Obligation Bonds, 2012, Series 2013A, which would be the first issuance of bonds.

File 13-0371: The proposed ordinance would appropriate \$74,030,000 of the Clean and Safe Neighborhood Parks General Obligation Bond, Series 2013A proceeds to fund renovation, repair and construction of parks and open spaces, including \$55,156,304 for the Recreation and Park Department and \$18,873,696 for the Port and place these funds on Controller's Reserve pending the sale of the bonds.

The proposed resolution (File 13-0380), which is the authorization for the entire \$195,000,000 Clean and Safe Neighborhood Parks General Obligation Bonds, would:

- Authorize the execution, authentication and registration of the 2012 Clean and Safe Neighborhood Parks Bonds, noting that these Bonds may be sold in one or more series, as the Board of Supervisors determines and approves in subsequent individual sale resolutions;
- Set the terms for transferring or redeeming the bonds;
- Provide that an ad valorem tax (property tax) levy will be imposed annually to pay for the principal and interest costs of such bonds and authorizes the establishment of a 2012 Clean and Safe Neighborhood Parks Project Bond Account;
- Specify the administration and disbursements from the set aside Project Bond Account;
- Authorize the Treasurer to appoint securities depository and fiscal and other agents; and
- Authorize future individual sale resolutions to provide for defeasance of the bonds, other tax covenants and other terms and provisions;

The proposed resolution (File 13-0377), which would authorize the initial \$74,030,000 sale of the Clean and Safe Neighborhood Parks General Obligation Bonds, Series 2013A, would:

- Authorize the Director of Public Finance to determine the sale date, interest rates, principal amount of the bonds, maturity and redemption dates, with the provision that interest rates cannot exceed 12 percent and the maturity date cannot extend after June 15, 2033;

- Prescribe the form and term of these bonds, including the execution, authentication and registration as well as transfers, exchanges and redemption of the bonds;
- Restrict use of the bond proceeds to the public purpose for which the bonds were intended;
- Establish a Series 2013A Bond Account to pay principal and interest and a Series 2013A Project Subaccount for acquisition, renovation, and construction of bond-funded projects;
- Approve the appointment of the Depository Trust Company as the securities depository, and authorize the Treasurer to appoint fiscal and other agents;
- Provide for defeasance of the bonds, other tax covenants and other terms and provisions;
- Approve the (a) Office Notice of Sale, which announces the date, time and terms of the competitive bond sale; (b) Notice of Intention to Sell Bonds;
- Approve the Preliminary Official Statement, describing the sources and uses of funds, security for the Bonds, risk factors, and tax and other legal matters and authorize the Controller or the Controller's Director of Public Finance to revise the Preliminary Official Statement;
- Approve the Continuing Disclosure Certificate, which provides for City covenants to provide certain financial information and operating data relating to the City;
- Authorize City officials who have responsibility for executing documents related to the Series 2013A Bonds, including the Controller, Director of Public Finance, and Treasurer, to modify the documents as necessary, except that the Series 2013A Bond amount cannot exceed \$74,030,000;
- Subject the Series 2013A Bonds to deposit 0.1% of gross bond proceeds into specified fund for compliance with the reporting requirements of the Citizens' General Obligation Bond Oversight Committee; and
- Authorize the Board of Supervisors to incorporate California Environmental Quality Act (CEQA) findings and determinations for individual projects, for approval of use of bond proceeds to finance each project.

All of the \$195,000,000 Clean and Safe Neighborhood Parks General Obligation Bond projects are anticipated to be completed over the six-year period from early 2013 through 2018, with funds from the initial \$74,030,000 bond sale expended over approximately the next two years. The \$74,030,000 from this initial sale would be used to specifically fund (a) planning and design for six neighborhood parks, construction of five of those parks, and early planning on the remaining additional neighborhood park projects, (b) planning and design for each of the three Citywide parks, (c) planning, design and construction of Citywide Programs, and (d) construction of one Waterfront Park and design of two other Waterfront Parks. As shown in Attachment II, there are anticipated to be subsequent bond sales, with the second bond sale tentatively scheduled for late 2014, subject to future Board of Supervisors approval.

