

1 [Authorizing Certificates of Participation and Assessment Notes - Moscone Expansion Project
2 - \$507,880,000]

3 **Ordinance authorizing the execution and delivery of Certificates of Participation**
4 **evidencing and representing an aggregate principal amount of not to exceed**
5 **\$507,880,000 to finance the costs of additions and improvements to the George R.**
6 **Moscone Convention Center; approving the form of Trust Agreement between the City**
7 **and County of San Francisco and the Trustee (including certain indemnities contained**
8 **therein); authorizing the selection of the Trustee by the Director of Public Finance;**
9 **approving respective forms of a Property Lease and a Project Lease, each between the**
10 **City and the Trustee for the lease and lease back of all or a portion of the Moscone**
11 **Center, including the Moscone Expansion Project to be constructed thereon;**
12 **authorizing the execution and delivery of Assessment Notes payable from Moscone**
13 **Expansion District assessments to further secure principal, premium, if any, and**
14 **interest evidenced and represented by the Certificates; granting general authority to**
15 **City officials to take necessary actions in connection with the authorization, issuance,**
16 **sale and delivery of the Certificates and the Assessment Notes; approving**
17 **modifications to documents and agreements; and ratifying previous actions taken in**
18 **connection therewith.**

19 **NOTE:** Additions are *single-underline italics Times New Roman*;
20 deletions are ~~*strike-through italics Times New Roman*~~.
21 Board amendment additions are double-underlined;
22 Board amendment deletions are ~~strikethrough normal~~.

23 **WHEREAS, The Board of Supervisors (the "Board of Supervisors" or the "Board") of**
24 **the City and County of San Francisco (the "City") desires to finance the cost of the acquisition,**
25

1 construction and installation of certain additions and improvements (the "Moscone Expansion
2 Project") to the George R. Moscone Convention Center (the "Moscone Center"); and

3 WHEREAS, The Moscone Expansion Project will make certain additions and
4 improvements to the current Moscone Center in order to attract more and larger conventions
5 to the City; and

6 WHEREAS, The Board desires to approve the issuance of commercial paper under the
7 City's commercial paper program to initially fund costs of the Moscone Expansion Project; and

8 WHEREAS, the Board desires to authorize the execution and delivery of one or more
9 series of the certificates of participation (the "Certificates") to finance the Moscone Expansion
10 Project pursuant to a trust agreement (the "Trust Agreement") between the City and the
11 trustee named therein (the "Trustee"); and

12 WHEREAS, In connection with the execution and delivery of the Certificates, the Board
13 desires to cause the execution of a Property Lease (the "Property Lease"), pursuant to which
14 the City will lease to the Trustee one or more portions of the Moscone Center, including the
15 Moscone Expansion Project, which consists of the area from Mission Street on Third Avenue
16 to Folsom Street, then on Folsom Street to Fourth Avenue, then on Fourth Avenue to Howard
17 Street, then on Howard Street to Fifth Avenue, then on Fifth Avenue to Minna Street, then on
18 Minna Street back to Fourth Avenue, then on Fourth Avenue to Mission Street, and on
19 Mission Street back to Third Avenue, and property adjacent thereto (the "Leased Property"),
20 and a Project Lease (the "Project Lease"), pursuant to which the Trustee will lease the Leased
21 Property back to the City; and

22 WHEREAS, The Board desires to authorize the execution and delivery of Assessment
23 Notes in an amount not in excess of the principal amount evidenced by the Certificates, such
24 Assessment Notes to be payable from the assessments (the "Assessments") to be levied by
25 the Board in the Moscone Expansion District business improvement district (the "Assessment

1 District”), which Assessment Notes will be purchased by the City to further secure the
2 payment of the principal, premium, if any, and interest evidenced by the Certificates; and

3 WHEREAS, The Assessment Notes will be issued under and pursuant to the Property
4 and Business Improvement District Law of 1994, constituting Sections 36600 and following of
5 the California Streets and Highways Code (including the Improvement Bond Act of 1915,
6 constituting Sections 8500 and following of the California Streets and Highways Code,
7 referred to in Section 36640(a) thereof), as adopted and modified by the Board pursuant to
8 Article 15 of the City’s Business and Tax Regulations Code, in each case as amended
9 (collectively, the “Business Assessment Act”); and

