

File No. 131084

Committee Item No. 2

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: 11/20/2013

Board of Supervisors Meeting

Date: \_\_\_\_\_

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
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| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
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Completed by: Victor Young Date November 15, 2013

Completed by: Victor Young Date \_\_\_\_\_

[Appropriation - General Hospital Improvement General Obligation Bonds - FY2013-2014 - \$209,955,000]

**Ordinance appropriating \$209,955,000 of General Obligation Bond Proceeds approved by voters under Proposition A in the November 2008 election, authorizing the issuance of General Obligation Bonds for the building or rebuilding and earthquake safety improvement of the General Hospital and Trauma Center in the Department of Public Health for FY2013-2014.**

Note: Additions are single-underline italics Times New Roman;  
 deletions are ~~strikethrough italics Times New Roman~~.  
 Board amendment additions are double underlined.  
 Board amendment deletions are ~~strikethrough normal~~.

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

Section 1. The sources of funding outlined below are herein appropriated to reflect the projected revenue for FY2013-2014.

**SOURCES Appropriation**

Fund	Index/Project Code	Subobject	Description	Amount
3C XCF 08E	HGH1HUN7018E	80111	General Obligation	\$209,955,000
	CHGREB 00		Bond Proceeds	
<b>Total SOURCES Appropriation</b>				<b>\$209,955,000</b>

1 Section 2. The uses of funding outlined below are herein appropriated to reflect the  
 2 projected expenditures to support the building or rebuilding and earthquake safety  
 3 improvement of the San Francisco General Hospital and Trauma Center for the Department of  
 4 Public Health for Fiscal Year 2013-2014.

5  
 6 **Uses Appropriation**

7	Fund	Index/Project Code	Subobject	Description	Amount
8	3C XCF 08E	HGH1HUN7018E	06700 - Buildings,	San Francisco	\$207,570,175
9		CHGREB 00	Structures, and	General Hospital	
10			Improvement	Improvement	
11			Project-Budget		
12					
13	3C XCF 08E	HGH1HUN7018E	07311 – Bond	Bond Issuance Cost	\$1,159,730
14		CHGREB 00	Issuance Cost	Underwriter's	
15				Discount	
16					
17	3C XCF 08E	HGH1HUN7018E	07311 – Bond	Other Cost of	\$600,000
18		CHGREB 00	Issuance Cost	Issuance	
19					
20	3C XCF 08E	HGH1HUN7018E	081C4 – Controller	City Services Auditor	\$415,140
21		CHGREB 00	Internal Audits	0.2% allocation for	
22				the Controller's Audit	
23				Fund	
24					
25					

Fund	Index/Project Code	Subobject	Description	Amount
3C XCF 08E	HGH1HUN7018E	081C4 – Controller	City Services Auditor	\$209,955
	CHGREB 00	Internal Audits	0.1% allocation for General Obligation Bond Oversight Committee Audits	
<b>Total USES Appropriation</b>				<b>\$209,955,000</b>

Section 3. The uses of funding outlined above for \$209,955,000 are herein placed on Controller's Reserve pending sale of the General Obligation Bonds.

Section 4. The Controller is authorized to apply funds appropriated by this ordinance to abate advanced expenditures incurred by the General Fund for projects supported by General Obligation Funds that are eligible to be reimbursed by bond proceeds.

Section 5. The Controller is authorized to record transfers between funds and adjust the accounting treatment of sources and uses appropriated in this Ordinance as necessary to conform with Generally Accepted Accounting Principles.

APPROVED AS TO FORM:  
 DENNIS J. HERRERA, City Attorney  
 By: BSH  
 Deputy City Attorney

FUNDS AVAILABLE  
 BEN ROSENFELD, Controller  
 By: [Signature]  
 Date: October 18, 2013

<p><b>Items 1 and 2</b>  <b>Files 13-1090 and 13-1084</b></p>	<p><b>Department:</b>                  Department of Public Health (DPH)                  Office of Public Finance                  Department of Public Works (DPW)</p>
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**EXECUTIVE SUMMARY**

**Legislative Objectives**

- The proposed resolution (File 13-1090) would approve sale of \$209,955,000 of Series 2013D General Obligation Bonds to fund the San Francisco General Hospital (SFGH) Rebuild Project. This would be the fourth and final sale of the previously authorized \$887,400,000 in General Obligation Bonds for the SFGH Rebuild Project. The proposed ordinance (File 13-1084) would appropriate \$209,955,000 to pay SFGH Rebuild Project and the associated financing costs.