Ms. Nadia Sesay, Director of Public Finance in the Controller's Office advises that the Office of Public Finance anticipates the initial not-to-exceed \$74,030,000 Clean and Safe Neighborhood Parks General Obligation Bonds, Series 2013A sale on June 5, 2013. The proposed ordinance (File 13-0371) would appropriate the entire \$74,030,000 from the first bond sale proceeds, as shown in Table 2 below, subject to technical adjustments pending completion of the sale.

Table 2: Clean and Safe Neighborhood Parks Series 2013A Bond Appropriation

Program	Program Amount*	Total Amount
<u>Recreation and Park</u>		
Neighborhood Parks, Playgrounds and Recreation Centers		
Balboa Park	\$6,825,000	
Garfield Square	2,750,000	
George Christopher Playground	10,000	
Gilman Playground	1,755,000	
Glen Canyon Park	11,700,000	
Joe DiMaggio Playground	5,362,500	
Margaret S. Hayward Playground	850,000	
Moscone Recreation Center	10,000	
Mountain Lake Park	1,950,000	
Potrero Hill Recreation Center	25,000	
South Park	975,000	
West Sunset Playground	3,300,000	
Wille "Woo Woo" Wong Playground	600,000	
Subtotal	\$36,112,500	
Citywide Parks		
Lake Merced Park	\$1,000,000	
Golden Gate Park	2,475,000	
John McLaren Park	2,500,000	
Subtotal	\$5,975,000	
Citywide Programs		
Community Opportunity Fund	\$1,900,000	
Failing Playgrounds	5,000,000	
Forestry	1,000,000	
Trails	2,000,000	
Water Conservation	1,200,000	
Subtotal	\$11,100,000	
Recreation and Park Project Total		\$53,187,500
<u>Port</u>		
Waterfront Parks		
Northeast Wharf Plaza & Pier 27/29 Tip (construction)	\$17,000,000	
Pier 70 Parks (design)	600,000	
Islais Creek Improvements (design)	600,000	
Port Project Total		18,200,000
Total Project Cost		\$71,387,500
<u>Issuance and Oversight Costs</u>		
Reserve Pending Bond Sale	\$1,800,000	
Cost of Issuance	158,000	
Underwriters Discount	469,495	
Bond Oversight Committee (1%)	72,230	
Controller's Audit Fund (2%)	142,775	
Total Issuance and Oversight Costs		2,642,500
Total Proposed Bond Sale Appropriation		\$74,030,000

Source: File 13-0371

*Include \$6,000,000 in Program Contingency Funds spread throughout the project budgets above.

FISCAL IMPACTS**Not-to-Exceed versus Par Amount of Bonds**

According to Ms. Sesay, the requested not-to-exceed \$74,030,000 of the initial sale of bonds are projected to be sold for a par amount of \$72,230,000, which would result in project funds totaling \$71,387,500 and issuance and related oversight costs totaling \$842,500. The par amount of \$72,230,000 is \$1,800,000 less than the requested authorized not-to-exceed \$74,030,000 in both the proposed resolution (File 13-0377) and ordinance (File 13-0371). As shown in Table 2 above, the requested supplemental appropriation ordinance (File 13-0371) includes a total of \$2,642,500 for issuance and related oversight costs, or an additional \$1,800,000 over the \$842,500 amount to be used for a Reserve Pending Bond Sale, in order to allow flexibility for the Office of Public Finance depending on market conditions. Ms. Sesay advises that if the \$1,800,000 additional funds are not required, the Controller's Office will make the necessary technical adjustments based on the actual sale results.

Estimated Debt Service Payments

Ms. Sesay advises that based on a conservative annual interest rate of 6.0 percent over 20 years, the par amount of \$72,230,000 Clean and Safe Neighborhood Parks General Obligation bonds will result in estimated total debt service payments of \$125,904,308, including \$53,674,308 in interest and \$72,230,000 in principal, with estimated average annual debt service payments of \$6,295,215 over the 20-year term of the bonds.

Repayment of such annual debt service will be recovered through increases to the annual Property Tax rate, which, according to the Controller's Office, would average \$0.026 per \$1,000 of assessed valuation over the anticipated 20-year term of the bonds. The owner of a residence with an assessed value of \$500,000, assuming a homeowner's exemption of \$7,000, would pay average annual additional Property Taxes to the City of \$12.92 per year if the anticipated par value amount of \$72,230,000 Clean and Safe Neighborhood Parks General Obligation Bonds are sold.