10 WHEREAS, The City will undertake environmental review of the Moscone Expansion
11 project as project components are better defined and will work with all interested parties, City
12 staff, experts and the public to develop a thorough environmental analysis that will inform the
13 design, development and operation of the Moscone Expansion Project; and

14 WHEREAS, The Board has been presented with the form of certain documents and
15 agreements referred to herein relating to the Certificates, and the Board has examined and is
16 approving each such document and agreement and desires to authorize the execution of such
17 documents and agreements and the consummation of such financing; and

18 WHEREAS, The adoption of this Ordinance shall constitute authorization of the
19 Certificates and the Assessment Notes within the meaning of Sections 860 and following of
20 the California Code of Civil Procedure (the “Validation Act”) and any applicable validating
21 statute heretofore or hereafter adopted; and

22 WHEREAS, Upon the effectiveness of this Ordinance, all conditions, things and acts
23 required by law to exist, to happen and to be performed precedent to and as a condition of the
24 execution and delivery of Property Lease, the Project Lease, the Trust Agreement, the
25 Certificates and the Assessment Notes will exist, have happened and have been performed in

1 due time, form and manner in accordance with applicable law, and the City shall be
2 authorized pursuant to its Charter, the Business Assessment Act and other applicable law to
3 execute and deliver the Property Lease, the Project Lease and the Trust Agreement and to
4 issue and cause the issuance and delivery of the Certificates and the Assessment Notes in
5 the manner and form provided in this Ordinance; now, therefore,

6 Be it ordained by the People of the City and County of San Francisco, as follows:

7 Section 1. Findings. The Board hereby finds and determines that the recitals set
8 forth above are true and correct.

9 Section 2. File Documents. The documents presented to the Board and on file with
10 the Clerk of the Board or her designee (collectively, the "Clerk") are contained in File No.
11 130016.

12 Section 3. Authorization of the Certificates. The Board hereby authorizes and
13 approves the execution and delivery of the Certificates in accordance with the Project Lease
14 and the Trust Agreement. The Board hereby approves the issuance of commercial paper
15 from time to time to fund costs of the Moscone Expansion Project. The proceeds of the
16 Certificates will be used to fund (i) costs of the Moscone Expansion Project, including
17 repayment of commercial paper and interest thereon issued for such purpose; (ii) a debt
18 service or other similar reserve, as appropriate; (iii) capitalized interest, if any; and (iv) costs of
19 issuance (including the costs of prosecuting any validation action authorized herein) of the
20 Certificates and the Assessment Notes. The Certificates shall be designated as "Certificates
21 of Participation (Moscone Expansion Project)," with such other or additional designation,
22 including the year of execution and delivery, as determined by the Director of Public Finance
23 of the City or her designee, acting for and on behalf of the City Controller (collectively, the
24 "Director of Public Finance").
25

1 The Certificates shall evidence an aggregate principal amount of not to exceed Five
2 Hundred and Seven Million Eight Hundred and Eighty Thousand Dollars (\$507,880,000), and
3 shall evidence interest at a true interest cost of not to exceed twelve percent (12%) per
4 annum. The Certificates shall be subject to prepayment as set forth in the Project Lease and
5 Trust Agreement. The Director of Public Finance is hereby authorized, to the extent such
6 officer deems it necessary or advisable and in the interests of the City, to procure credit
7 enhancement for the Certificates, including but not limited to municipal bond insurance or a
8 debt service reserve fund policy.

9 The Director of Public Finance is hereby authorized, to the extent such officer deems it
10 necessary or advisable and in the interests of the City, to cause the execution and delivery of
11 the Certificates (i) with interest with respect thereto exempt or not from federal income tax,
12 and (ii) under any federal tax law provisions which provide for federal grants or credits to the
13 City or to investors in lieu of the exemption of interest from federal income tax.

