

File No. 210872

Committee Item No. 9

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

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date September 15, 2021

Board of Supervisors Meeting

Date \_\_\_\_\_

#### Cmte Board

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|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form                            |
| <input type="checkbox"/>            | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

#### OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Board of Supervisors Resolution Nos. 85-09 and 247-13</u> |
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Completed by: Linda Wong

Date September 10, 2021

Completed by: Linda Wong

Date \_\_\_\_\_

1 [Authorizing Issuance of Tax Exempt and/or Taxable Lease Revenue Commercial Paper  
2 Notes - Equipment Financing for Vehicles - Not to Exceed \$2,425,000]

3 **Resolution authorizing the execution and delivery from time to time of tax-exempt**  
4 **and/or taxable Commercial Paper Notes in an aggregate principal amount not to exceed**  
5 **\$2,425,000 to provide financing for the costs of the acquisition of vehicles, and**  
6 **authorizing other related actions, as defined herein.**

7  
8 WHEREAS, Pursuant to Charter, Section 9.113(e), the Board of Supervisors (“Board”)  
9 is authorized to borrow money on an interim basis through the issuance from time to time of  
10 commercial paper notes (“CP Notes”); and

11 WHEREAS, On March 17, 2009, the Board adopted Resolution 85-09, and on April 6,  
12 2010, the Board adopted Resolution 136-10 (together, the “Program Resolutions”), intended  
13 (to establish a General Fund backed commercial paper program with an initial authorization of  
14 not to exceed \$150,000,000 in aggregate principal amount of tax-exempt or taxable CP Notes  
15 (“Program”) to provide interim financing of the acquisition, construction and rehabilitation of  
16 capital improvements within or owned by the City, and the financing of vehicles and  
17 equipment; and

18 WHEREAS, On July 16, 2013, the Board adopted Resolution 247-13 to, among other  
19 things, increase the authorization of CP Notes for the Program to \$250,000,000 from  
20 \$150,000,000; and

21 WHEREAS, The Budget and Appropriations Committee Budget and Appropriation  
22 Ordinance for the Fiscal Years Ending June 30, 2022 and June 30, 2023 currently being  
23 heard by the Board includes CP Notes as the funding strategy to pay for the costs of vehicle  
24 acquisitions; and

1           WHEREAS, The Board now desires to authorize the use of the Program to provide  
2 financing for such purposes in an amount not to exceed \$2,425,000 in aggregate principal  
3 amount, with the repayment of such CP Notes being General Fund resources; and

4           WHEREAS, This Board has duly considered such transaction and has determined at  
5 this time to approve said transaction in the public interest of the City; now, therefore, be it,

6           RESOLVED, By the Board of Supervisors of the City and County of San Francisco as  
7 follows:

8           Section 1. Authorization of Use of CP Notes for Project. The Board hereby authorizes  
9 the Controller or the Director of the Office of Public Finance to issue CP Notes in an  
10 aggregate principal amount not to exceed \$2,425,000 to provide equipment financing for the  
11 acquisition of vehicles and to pay costs incurred in connection with the sale and delivery of the  
12 CP Notes; provided, however, that the interest rate on any such CP Notes shall not exceed  
13 the maximum rate permitted by law, and any CP Notes issued hereunder shall mature not  
14 later than 270 days from the date of issuance. The CP Notes will be executed and delivered  
15 under the financing and security documents approved by the Program Resolutions.

16           Section 2. Source of Repayment of CP Notes. The source of repayment of the CP  
17 Notes authorized hereunder is expected to be from General Fund resources, as the same  
18 may be appropriated from time to time by this Board.

19           Section 3. Official Actions. The Controller, the Director of the Office of Public Finance,  
20 the Clerk of the Board and any and all other officers of the City are hereby authorized, for and  
21 in the name of and on behalf of the City, to do any and all things and take any and all actions,  
22 including execution and delivery of any and all documents, assignments, certificates,  
23 requisitions, agreements, notices, consents, instruments of conveyance, warrants and  
24 documents, which they, or any of them, in consultation with the City Attorney, may deem  
25 necessary or advisable in order to consummate the lawful issuance and sale of the CP Notes



<b>Item 9</b> <b>Files 21-0872</b>	<b>Department:</b> Controller
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**EXECUTIVE SUMMARY**

**Legislative Objectives**

- The proposed resolution would authorize the execution and delivery of tax-exempt and/or taxable commercial paper notes in an aggregate principal amount not to exceed \$2,425,000 to provide financing for the costs of acquiring 60 vehicles for the San Francisco Police Department (SFPD).