Three General Obligation Bond Issuances on June 5, 2013

The requested not-to-exceed total initial series \$74,030,000 of Clean and Safe Neighborhood Parks Bonds would be placed on Controller's Reserve pending the sale of the bonds, which, as noted above, is anticipated to occur on June 5, 2013. As shown in Table 3 below, the subject \$74,030,000 initial Series 2013A Clean and Safe Neighborhood Parks Bonds would also be sold with the \$31,905,000 Earthquake Safety and Emergency Response General Obligation Bonds Series 2013B and the \$133,275,000 Road Repaving and Street Safety Bonds Series 2013C, for a total not-to-exceed bond authorization of \$239,210,000. As shown in Table 3 below, together, the anticipated par amount for these three General Obligation Bonds is estimated to be \$233,385,000, which is anticipated to result in additional average annual Property Taxes of \$41.74 for a \$500,000 assessed value home.

Table 3: Summary of Three General Obligation Bonds to be Sold on June 5, 2013

General Obligation Bonds	Requested Not to exceed Amount	Anticipated Par Amount	Anticipated Average Annual Property Tax Impact on \$500,000 Residence
Clean and Safe Neighborhood Parks (Series 2013A)	\$74,030,000	\$72,230,000	\$12.92
Earthquake Safety and Emergency Response (Series 2013B)	31,905,000	31,130,000	5.57
Road Repaving and Street Safety (Series 2013C)	133,275,000	130,025,000	23.25
Total	\$239,210,000	\$233,385,000	\$41.74

Prior Appropriations to be Reimbursed from Bond Proceeds

On February 21, 2013, the Recreation and Park Commission approved the allocation of \$670,000 from the undesignated Open Space Contingency Reserve Funds as a temporary loan, which will be reimbursed from the upcoming bond sale in June of 2013 for site investigation services at the following eight bond project sites:

1. Glen Canyon Park
2. Joe DiMaggio Playground
3. Balboa Park
4. Gilman Playground
5. West Sunset Playground
6. Mountain Lake Park
7. Garfield Square
8. South Park.

According to Ms. Taylor Emerson, Analyst for RPD, the \$670,000 allocation from the Open Space Contingency Reserve Fund was approved in order to provide upfront funding at these sites for topographic surveys, geotechnical/soil survey analysis, hazardous material testing and destructive investigation and tree assessment surveys, as shown in Attachment II to this report. Ms. Emerson advises that currently, the Open Space Fund had a total accumulated balance of \$18.2 million, including a Contingency Reserve of \$927,801, prior to the loan transfer of \$670,000.

In addition, Mr. Nate Cruz, Financial Analyst at the Port advises that planning and design for the Northeast Wharf Plaza project was previously completed as part of the James R. Herman Cruise Terminal Project for the Port. According to Mr. Cruz, an estimated \$4.1 million was expended on these planning and design efforts, such that \$4.1 million will be reimbursed from the upcoming bond sale in June of 2013 back to the James R. Herman Cruise Terminal Project.

Bond Accountability Report

As noted above, on March 11, 2013, the Recreation and Park Department and the Port submitted their Bond Accountability Report on the subject Clean and Safe Neighborhood Parks Bond. This Bond Accountability Report discusses the Recreation and Park Department's and the Port's request for the sale of \$71,887,500 of General Obligation bonds, which includes \$71,387,500 for RPD and Port projects and \$500,000 for related issuance and oversight costs. According to Section 2.71(c) of the City's Administrative Code, the Budget and Legislative Analyst is charged with detailing whether or not the bond proceeds submitted prior to the issuance of the first series of bonds, can be expended in accordance with the appropriation.

The Budget and Legislative Analyst finds that, as discussed above, the subject request is for a total of \$74,030,000, or \$2,142,500 more than the \$71,887,50 RPD and Port Bond Accountability Report. However, as shown in Table 2 above, the subject request includes \$71,387,500 for RPD and Port projects and \$2,642,500 for related issuance and oversight costs, which reflects \$2,142,500 more for such related issuance and oversight costs than the \$500,000 included in the Bond Accountability Report. Even if the above-noted \$1,800,000 for a Reserve Pending Bond Sale is not needed, the Office of Public Finance estimates \$842,500 is needed to fund the issuance and oversight costs for the subject bonds. If RPD has not set aside sufficient funding for issuance and oversight costs, a portion of the \$6 million Program Contingency will be needed to cover these expenses.