**Key Points**

- In 2008, San Francisco voters approved issuance of up to \$887,400,000 in General Obligation Bonds to pay for the construction a new acute care hospital on the campus of the existing SFGH to comply with State seismic safety requirements. The City has previously issued \$677,445,000 in bonds, of which \$666,177,934 have been appropriated to fund SFGH Rebuild Project costs and \$11,267,066 to pay financing costs. The project began in January 2008 and is expected to be substantially complete in April 2015.
- The proposed bond appropriation of \$209,955,000 would be used in 2014 and 2015 to complete the interior build-out of the new hospital and install major medical equipment; complete modifications to the old hospital building associated with construction of the new hospital; complete modifications to the existing service building, including completion of the generator project and connection to PG&E power; and other projects necessary to the completion and transition to the new hospital.

**Fiscal Impact**

- The proposed Series 2013D Bonds in the amount of \$209,955,000 are projected to have an annual interest rate of 6.0 percent over approximately 20 years. These bonds will result in estimated total debt service payments of \$356,926,345, including \$209,955,000 in principal and \$146,971 in interest, with estimated average annual debt service payments of \$17,846,317.
- General Obligation Bond debt is repaid through increases to the annual property tax rate. The proposed 2013D Series Bonds will increase the annual property tax rate by an average of \$0.00692 per \$100 of assessed valuation over the 20-year term of the bonds. A single family residence with an assessed value of \$767,300, assuming a homeowner's exemption of \$7,000, would pay average annual additional property taxes to the City of \$52.61 per year.

**Recommendation**

- Approve the proposed resolution (File 13-1090) and ordinance (File 13-1084).

**MANDATE STATEMENT**

Charter Section 9.105 provides that the Board of Supervisors is authorized to approve the issuance and sale of General Obligation bonds in accordance with State law or local procedures adopted by ordinance. Charter Section 9.105 also provides that (a) amendments to the Annual Appropriation Ordinance, as finally adopted, are to be adopted in the same manner as other ordinances and (b) no amendment to the Annual Appropriation Ordinance may be adopted unless the Controller certifies the availability of funds.

**BACKGROUND****San Francisco General Hospital Rebuild Project**

The San Francisco General Hospital (SFGH) Rebuild Project provides for the construction of a new acute care hospital and trauma center on the campus of the existing hospital to conform to State seismic safety requirements. The main project components are construction of a new 284-bed acute care hospital, modifications to the existing hospital associated with the new hospital construction, and modifications to the existing service building, including installation of emergency generators. The project began in January 2008 and is expected to be substantially complete in April 2015.

According to the presentation by SFGH Rebuild Project staff to the October 21, 2013 Capital Planning Committee, the SFGH Rebuild Project has completed (1) campus access and site utilities, (2) shoring and excavation, (3) moat walls and mat foundation, (4) steel framing and base isolators<sup>1</sup>, and (5) phase one of the emergency generator project.

Remaining components of the SFGH Rebuild Project include: (1) build-out of the hospital interior, (2) installation of major medical equipment, (3) completion of the exterior skin of the hospital, (4) phase two of the emergency generator project, and (5) completion of modifications to the existing hospital associated with new hospital construction.

**Prior Bond Sales and Appropriations**

San Francisco voters approved Proposition A in November 2008, authorizing the City to sell up to \$887,400,000 in General Obligation Bonds to construct SFGH to comply with the State's seismic safety standards.

The City has previously sold three series of General Obligation Bonds, totaling \$677,445,000, with remaining authorization of \$209,955,000, as shown in Table 1 below.

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<sup>1</sup> The construction of the new hospital incorporates a seismic base isolation system, in which the hospital superstructure is decoupled from the substructure, including the moat wall and mat foundation.