14 Section 4. Approval of the Trust Agreement; Authorization of the Selection of the
15 Trustee. The form of the Trust Agreement between the City and the Trustee, as presented to
16 the Board, a copy of which is on file with the Clerk, is hereby approved. The Mayor of the City
17 or his designee (collectively, the "Mayor") is hereby authorized to execute and deliver the
18 Trust Agreement, and the Clerk is hereby authorized to attest to and affix the seal of the City
19 on the Trust Agreement, with such changes, additions and modifications as the Mayor may
20 make or approve in accordance with Section 19 hereof.

21 The Director of Public Finance is hereby authorized to select the Trustee in accordance
22 with City policies and procedures, including but not limited to the City's policy to provide
23 locally disadvantaged business enterprises an equal opportunity to participate in the
24 performance of all City contracts.
25

1 Section 5. Approval of the Property Lease. The form of the Property Lease between
2 the City and the Trustee, as presented to the Board, a copy of which is on file with the Clerk,
3 is hereby approved. The Mayor is hereby authorized to execute and deliver the Property
4 Lease, and the Clerk is hereby authorized to attest to and affix the seal of the City on the
5 Property Lease, with such changes, additions and modifications as the Mayor may make or
6 approve in accordance with Section 19 hereof.

7 Section 6. Approval of the Project Lease. The form of the Project Lease between
8 the City and the Trustee, as presented to the Board, a copy of which is on file with the Clerk,
9 is hereby approved. The Mayor is hereby authorized to execute and deliver the Project
10 Lease, and the Clerk is hereby authorized to attest and to affix the seal of the City on the
11 Project Lease with such changes, additions and modifications as the Mayor may make or
12 approve in accordance with Section 19 hereof; provided, however, that the maximum Base
13 Rental (as defined in the Project Lease) scheduled to be paid under the Project Lease in any
14 fiscal year shall not exceed Thirty-Nine Million Four Hundred Thousand Dollars (\$39,400,000)
15 and the initial stated term of the Project Lease shall not extend beyond the 35th year following
16 its date of execution, as such initial term may be extended in accordance with the Project
17 Lease.

18 Section 7. Approval of the Leased Property and the Base Rental Payments. The
19 Board hereby approves the leasing, pursuant to the Property Lease and the Project Lease, of
20 all or a portion of the Leased Property. The Board also hereby approves the payment by the
21 City of the Base Rental with respect thereto.

22 Section 8. Sale of the Certificates. The Director of Public Finance is hereby
23 authorized to sell the Certificates by competitive or negotiated sale. If sold by competitive
24 sale, the Director of Public Finance is hereby authorized to award the Certificates to the
25 bidder whose bid represents the lowest true interest cost to the City. In the event the Director

1 of Public Finance determines to sell the Certificates by negotiated sale, the Director of Public
2 Finance is hereby authorized to sell the Certificates by negotiated sale pursuant to one or
3 more purchase contracts (each, a "Purchase Contract") by and between the City and the
4 underwriter named therein; provided, however, that the underwriters' discount under any such
5 Purchase Contract shall not exceed one percent (2%) of the principal amount of the
6 Certificates.

7 In order to accomplish the sale of the Certificates by negotiated sale, the Director of
8 Public Finance is hereby authorized to appoint one or more financial institutions to act as
9 underwriter for the Certificates in accordance with City policies and procedures, including but
10 not limited to the City's policy to provide locally disadvantaged business enterprises an equal
11 opportunity to participate in the performance of all City contracts.

12 Notwithstanding anything herein to the contrary, the Director of Public Finance shall not
13 be authorized to cause the delivery of any Certificates, whether by competitive or negotiated
14 sale, until the Board shall have approved the form of Official Statement prepared in
15 connection with such Certificates.

16 Section 9. Authorization of the Assessment Notes. The Director of Finance is
17 hereby authorized to issue, execute and deliver the "City and County of San Francisco
18 Moscone Expansion District Assessment Notes" under and subject to the terms of this
19 Ordinance, the Business Assessment Act, the Charter and other applicable laws of the State
20 of California. The Assessment Notes shall be executed and delivered in one or more series in
21 an aggregate principal amount of not to exceed the authorized aggregate principal amount
22 evidenced by the Certificates.