According to the Bond Accountability Report, all of the \$6 million Program Contingency Funds are available for RPD projects. Mr. Cruz advises that contingency funds are already included in each Port's project budget. The Bond Accountability Report notes that if any project in the Neighborhood Parks and Citywide Program categories exceeds its total budget (a) by no more than 10%, additional Program Contingency funds may be allocated, subject to approval by the RPD General Manager; (b) by more than 10% but less than 15%, additional Program Contingency funds may be allocated, subject to approval by the RPD Commission; (c) by more than 15%, the project must adjust its scope to within 15% of the original total budget, subject to approval of the revised scope and additional Contingency Funds by the RPD Commission. All savings from individual projects would be allocated to the Program Contingency Fund and any remaining funds in the Program Contingency Fund will be allocated to one of the RPD Citywide Programs by the RPD Commission.

POLICY ISSUES

The proposed resolution (File 13-0377) states that the Board of Supervisors affirms and incorporates the California Environmental Quality Act (CEQA) findings and determinations, such that the use of the subject bond proceeds to finance the individual projects are subject to approval by the Board of Supervisors of any required environmental review under CEQA. Ms. Emerson advises that all the Neighborhood Park projects have completed their required environmental review, in accordance with CEQA, such that the Joe DiMaggio Playground has a certified Environmental Impact Report (EIR) and the other projects have received Categorical Exemptions. Ms. Emerson further advises that after the planning phase is completed for the Citywide Parks and Programs, RPD will seek the required project-level CEQA review for these Citywide Parks and Programs. In addition, Mr. Cruz advises that a full Environmental Impact

Report was completed for the Northeast Wharf Plaza project, a Negative Declaration was issued for the Islais Creek Improvements and after the planning phase is completed for the Pier 70 Parks, the Port will seek the required project-level CEQA review.

RECOMMENDATION

Approve the two proposed resolutions and the proposed ordinance.

2012 San Francisco Clean and Safe Neighborhood Parks Bond Summary

Project Site	\$M	Description
Neighborhood Parks		
Angelo J. Rossi Playground	8.2	Renovate pool, pool building and related amenities and improve park access
Balboa Park	7	Renovate pool, pool building and related amenities and improve park access
Garfield Square	11	Renovate pool, reconfigure park facilities, and improve park access
George Christopher Playground	2.8	Replace children's play area, restrooms, and improve park access
Gilman Playground	1.8	Replace children's play area, restrooms, and improve park access
Glen Canyon Park	12	Renovate existing recreation center and related amenities
Hyde & Turk Mini Park	1	Renovate children's play area, landscaping and related amenities, and improve park access
Joe DiMaggio Playground	5.5	Reorganize and renovate children's play area, courts, access, and related amenities
Margaret S. Hayward Playground	14	Replace park play structures, replace sports courts, upgrade playfields, and improve park access
Moscone Recreation Center	1.5	Replace children's play area on the east side
Mountain Lake Park	2	Replace children's play area and improve park access
Potrero Hill Recreation Center	4	Replace and renovate natural turf playfields and dog play area
South Park	1	Renovate children's play area, landscaping and related amenities, and improve park access
West Sunset Playground	13.2	Renovate sports courts, natural turf fields including bleachers, storage, restrooms, and park access
Willie "Woo Woo" Wong Playground	6	Renovate site facilities, restore sports courts, replace playground, and improve park access
Program Contingency	6	Reserve funds to ensure completion of bond projects
Issuance and Oversight	2	Costs of issuance and oversight/audit by CGOBOC
	<u>99</u>	
Citywide Parks		
Lake Merced Park	2	Fund improvements to park
Golden Gate Park	9	Fund improvements to park
John McLaren Park	10	Fund improvements to park
	<u>21</u>	
Citywide Programs		
Community Opportunity Fund	12	Funds for community-driven projects to improve parks and leverage private resources
Falling Playgrounds	15.5	Funds to replace and restore dilapidated, outdated, failing playgrounds
Forestry	4	Funds to access and abate hazardous trees and replant to enhance urban forest
Trails	4	Funds to repair and restore trails to allow park users to experience and enjoy nature
Water Conservation	5	Funds to replace outdated irrigation systems
	<u>40.5</u>	
Waterfront Parks		
Fisherman's Wharf Plaza	1.5	New public plaza adjacent to Pier 43 Trail Promenade
Northeast Wharf Plaza & Pier 27/29 Tip	17	Construct new 2.7 acre park with large lawn and view areas
Agua Vista Park	2.5	Renovate and connect shoreline access with walking, biking, and view areas
Crane Cove Park	8	Shoreline restoration, adaptive reuse of historic cranes and slipways, and new public spaces
Pier 70 Parks	2	Restore shoreline, environmental remediation, improve landscaping, and provide new public areas
Warm Water Cove Park	1.5	Renovate and expand park and improve park access and amenities
Islals Creek Improvements	2	Construct new public access with walkway and scenic lookouts
	<u>34.5</u>	
TOTAL	\$195.0	Total in General Obligation Bonds