**Table 1: Prior Bond Sales**

Bond Sale	Date	Amount
First	March 2009	\$131,650,000
Second	March 2010	294,695,000
Third	August 2012	<u>251,100,000</u>
Total Sold		677,445,000
Total Authorization		887,400,000
Remaining Authorization		\$209,955,000

The Board of Supervisors has previously appropriated \$675,176,059 in bond proceeds to fund the SFGH Rebuild Project and associated financing costs, of which \$576,410,246 has been expended or encumbered with an unexpended balance of \$98,765,813, as shown in Table 2 below. According to Ms. Nadia Sesay, Director of Public Finance, the difference of \$2,268,941 between the amount of the bonds that have been sold (\$677,445,000) and the amount that have been appropriated (\$675,176,059) is due to the underwriter's discount<sup>2</sup>.

**Table 2: Appropriation of Bond Proceeds**

	Project Budget	Prior Appropriations (2009 through 2012)	Total Expenditures and Encumbrances	Unexpended Balance
Architecture and Engineering	\$147,689,768	\$123,504,558	\$121,435,678	\$2,068,880
Environmental Review	17,212,000	16,566,632	10,745,076	5,821,556
City Costs (Permitting, Project Management, City Attorney)	24,858,823	18,005,798	14,492,967	3,512,831
Construction	680,484,834	508,100,946	426,223,527	81,877,419
Subtotal Project Costs	870,245,425	666,177,934	572,897,248	93,280,686
Costs of Issuance, Bond Oversight, Audit	17,154,585	8,998,125	3,512,998	5,485,127
<b>Total Costs</b>	<b>\$887,400,010</b>	<b>\$675,176,059</b>	<b>\$576,410,246</b>	<b>\$98,765,813</b>

## DETAILS OF PROPOSED LEGISLATION

File 13-1090 is a resolution authorizing the sale of not-to-exceed \$209,955,000 of General Obligation Bonds Series 2013D, which is the remaining balance of the previously authorized \$887,400,010 in General Obligation Bonds for the SFGH Rebuild Project, including (1)

<sup>2</sup> The underwriter's discount represents the difference between the price that the underwriter pays the seller of the bonds and the price at which it sells the bonds to the public. The underwriter pays the bond seller (the City) an agreed-upon price to purchase the bonds, which it then sells to investors. While the underwriter's discount was included in the original bond appropriations by the Board of Supervisors, the discount is not accounted for in the City's financial system, FAMIS.

prescribing the form and terms of the bonds; (2) authorizing the execution, authentication and registration of the bonds; (3) providing appointment of depositories and other agents for the bonds; (4) providing for the establishment of accounts related to the bonds; (5) providing for the manner of sale of the bonds by competitive sale; (6) approving the forms of the official notice of the sale and notice of intention to sell bonds; (7) directing the publication of the notice of intention to sell bonds; (8) approving the form of the preliminary official statement and the form and execution of the official statement relating to the sale of the bonds; (8) approving the form of the continuing disclosure certificate; (9) authorizing and approving modifications to documents; (10) declaring the City's intent to reimburse certain expenditures; (11) ratifying certain actions previously taken; and (12) granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale, and delivery of bonds.

File 13-1084 is an ordinance appropriating \$209,955,000 in General Obligation Bonds Series 2013D to the SFGH Rebuild Project.

#### **Proposed Fourth Sale of SFGH Rebuild Project Bonds (Series 2013 D Bonds)**

The sale of Series 2013D bonds in the amount of \$209,955,000 would be the final bond sale for the SFGH Rebuild Project. The City anticipates selling the bonds in December 2013 through a competitive sale.

The proposed resolution:

- Authorizes 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 more than 20 years after the date;
- Provides for the execution, authentication and registration of the Series 2013D Bonds;
- Sets the terms for transferring or redeeming the bonds;
- Provides for defeasance of the bonds<sup>3</sup>;
- Requires a special Series 2013D Bond subaccount for payment of principal and interest; and a special Series 2013D project subaccount for acquisition, renovation, and construction of bond-funded projects;
- Approves the appointment of the Depository Trust Company as the securities depository, and authorizes the Treasurer to appoint fiscal and other agents;
- Approves 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;

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<sup>3</sup> Defeasance refers to the payment of all or a portion of the Series 2013D Bonds prior to their stated maturity dates by depositing funds with the City Treasurer or escrow agent.