**Key Points**

- Commercial paper is short-term interim financing for capital projects that permits a governmental entity to pay capital project and equipment costs on an ongoing basis. The Board of Supervisors approved the Commercial Paper Program in 2009 and increased the program in 2013, allowing the City to issue up to \$250 million in commercial paper toward the interim financing of the acquisition, construction and rehabilitation of capital improvements within or owned by the City, and the financing of vehicles and equipment. According to the Office of Public Finance, of the \$250 million in commercial paper authority, \$197 million is currently unencumbered.
- The Mayor’s Proposed FY 2021-22 and FY 2022-23 Budget included approximately \$3 million for fleet upgrades to replace the San Francisco Police Department’s aging fleet in FY 2022. A technical adjustment was implemented to allow for the use of commercial paper to fund approximately \$2.4 million of the \$3 million fleet replacement budget allocation towards the acquisition of 60 vehicles in FY 2021-22.

**Fiscal Impact**

- Average annual debt service is estimated to range from approximately \$508,000 to \$554,000. With variable true interest rates that are expected to range from two to five percent, this amount may fluctuate in future budgets. Total debt service over the anticipated 5-year term is estimated to range from approximately \$2,541,000 to \$2,766,000 which includes approximately \$2,400,684 in principal with the remainder being interest. Under the proposed resolution, debt service will be paid from the City’s General Fund.
- Administrative Code Section 10.62 limits debt service of COPs and other lease financing to 3.25 percent of discretionary General Fund revenues. According to the Office of Public Finance, the incremental increase in debt service from the proposed commercial paper as well as planned certificates of participation through FY 2027 will be below that cap

**Recommendation**

- Approve the proposed resolution.

## MANDATE STATEMENT

City Administrative Code Section 10.62(c) states that the Director of Public Finance may issue tax-exempt and taxable commercial paper notes to provide interim funds to finance the acquisition, construction and rehabilitation of capital improvements and capital equipment, subject to the project's and financing plan's approval by the Board of Supervisors and Mayor.

According to Charter Section 9.113(e), the Board of Supervisors has the authority to borrow money by the issuance of tax anticipation notes, temporary notes, commercial paper, or other short-term debt instruments.

## BACKGROUND

Commercial paper is short-term interim financing for capital projects that permits a governmental entity to pay capital project and equipment costs on an ongoing basis. Commercial paper notes are issued and short-term debt is incurred only when needed to pay capital project costs as they are incurred, supported by a letter of credit provided by a bank. Commercial paper has a fixed maturity date of up to 270 days (approximately nine months). On the maturity date, commercial paper may be refinanced for additional periods of up to 270 days.

The Board of Supervisors approved the creation of the City's Commercial Paper Program<sup>1</sup> in 2009, which allowed the City to issue up to \$150,000,000 in commercial paper (File 09-0197). In 2013, the Board of Supervisors approved an increase of \$100,000,000 in the Commercial Paper Program, allowing the City to issue up to \$250,000,000 in commercial paper toward the interim financing of the acquisition, construction and rehabilitation of capital improvements within or owned by the City, and the financing of vehicles and equipment (File 13-0627).

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the execution and delivery of tax-exempt and/or taxable commercial paper notes in an aggregate principal amount not to exceed \$2,425,000 to provide financing for the costs of acquiring 60 vehicles for the San Francisco Police Department (SFPD).

The Mayor's Proposed FY 2021-22 and FY 2022-23 Budget included approximately \$3 million for fleet upgrades to replace the San Francisco Police Department's aging fleet in FY 2021-22. A technical adjustment was implemented to allow for the use of commercial paper to fund approximately \$2.4 million of the \$3 million fleet replacement budget allocation towards the

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<sup>1</sup> The City's Commercial Paper Program generally applies to the City's General Fund departments. The City's enterprise departments have separate commercial paper programs, including the Public Utilities Commission, Airport, and San Francisco Municipal Transportation Agency.

acquisition of 60 vehicles, allowing \$2.4 million in General Fund monies in the Mayor's proposed budget for the Police Department to be re-programmed.