2012 San Francisco Clean and Safe Neighborhood Parks Bond Revenue Plan

	Bond Budget*	First Sale	Subsequent Sales	Total
Neighborhood Parks				
Angelo J. Rossi Playground	8,200,000	-	8,200,000	8,200,000
Balboa Park	7,000,000	6,825,000	175,000	7,000,000
Garfield Square	11,000,000	2,750,000	8,250,000	11,000,000
George Christopher Playground	2,800,000	10,000	2,790,000	2,800,000
Gilman Playground	1,800,000	1,755,000	45,000	1,800,000
Glen Canyon Park	12,000,000	11,700,000	300,000	12,000,000
Hyde & Turk Mini Park	1,000,000	-	1,000,000	1,000,000
Joe DiMaggio Playground	5,500,000	5,362,500	137,500	5,500,000
Margaret S. Hayward Playground	14,000,000	850,000	13,150,000	14,000,000
Moscone Recreation Center	1,500,000	10,000	1,490,000	1,500,000
Mountain Lake Park	2,000,000	1,950,000	50,000	2,000,000
Potrero Hill Recreation Center	4,000,000	25,000	3,975,000	4,000,000
South Park	1,000,000	975,000	25,000	1,000,000
West Sunset Playground	13,200,000	3,300,000	9,900,000	13,200,000
Willie "Woo Woo" Wong Playground	6,000,000	600,000	5,400,000	6,000,000
Subtotal Neighborhood Parks	91,000,000	36,112,500	54,887,500	91,000,000
Citywide Parks				
Golden Gate Park	9,000,000	2,475,000	6,525,000	9,000,000
John McLaren Park	10,000,000	2,500,000	7,500,000	10,000,000
Lake Merced Park	2,000,000	1,000,000	1,000,000	2,000,000
Subtotal Neighborhood Parks	21,000,000	5,975,000	15,025,000	21,000,000
Citywide Programs				
Community Opportunity Fund	12,000,000	1,900,000	10,100,000	12,000,000
Falling Playgrounds	15,500,000	5,000,000	10,500,000	15,500,000
Forestry	4,000,000	1,000,000	3,000,000	4,000,000
Trails	4,000,000	2,000,000	2,000,000	4,000,000
Water Conservation	5,000,000	1,200,000	3,800,000	5,000,000
Subtotal Neighborhood Parks	40,500,000	11,100,000	29,400,000	40,500,000
Waterfront Parks				
Fisherman's Wharf Plaza	1,500,000	-	1,500,000	1,500,000
Northeast Wharf Plaza & Pier 27/29 Tip	17,000,000	17,000,000	-	17,000,000
Agua Vista Park	2,500,000	-	2,500,000	2,500,000
Crane Cove Park	8,000,000	-	8,000,000	8,000,000
Pier 70 Parks	2,000,000	600,000	1,400,000	2,000,000
Warm Water Cove Park	1,500,000	-	1,500,000	1,500,000
Islais Creek Improvements	2,000,000	600,000	1,400,000	2,000,000
Subtotal Neighborhood Parks	34,500,000	18,200,000	16,300,000	34,500,000
Other Bond Costs				
Program Contingency	6,000,000	-	6,000,000	6,000,000
Issuance and Oversight	2,000,000	500,000	1,500,000	2,000,000
Subtotal Neighborhood Parks	8,000,000	500,000	7,500,000	8,000,000
TOTAL	195,000,000	71,887,500	123,112,500	195,000,000

*As the community process, planning, and design phases progress, some projects may receive additional funding from non-bond sources.