- Approves the Official Statement, describing the sources and uses of funds, security for the Bonds, risk factors, and tax and other legal matters, among other information; and authorizes the Controller or Director of Public Finance to revise the Official Statement to conform to the City's Comprehensive Annual Fiscal Report (CAFR);
- Restricts use of the bond proceeds to the public purpose for which the bonds were intended;
- Approves the Continuing Disclosure Certificate, which provides 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;
- Authorizes City officials who have responsibility for executing documents related to the Series 2013D Bonds, including the Controller, Director of Public Finance, and Treasurer, to modify the documents as necessary, except that the Series 2013D Bond amount cannot exceed \$209,955,000; and
- Subjects the Series 2013D Bonds to the reporting requirements of the Citizens' General Obligation Bond Oversight Committee.

#### Environmental Review and General Plan

Approval of the proposed resolution includes findings by the Board of Supervisors that:

- The project is substantially unchanged from the original project evaluated by the Final Environmental Impact Report, previously approved by the Board of Supervisors; and
- The project is consistent with the City's General Plan, as set forth in the June 19, 2008 General Plan Referral Report.

#### **Proposed Appropriation of Series 2013D Bond Proceeds**

The proposed ordinance would appropriate the Series 2013D Bond Proceeds as follows:

##### **Sources of Funds**

Series 2013D Bond Proceeds	\$209,955,000
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##### **Uses of Funds**

SFGH Rebuild Project Costs	\$207,570,175
Bond Issuance Cost and Underwriter's Discount	1,159,730
Other Costs of Issuance	600,000
Controller Audits (0.2% of Project Costs)	415,140
General Bond Oversight Committee Audits (0.1% of Project Costs)	<u>209,955</u>
Total	\$209,955,000

**FISCAL IMPACT****Debt Service on the Proposed Bonds**

According to the November 5, 2013 memorandum from Ms. Sesay to the Board of Supervisors, the not-to-exceed amount of \$209,955,000 in Series 2013D Bonds are projected to have an annual interest rate of 6.0 percent over approximately 20 years. These bonds will result in estimated total debt service payments of \$356,926,345, including \$209,955,000 in principal and \$146,971,345 in interest, with estimated average annual debt service payments of \$17,846,317 over the 20 year bond term (see Attachment).

Impact on Property Taxes*General Obligation Bond Debt as a Percentage of Assessed Property Values*

The City Charter imposes a limit on outstanding General Obligation Bond debt of no more than 3 percent of the assessed value of City property. According to Ms. Sesay, as of October 21, 2013, \$1.89 billion in General Obligation Bonds were outstanding, equal to approximately 1.1 percent of the assessed value of City property; if the Board of Supervisors approves the sale of \$209,955,000 in Series 2013D Bonds, the outstanding General Obligation Bonds will equal approximately 1.22 percent of the assessed value of City property, an increase of 0.12 percentage points. If all authorized and unissued General Obligation Bonds were issued, the General Obligation Bond debt would increase to 1.53 percent of the assessed value of City property.

*Impact of General Obligation Bond Debt on Property Tax Rates*

General Obligation Bond debt is repaid through increases to the annual property tax rate. Under the City's Capital Planning Committee policy, property owners' tax rates to repay General Obligation Bonds are limited to the 2006 rate, which was \$0.1201 per \$100 of assessed value. The FY 2013-14 property tax rate to repay General Obligation Bonds is \$0.1195 per \$100 of assessed value.

According to Ms. Sesay, repayment of the annual debt service on the proposed 2013D Series Bonds will increase the annual property tax rate by an average of \$0.00692 per \$100 of assessed valuation over the anticipated 20-year term of the bonds. A single family residence with an assessed value of \$767,300<sup>4</sup>, assuming a homeowner's exemption of \$7,000, would pay average annual additional property taxes to the City of \$52.61 per year if the proposed \$209,955,000 in Series 2013D Bonds are sold. According to Ms. Sesay, any increases to the property tax rate due to the sale of the Series 2013D Bonds will be offset by decreases to the property tax rate due to the retirement of other outstanding General Obligation Bonds in order

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<sup>4</sup> Median value of owner-occupied housing units from 2007 through 2011, based on U.S. Census Bureau data

to maintain a property tax rate of no more than \$0.1201 per \$100 of assessed value, consistent with the City's existing policy.