23 Section 10. Terms of the Assessment Notes.

24 (a) Registration. The Assessment Notes shall be executed and delivered in fully
25 registered form, may be executed and delivered in one or more series from time to time, and

1 shall be numbered as determined by the Director of Public Finance. The Assessment Notes
2 shall be dated the date of delivery thereof. The Assessment Notes shall be executed and
3 delivered in denominations of \$5,000 or any integral multiple thereof.

4 (b) Maturity Dates and Interest Rates. The Assessment Notes shall mature on the
5 date or dates and in the amount or amounts as shall be provided in a Certificate to be
6 executed and delivered by the Director of Public Finance on or prior to the issuance and
7 delivery thereof (the "Delivery Certificate"). The Assessment Notes shall bear interest at the
8 rates provided in the Delivery Certificate; provided, that the true interest cost of the
9 Assessment Notes shall not exceed twelve percent (12%) per annum. Interest on the
10 Assessment Notes shall be calculated on the basis of a 360-day year composed of twelve 30-
11 day months and shall be payable on the dates set forth in the Delivery Certificate. The
12 principal of, premium, if any, and interest on the Assessment Notes shall be payable in lawful
13 money of the United States of America.

14 (c) Form. The Assessment Notes shall be in such form as the Director of Public
15 Finance shall determine. The Assessment Notes may be printed, lithographed, photocopied
16 or typewritten.

17 (d) Execution. The Assessment Notes shall be executed by and in the name of the
18 City by the manual signature of the Mayor.

19 (e) Transfer and Exchange. The Assessment Notes shall be registered in the name
20 of the City and shall be non-transferable. Any Note may be exchanged for a new Note or
21 Assessment Notes, in authorized denominations, of the same aggregate principal amount and
22 interest rate.

23 (f) Redemption. The Assessment Notes may be subject to optional and mandatory
24 redemption prior to their maturity dates as provided in the Delivery Certificate.

1 Section 11. Application of Proceeds of the Assessment Notes. Upon the issuance
2 and delivery of the Assessment Notes to and payment therefor by the City, the proceeds
3 thereof shall be deposited in the Project Fund, the Debt Service Fund and/or the Reserve
4 Fund as provided in the Delivery Certificate.

5 Section 12. Note Funds.

6 (a) Assessment Fund. There is hereby established a special fund designated as
7 the "Assessment Fund," which fund shall be held by the City Treasurer or by a trustee
8 designated by the City (respectively, a "Fiscal Agent"). There shall be deposited in the
9 Assessment Fund that portion of the Assessments necessary from time to time to pay debt
10 service on the Assessment Notes and to replenish the Reserve Fund. Assessments received
11 by the City from time to time in excess of the amounts required to be deposited in the
12 Assessment Fund may be applied to any lawful purpose for such Assessments.

13 (b) Project Fund. There is hereby established a special fund designated as the
14 "Project Fund," which fund shall be held by a Fiscal Agent, and which may be the Project
15 Fund for the Certificates. The Fiscal Agent shall, from time to time, disburse money from the
16 Project Fund to pay costs of the Moscone Expansion Project.

17 (c) Debt Service Fund. There is hereby established a special fund designated as
18 the "Debt Service Fund," which shall be held by a Fiscal Agent. There shall be deposited in
19 the Debt Service Fund from time to time an amount from the Assessment Fund as shall be
20 necessary to pay the principal of, premium, if any, and interest on the Assessment Notes as
21 the same shall become due.

22 (d) Reserve Fund. There is hereby established a special fund designated as the
23 "Reserve Fund," which shall be held by a Fiscal Agent. The Reserve Fund shall be
24 maintained until the principal of, premium, if any and interest on the Assessment Notes is paid
25 in full or until there are no longer any Assessment Notes outstanding. If on any date the

1 amounts on deposit in the Debt Service Fund are less than the principal, premium, or interest
2 payments then due with respect to the Assessment Notes on such date, there shall be
3 transferred from the Reserve Fund for credit to the Debt Service Fund an amount sufficient to
4 make up such deficiency. If on any date the amounts on deposit in the Reserve Fund are less
5 than the Reserve Requirement, there shall be transferred from the Assessment Fund for
6 credit to the Reserve Fund an amount sufficient to make up such deficiency. The Reserve
7 Fund may secure additional Assessment Notes issued on a parity with the Assessment Notes.
8 Any excess amount on deposit in the Reserve Fund may be withdrawn by the Fiscal Agent for
9 deposit in the Assessment Fund.