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: City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2012), Series 2013A

City and County of San Francisco General Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2010), Series 2013B

City and County of San Francisco General Obligation Bonds (Road Repaving and Street Safety Bonds, 2011), Series 2013C

DATE: April 23, 2013

I respectfully request that the Board of Supervisors consider the issuance of general obligation bonds financing the Clean and Safe Neighborhood Parks program, Earthquake Safety and Emergency Response program, and Road Repaving and Street Safety program.

In connection with this request, legislation approving the sale and issuance of the bonds, supplemental appropriation ordinances to appropriate the bond proceeds, and related supporting documents are expected to be introduced at the Board of Supervisors meeting on Tuesday, April 23, 2013 and we respectfully request that the items be heard at the May 8, 2013 meeting of the Board's Budget and Finance Committee.

Background:

Clean and Safe Neighborhood Parks Bonds

A two-thirds majority of voters of the City approved Proposition B in November 2012 ("2012 Proposition B"), which authorized the issuance of not to exceed \$195,000,000 in general obligation bonds to finance the construction, reconstruction, purchase and/or improvement of park and recreation facilities within the City (the "Parks Project"). The 2012 Proposition B allocates \$152.5 million of the approved bonds to be used for Recreation and Parks Department projects and \$34.5 million of the approved bonds to be used for Port Commission projects. The subject item represents the first proposed bond sale out of the \$195,000,000 in general obligation bonds authorized to be issued by 2012 Proposition B.

The proposed resolution authorizes the issuance of not to exceed \$74,030,000 of City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2012), Series 2013A (the "2013A Bonds") to finance construction, planning, design, and other capital improvements of the Parks Project.

Earthquake Safety & Emergency Response Bonds

A two-thirds majority of voters of the City approved Proposition B in June 2010 (the "2010 Proposition B"), which authorized the issuance of not to exceed \$412,300,000 in general obligation bonds to finance the construction, acquisition, improvement, retrofitting, rehabilitation and completion of earthquake safety and emergency responsiveness facilities and infrastructure (the "Earthquake Safety Projects"). Of the \$412,300,000 authorized to be issued by the 2010 Proposition B, \$301,115,000 has been issued to date.

The proposed resolution authorizes the issuance of not to exceed \$31,905,000 of City and County of San Francisco General Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2010), Series 2013B (the "2013B Bonds"). The 2013B Bonds will be the fourth series of bonds to be issued under Proposition B financing the Earthquake Safety Projects. Proceeds from the 2013B Bonds will finance the following:

- Auxiliary Water Supply System (AWSS) project – improvements and seismic upgrades, including the planning, design, and construction of physical plant, pipeline, tunnel, and cistern projects of the AWSS.
- Neighborhood Fire Stations project – pre-design services, design services, construction, construction administration, and project management services.

Road Repair and Street Safety Bonds

A two-thirds majority of voters of the City approved Proposition B in November 2011 (the "2011 Proposition B"), which authorized the issuance of not to exceed \$248,000,000 in general obligation bonds to finance the repaving and reconstruction of roads, the rehabilitation and seismic improvement of street structures, the replacement of sidewalks, the installation and renovation of curb ramps, the redesign of streetscapes, and the construction, rehabilitation and renovation of traffic infrastructure (the "Streets Projects", and together with the Earthquake Safety Projects and the Parks Projects, the "Projects").

The proposed resolution authorizes the issuance of not to exceed \$133,275,000 of City and County of San Francisco General Obligation Bonds (Road Repaving and Street Safety Bonds, 2011), Series 2013C (the "2013C Bonds" and together with the Series 2013A Bonds and the 2013B Bonds, the "Bonds") to finance the Streets Projects. Of the \$248,000,000 authorized to be issued by the 2011 Proposition B, \$74,295,000 has been issued to date.

Costs of Issuance

In addition, a portion of the Bonds will pay certain expenses incurred in connection with their issuance and delivery and the periodic oversight and review of the Projects by the Citizens' General Obligation Bond Oversight Committee ("CGOBOC"). Detailed descriptions of the Projects financed with proceeds of the Bonds are included in the Bond Accountability Reports and Bond Reports prepared by the respective departments.

The remaining authorization under the 2012 Proposition B; 2010 Proposition B; and 2011 Proposition B will be issued subject to the consideration and adoption by the Board of Supervisors and approval by the Mayor of subsequent authorizing resolutions.