### Appropriation of \$209,955,000

The total SFGH Rebuild Project budget is \$885,131,059, including the proposed appropriation of \$209,955,000 in Series 2013D Bonds. As noted above, the difference of \$2,268,941 in the proposed project budget of \$885,131,059 compared to the original project budget of \$887,400,000 is due to the underwriter's discount.

**Table 3: Proposed Appropriation of Series 2013D Bond Proceeds**

	Project Budget	Prior Appropriation (2009 through 2012)	Proposed Appropriation	Total Appropriation	Increase/ (Decrease) in Project Budget
Architecture and Engineering	\$147,689,758	\$123,504,558	\$5,257,733	\$128,762,291	(18,927,467)
Environmental Review	17,212,000	16,566,632	2,320,900	18,887,532	1,675,532
City Costs (Permitting, Project Management, City Attorney)	24,858,823	18,005,798	3,236,845	21,242,643	(3,616,180)
<b>Construction:</b>					
Hospital Construction Contract	668,196,701	496,158,897	194,647,597	690,806,494	22,609,793
Related Construction Contract	1,246,833	4,426,649	0	4,426,649	3,179,816
Temporary Relocation Contract	1,000,000	118,302	0	118,302	(881,698)
Art Enrichment	7,041,300	5,069,929	907,100	5,977,029	(1,064,271)
Technology Wiring	3,000,000	2,327,169	1,200,000	3,527,169	527,169
Subtotal, Construction	680,484,834	508,100,946	196,754,697	704,855,643	24,370,809
<b>Subtotal Project Costs</b>	<b>870,245,415</b>	<b>666,177,934</b>	<b>207,570,175</b>	<b>873,748,109</b>	<b>3,502,694</b>
Costs of Issuance, Bond Oversight, Audit	17,154,585	8,998,125	2,384,825	11,382,950	(5,771,635)
<b>Total Costs</b>	<b>\$887,400,000</b>	<b>\$675,176,059</b>	<b>\$209,955,000</b>	<b>\$885,131,059</b>	<b>(\$2,268,941)</b>

According to Mr. Ronald Alameida, Department of Public Works (DPW) Project Manager, although the total project budget of \$887,400,000 has not been revised from 2008 to 2013, components of the project budget have been revised to reflect actual costs compared to projected costs in the original budget. Mr. Alameida states that the overall scope of the project has not changed from the original project scope and budget in 2008.

According to the SFGH Rebuild Project staff presentation to the October 21, 2013 Capital Planning Committee, the proposed bond appropriation of \$209,955,000 as shown in Table 3 above will be used for the following projects in 2014 and 2015:

- Modifications to the existing service building, including phase two of the generator project, installation and enclosure of new oxygen tanks, and completion of connection to Pacific Gas and Electric Company (PG&E) power;

- Landscaping of the roof garden and campus;
- Completion of the interior build-out of the new hospital and installation of major medical equipment;
- Completion of bridge and tunnel connections among facilities on the campus;
- Completion of modifications to the old hospital building; and
- Transition planning and implementation of the move to the new hospital.

The Capital Planning Committee approved the issuance and sale of the Series 2013D Bonds and the associated supplemental appropriation at the October 21, 2013 meeting.

### **RECOMMENDATION**

Approve the proposed resolution (File 13-1090) and ordinance (File 13-1084).



**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 *NS*

**SUBJECT:** City and County of San Francisco General Obligation Bonds, Series 2013D,  
(San Francisco General Hospital & Trauma Center, 2008)

**DATE:** November 5, 2013

I respectfully request that the Board of Supervisors consider for review and recommendation to the Board of Supervisors the issuance of general obligation bonds financing the San Francisco General Hospital & Trauma Center Rebuild program.

In connection with this request, legislation approving the sale and issuance of the bonds, supplemental appropriation ordinance to appropriate the bond proceeds, and related supporting documents are expected to be introduced at the Board of Supervisors meeting on Tuesday, November 5, 2013 and we respectfully request that the items be heard at the November 20, 2013 meeting of the Board's Budget and Finance Committee.

*San Francisco General Hospital & Trauma Center*

A two-thirds majority of voters of the City approved Proposition A in November 2008 ("Proposition A"), which authorized the issuance of not to exceed \$887,400,000 in general obligation bonds to build and/or rebuild and improve the earthquake safety of San Francisco General Hospital and Trauma Center (the "General Hospital Project"). The proposed Board of Supervisors resolution authorizes the sale and issuance of City and County of San Francisco general obligation bonds in an amount not to exceed \$209,955,000 (the "Bonds") to finance the purchase, construction, mobilization, project control and other program costs of the General Hospital Project.