10 Section 13. Pledge of the Assessments and the Assessment Notes. Subject only to
11 the provisions of this Ordinance permitting the application thereof for the purposes and on the
12 terms and conditions set forth herein, all of the Assessments (including redemptions thereof),
13 together with interest and any penalties thereon, and any other amounts (including proceeds
14 of the sale of the Assessment Notes) held in any fund or account established pursuant to this
15 Ordinance are hereby pledged to secure the payment of the principal of, premium, if any, and
16 interest on the Assessment Notes in accordance with their terms, the provisions of this
17 Ordinance and the Business Assessment Act. Such pledge shall constitute a first lien on and
18 security interest in such amounts. No other funds of the City are pledged to secure the
19 payment of the principal of, premium, if any, or interest on the Assessment Notes.

20 In addition, the Assessment Notes are in turn pledged to pay and secure the payment
21 of the principal, premium, if any, and interest evidenced by the Certificates. Such pledge shall
22 constitute a first lien on and security interest in the Assessment Notes.

23 Section 14. Additional Assessment Notes. The City may, from time to time, by a
24 supplement or amendment to this Ordinance, authorize one or more series of additional
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1 Assessment Notes, secured by the Assessments on a parity with the outstanding Assessment
2 Notes.

3 Section 15. Undertakings of the City Regarding the Assessment Notes.

4 (a) Punctual Payment. The City shall punctually pay or cause to be paid the
5 principal of, premium, if any, and interest on the Assessment Notes when due, in conformity
6 with the terms of the Assessment Notes and this Ordinance, but only out of Assessments and
7 other amounts provided for such payment pursuant to this Ordinance.

8 (b) Collection and Application of the Assessments. The City shall comply with all
9 requirements of the Business Assessment Act and this Ordinance to assure the timely
10 collection of the Assessments and interest thereon, including, without limitation, the
11 enforcement of delinquent Assessments and remedies available with respect thereto. Any
12 funds received by the City in and from the Assessment District, including but not limited to
13 collections of Assessments and interest thereon, and delinquent Assessments and interest
14 and penalties thereon, necessary for the payment of the Assessment Notes or to replenish the
15 Reserve Fund shall be deposited in the Assessment Fund.

16 Section 16. Assessment Notes Limited Obligations. The Assessment Notes shall not
17 constitute general obligations of the City, but shall be limited obligations of the City, payable
18 solely from the Assessments and the other amounts provided therefor under this Ordinance.
19 Neither the faith and credit nor the taxing power of the City or the State of California, or any
20 political subdivision thereof, is pledged to the payment of the principal of, premium, if any, or
21 interest on the Assessment Notes.

22 Section 17. Validation Action. The City Attorney is hereby authorized to bring an
23 action or actions pursuant to the Validation Act to confirm the validity of Property Lease, the
24 Project Lease, the Trust Agreement, the Certificates and/or the Assessment Notes, and such
25

1 other matters as may be necessary to ensure repayment of the Certificates and/or the
2 Assessment Notes.

3 Section 18. CEQA Findings. Approval of this Ordinance by the Board shall not be
4 construed as approval of the Moscone Expansion Project. The City will conduct
5 environmental review of the proposed Moscone Expansion Project, following further design
6 development and study, under any approvals or facilities for the Moscone Expansion Project,
7 or grants any entitlements to the Trustee. The City retains absolute discretion to: (1) modify
8 the Moscone Expansion Project to mitigate significant adverse environmental impacts, (2)
9 select feasible alternatives which avoid significant adverse impacts of the Moscone Expansion
10 Project, (3) require the implementation of specific measures to mitigate the significant adverse
11 environmental impacts of the Moscone Expansion Project, (4) reject the Moscone Expansion
12 Project as proposed if the economic and social benefits of the Project do not outweigh
13 otherwise unavoidable significant adverse impacts of the project, or (5) approve the Moscone
14 Expansion Project upon a finding that the economic and social benefits of the Moscone
15 Expansion Project outweigh otherwise unavoidable significant adverse impacts.