Financing Parameters:

The proposed resolutions authorize the issuance of not to exceed aggregate par amount of \$239,210,000. Based on current project cost estimates and schedules, the Office of Public Finance expects to issue \$233,385,000 under conservative assumptions of market conditions prevailing at the expected time of sale. The additional authorized amount above the expected issuance amount allows for fluctuations in market conditions from the date of authorization by the Board to the time of the sale of the Bonds.

The Bonds are anticipated to contribute approximately \$71.39 million to the Parks Projects; \$30.77 million to the Earthquake Safety Projects; and \$128.51 million to the Streets Projects. Table 1 outlines anticipated sources and uses for the Bonds.

Table 1: Anticipated Sources and Uses for the Bonds.

Series	2013A	2013B	2013C	Agg Amount
Par Amount	\$ 72,230,000	\$ 31,130,000	\$ 130,025,000	\$ 233,385,000
Estimated Sources	\$ 72,230,000	\$ 31,130,000	\$ 130,025,000	\$ 233,385,000
Estimated Uses				
Project Fund Deposit	\$ 71,387,500	\$ 30,765,572	\$ 128,510,432	\$ 230,663,504
Controller's Audit Fund	142,775	61,531	257,021	461,327
Other Costs of Issuance				
Costs of Issuance	158,000	69,422	282,360	509,781
Underwriter's Discount	469,495	202,345	845,163	1,517,003
CGOBOC	72,230	31,130	130,025	233,385
Estimated Uses	\$ 72,230,000	\$ 31,130,000	\$ 130,025,000	\$ 233,385,000

Based upon a conservative estimate of 6.0% interest rate, OPF estimates that average fiscal year debt service on the Bonds is approximately \$20,341,000. The anticipated total par value of \$233,385,000 is estimated to result in approximately \$173,428,000 million in interest payments over the life of the Bonds. The total principal and interest payment over the approximate 20- year life of the Bonds is approximately \$406,813,000. Based on market conditions expected to exist at the time of the sale coupled with the Capital Planning Committee constraints, the Bonds could be structured with an average 25-year life.

In addition, a portion of the Bonds will pay certain expenses incurred in connection with their issuance and delivery and the periodic oversight and review of the Projects by the Citizens' General Obligation Bond Oversight Committee ("CGOBOC").

Financing Timeline:

The Bonds are expected to be issued in June 2013. Schedule milestones in connection with the financing may be summarized as follows:

<u>Milestone</u>	<u>Date*</u>
Consideration and Approval by the Capital Planning Committee	April 15, 2013
Introduction of authorizing resolution to the Board	April 23, 2013
Issuance and delivery of Bonds	June 2013

*Please note that dates are estimated unless otherwise noted.

Debt Limit:

The City Charter imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. That limit is 3.00% of the assessed value of property in the City. As of April 2013, there are \$1.80 billion in general obligation bonds outstanding or approximately 1.1319% of the net assessed value of property in the City.

If all of the City's authorized and unissued bonds were issued, the total debt burden would be 1.6287% of the net assessed value of property in the City. If the Board of Supervisors approves the issuance of the Bonds, the debt ratio would increase by 0.1476% to 1.2796%— within the 3.00% legal debt limit.

Capital Plan:

The Capital Planning Committee approved a financial constraint regarding the City's planned use of general obligation bonds such that debt service on approved and issued general obligation bonds would not increase property owners' long-term property tax rates above fiscal year 2006 levels. The fiscal year 2006 property tax rate for the general obligation bond fund was \$0.1201 per \$100 of assessed value.

In fiscal year 2012-13, the property tax rate for the general obligation bond fund is \$0.1083 per \$100 of assessed value. If the Board of Supervisors approves the issuance of the Bonds, the overall property tax rate would be maintained at \$0.1147 per \$100 of assessed value for fiscal year 2013-14—within the Capital Planning Committee's approved financial constraint.

Additional Information:

The legislation is expected to be introduced at the Board of Supervisors meeting on Tuesday, April 23, 2013. The related financing documents—including the Notice of Intention to Sell, Official Notice of Sale, Official Statement, Appendix A and Continuing Disclosure Certificate and related documents—are also expected to be submitted.

Official Notice of Sale and Notice of Intention to Sell

The Notice of Intention to Sell provides legal notice to prospective bidders of the City's intention to sell City and County of San Francisco General Obligation Bonds, consisting of (i) General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2012), Series 2013A, (ii) General Obligation Bonds (Earthquake Safety and Emergency Response, 2010), Series 2013B, and (iii) General Obligation Bonds (Road Repair and Street Safety Bonds, 2011), Series 2013C (collectively, the Bonds). Such Notice of Intention to Sell will be published once in "The Bond Buyer" or another financial publication generally circulated throughout the State of California.