Of the \$887,400,000 authorized to be issued by Proposition A, \$131,650,000 was issued in March 2009; \$294,695,000 was issued in March 2010; and \$251,100,000 was issued in August 2012. The Bonds will be the fourth and final series of bonds to be issued under Proposition A for the San Francisco General Hospital Project. The proposed fourth sale of bonds will finance the continued construction of the new General Hospital Project, service building modifications associated with the new emergency generators, and modifications to the existing hospital building 5 related to the General Hospital Project. Construction of the General Hospital Project commenced May 2009 and completion is expected April 2015. The City anticipates issuing the Series 2013D Bonds in December 2013.

Detailed descriptions of the Projects financed with proceeds of the Bonds are included in the Bond Accountability Reports prepared by the Department of Public Health and the Department of Public Works and distributed on August 28, 2013.

**Financing Parameters:**

The proposed resolution authorizes the issuance of not to exceed par amount of \$209,955,000. The Bonds are anticipated to contribute approximately \$207,985,000 to the General Hospital Project. Table 1 outlines anticipated sources and uses for the Bonds.

**Table 1: Anticipated Sources and Uses for the Bonds.**

<u>Estimated Sources</u>		<u>Amount</u>
Par Amount		\$ 209,955,000
<b>Total Estimated Sources</b>		<b>\$ 209,955,000</b>
<u>Estimated Uses</u>		
Project Fund Deposit		\$ 207,985,315
Project Fund	207,570,175	
Controller's Audit Fund	415,140	
Other Costs of Issuance		1,969,685
Costs of Issuance	600,000	
Underwriter's Discount	1,159,730	
<u>CGOBOC</u>	<u>209,955</u>	
<b>Total Estimated Uses</b>		<b>\$ 209,955,000</b>

Based upon a conservative estimate of 6.0% interest rate, OPF estimates that average fiscal year debt service on the Bonds is approximately \$18.06 million. The total par amount is estimated to result in approximately \$151.19 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 \$361.14 million.

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 and delivered in December 2013. Schedule milestones in connection with the financing may be summarized as follows:

<u>Milestone</u>	<u>Date*</u>
Consideration by the Capital Planning Committee	October 20, 2013
Introduction of authorizing resolution to the Board	November 2013
Issuance and delivery of Bonds	December 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 October 20, 2013, there were \$1.89 billion in general obligation bonds outstanding or approximately 1.10% 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 1.53% 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 approximately 0.12% to 1.22%— 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 2013-14, the property tax rate for the general obligation bond fund is \$0.1195 per \$100 of assessed value. If the Board of Supervisors approves the issuance of the Bonds, the overall property tax rate would be maintained 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, November 5, 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. 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 Resolution, 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 Resolution, 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 August 15, 2013. Pursuant to the Resolutions, City staff will revise the Official Statement, including the Appendix A, to conform to the City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 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: Ronald Alameida, Department of Public Works  
(via email) Angela Calvillo, Clerk of the Board of Supervisors  
Kate Howard, Mayor's Budget Director  
Mark A. Primeau, Department of Public Health  
Ben Rosenfield, Controller  
Brian Strong, Director, Capital Planning Program  
Greg Wagner, Department of Public Health  
Mark Blake, Deputy City Attorney



OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: *for* Mayor Edwin M. Lee *AK*  
RE: Appropriation - \$209,955,000 for San Francisco General Hospital  
Improvement General Obligation Bonds - FY2013-2014  
DATE: November 5, 2013

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Attached for introduction to the Board of Supervisors is the ordinance appropriating \$209,955,000 of General Obligation Bond Proceeds approved by voters under Proposition A in the November 2008 election authorizing the issuance of general obligation bonds for the building or rebuilding and earthquake safety improvement of the San Francisco General Hospital and Trauma Center in the Department of Public Health for Fiscal Year 2013-2014.

I request that this item be calendared in Budget and Finance Committee on November 20, 2013.

I further request a waiver of the 30-day hold.

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

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