16 Section 19. General Authority. The Mayor, the City Treasurer, the City Attorney, the
17 City Controller, the City Administrator, the Director of Public Finance, the Clerk and other
18 officers of the City and their duly authorized deputies, designees and agents are hereby
19 authorized and directed, jointly and severally, to take such actions and to execute and deliver
20 such certificates, agreements, requests or other documents as they may deem necessary or
21 desirable to accomplish the purposes of this Ordinance, including but not limited to the
22 execution and delivery of the Property Lease, the Project Lease, the Trust Agreement, the
23 Certificates and the Assessment Notes, to obtain bond insurance or other credit
24 enhancements with respect to the Certificates, to obtain title insurance, to clear any
25 encumbrances to title and to carry out other title work; provided, however, that the Director of

1 Public Finance shall not be authorized to cause the delivery of any Certificates until the Board
2 shall have approved the form of Official Statement prepared in connection with such
3 Certificates.

4 Section 20. Modifications, Changes and Additions. The Mayor, the City Treasurer,
5 the City Controller and the Director of Public Finance each are hereby authorized to make
6 such modifications, changes and additions to the documents and agreements approved
7 hereby, upon consultation with the City Attorney, as may be necessary or desirable and in the
8 interests of the City, and which changes do not materially increase the City's obligations or
9 reduce its rights thereunder or hereunder. The respective official's approval of such
10 modifications, changes and additions shall be conclusively evidenced by the execution and
11 delivery thereof by such official.

12 Section 21. Partial Invalidity. Any provision of this Ordinance found to be prohibited
13 by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the
14 remainder of this Ordinance.

15 Section 22. Effective Date. This Ordinance shall take effect immediately.

16 Section 23. Ratification of Prior Actions. All actions authorized and approved by this
17 Ordinance but heretofore taken are hereby ratified, approved and confirmed by the Board
18 subject to the consideration and final approval by this Board of the resolution of formation of
19 the Moscone Expansion District located in Board of Supervisor's File No. 130043.

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

22
23 By:


24 Mark D. Blake
Deputy City Attorney

25 originated at: n:\finan\as2013\0900287\00818073.doc
revised on: 2/6/2013 - n:\finan\as2013\0900287\00818073.doc

Mayor Lee, Supervisors Kim, Chu
BOARD OF SUPERVISORS



City and County of San Francisco
Tails
Ordinance

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 130016

Date Passed: February 12, 2013

Ordinance authorizing the execution and delivery of Certificates of Participation evidencing and representing an aggregate principal amount of not to exceed \$507,880,000 to finance the costs of additions and improvements to the George R. Moscone Convention Center; approving the form of Trust Agreement between the City and County of San Francisco and the Trustee (including certain indemnities contained therein); authorizing the selection of the Trustee by the Director of Public Finance; approving respective forms of a Property Lease and a Project Lease, each between the City and the Trustee for the lease and lease back of all or a portion of the Moscone Center, including the Moscone Expansion Project, to be constructed thereon; authorizing the execution and delivery of Assessment Notes payable from Moscone Expansion District assessments to further secure principal, premium, if any, and interest evidenced and represented by the Certificates; granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale, and delivery of the Certificates and the Assessment Notes; approving modifications to documents and agreements; and ratifying previous actions taken in connection therewith.

January 30, 2013 Budget and Finance Committee - AMENDED

January 30, 2013 Budget and Finance Committee - RECOMMENDED AS AMENDED

February 05, 2013 Board of Supervisors - AMENDED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Chu, Cohen, Farrell, Kim, Mar, Wiener and Yee

February 05, 2013 Board of Supervisors - PASSED ON FIRST READING AS AMENDED

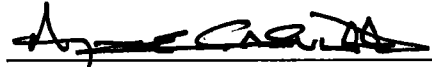
Ayes: 11 - Avalos, Breed, Campos, Chiu, Chu, Cohen, Farrell, Kim, Mar, Wiener and Yee

February 12, 2013 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Chu, Cohen, Farrell, Kim, Mar, Wiener and Yee

File No. 130016

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 2/12/2013 by the Board of Supervisors of the City and County of San Francisco.



Angela Calvillo
Clerk of the Board



Mayor



Date Approved