The Official Notice of Sale for the Bonds announces the date and time of the competitive bond sale, including the terms relating to the Bonds; the terms of sale, form of bids, and delivery of bids; and closing procedures and documents. Pending market conditions, the Bonds may be bid separately by series or bids may be received for all of the Bonds.

Exhibit A to the Official Notice of Sale is the form of the official bid for the purchase of the Bonds. Pursuant to the Resolutions, the Controller is authorized to award the Bonds to the bidder whose bid represents the lowest true interest cost to the City in accordance with the procedures described in the Official Notice of Sale.

Official Statement

The Official Statement provides information for prospective bidders and investors in connection with the public offering by the City of the Bonds. The Official Statement describes the Bonds, including sources and uses of funds; security for the Bonds; risk factors; and tax and other legal matters, among other information. The Official Statement also includes the City's Appendix A, the most recent Comprehensive Annual Financial Report of the City, the City's Investment Policy, and other forms of legal documents for the benefit of investors, holders and owners of the Bonds.

A *Preliminary Official Statement* is distributed to prospective bidders prior to the sale of the Bonds and within seven days of the public offering, the *Final Official Statement* (adding certain sale results including the offering prices, interest rates, selling compensation, principal amounts, and aggregate principal amounts) is distributed to the initial purchasers of the Bonds.

The Board of Supervisors and the Mayor, in adopting and approving the Resolutions, approve and authorize the use and distribution of the Official Statement by the co-financial advisors with respect to the Bonds. For purposes of the Securities and Exchange Act of 1934, the Controller certifies, on behalf of the City, that the Preliminary and Final Official Statements are final as of their dates.

Appendix A

The City prepares the Appendix A: "City and County of San Francisco—Organization and Finances" (the "Appendix A") for inclusion in the Official Statement. The Appendix A describes the City's government and organization, the budget, property taxation, other City tax revenues and other revenue sources, general fund programs and expenditures, employment costs and post-retirement obligations, investment of City funds, capital financing and bonds, major economic development projects, constitutional and statutory limitations on taxes and expenditures, and litigation and risk management. The Appendix A is dated as of March 5, 2013.

Continuing Disclosure Certificate

The City covenants to provide certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the fiscal year and to provide notices of the occurrence of certain enumerated events, if material. The Continuing Disclosure Certificate describes the nature of the information to be contained in the Annual Report or the notices of material events. These covenants have been made in order to assist initial purchasers of the Bonds in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5).

Your consideration of this matter 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
(via email) Elaine Forbes, Deputy Director, Port of San Francisco
Phil Ginsburg, General Manager, Recreation and Park Department
Charles Higuera, Project Manager, Department of Public Works
Kate Howard, Mayor's Budget Director
Dawn Kamalanathan, Dir. of Planning and Capital Management,
Recreation and Park Department
Douglas Legg, Deputy Director, Department of Public Works
Monique Moyer, Director, Port of San Francisco
Mohammed Nuru, Interim Director, Department of Public Works
Ben Rosenfield, Controller
Brian Strong, Director, Capital Planning Program
John Thomas, Project Manager, Department of Public Works

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *per* Mayor Edwin M. Lee *EL*
RE: Clean and Safe Neighborhood Parks General Obligation Bonds – Master Resolution
DATE: April 23, 2013

Attached for introduction to the Board of Supervisors is the resolution providing for the issuance of not to exceed \$195,000,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks, 2012); authorizing the execution, authentication and registration of said Bonds; providing for the levy of a tax to pay the principal and interest thereof; providing for the appointment of depositories and other agents for said Bonds; providing for the establishment of accounts related thereto; ratifying certain actions previously taken; and granting general authority to city officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said Bonds.

Please note this item is cosponsored by Supervisors Farrell, Wiener, Chiu, Avalos and Kim

I request that this item be calendared in Budget and Finance Committee.

Should you have any questions, please contact Jason Elliott (415) 554-5105

cc. Supervisor Mark Farrell
Supervisor Scott Wiener
Supervisor David Chiu
Supervisor John Avalos
Supervisor Jane Kim

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