According to the Office of Public Finance, of the \$250 million in commercial paper authority, \$197 million is currently unencumbered. Despite the unencumbered commercial paper authority, the proposed resolution is necessary because the financing plan for the vehicles has not been previously approved by the Board of Supervisors, as required by Administrative Code Section 10.62.

### Method of Sale

The Office of Public Finance expects to issue the proposed commercial paper on a negotiated basis. Under the City's Debt Policy, all variable rate bonds, which may include variable rate demand notes, commercial paper, etc., are expected to be issued on a negotiated basis and sold via a remarketing agent.<sup>2</sup> The commercial paper is anticipated to be tax exempt and sold in mid-fall, with a target date of November 1, 2021.

### Uses of Proceeds

Exhibit 1 below shows the sources and uses of the proposed debt.

#### Exhibit 1: Sources and Uses of Proposed Commercial Paper

<b>Sources</b>	<b>Amount (\$)</b>
Commercial Paper	2,400,684
<b>Total Sources</b>	<b>\$2,400,684</b>
<b>Uses</b>	
Purchase of 60 SFPD Vehicles	2,400,684
<b>Total Uses</b>	<b>\$2,400,684</b>
Reserve for Market Uncertainty	24,316
<b>Not to Exceed Amount</b>	<b>\$2,425,000</b>

Source: Office of Public Finance

Exhibit 2 below shows the number of vehicles, types of vehicles and vehicle costs to be financed by the proposed commercial paper.

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<sup>2</sup> US Bank is the remarketing agent for Series 3 of the commercial paper authorization. The Office of Public Finance anticipates issuing the commercial paper to fund the project under Series 3 (which uses the Public Safety Building, Fire Station 10, and/or the Taraval Police Station as security for the commercial paper notes). The Debt Policy states that the City shall retain a minimum of two broker/dealers or remarketing agents for each issuance of variable rate indebtedness exceeding \$100 million. The broker/dealers or remarketing agents shall be retained for a period co-terminus with the final maturity of any variable rate bonds provided that the City may replace a broker/dealer or remarketing agent with notice at any time for any reason in its sole discretion.

**Exhibit 2: Vehicles Description**

<b>Vehicle Description</b>	<b>Manufacturer and Model</b>	<b>Cost per Vehicle</b>	<b>Number of Vehicles</b>	<b>Total Cost of Vehicles</b>	<b>Amount to be Funded by Commercial Paper</b>
Mid-sized Hybrid SUV	Ford Police				
PPV <sup>3</sup> Marked Patrol	Interceptor Utility	\$84,273	12	\$1,011,277 <sup>4</sup>	\$433,404
Large Plug-in Electric Vehicle, Short Range	Honda Clarity Plug-in Electric	\$40,985	48	\$1,967,280	\$1,967,280
<b>Total Vehicle Costs</b>					<b>\$2,400,684</b>

Source: Office of Public Finance

**City Debt Policy**

Administrative Code Section 10.62 limits debt service of COPs and other lease financing to 3.25 percent of discretionary General Fund revenues. According to the Office of Public Finance, the incremental increase in debt service from the proposed commercial paper as well as planned certificates of participation through FY 2027 will be below that cap.

**Annual Report**

Under the City's debt policy, the Director of Public Finance will provide a written report to the Board of Supervisors twelve months following the initial issuance of commercial paper notes and annually thereafter through the final maturity of the last commercial paper note outstanding describing the notes issued since the date of the last report, summarizing average cost of funds, the status of projects currently financed with commercial paper, and identifying any long term obligation to refund commercial paper notes. The Office of Public Finance plans to issue the next annual report providing a status update and summarizing the performance and activities of the commercial paper program in December 2021.

**FISCAL IMPACT****Debt Service**

According to the Office of Public Finance, average annual debt service is estimated to range from approximately \$508,000 to \$554,000.<sup>5</sup> With variable true interest rates that are expected to

<sup>3</sup> Police Pursuit Vehicle

<sup>4</sup> The remainder of \$577,873 will be funded by the General Fund, appropriated by the Board of Supervisors in the FY 2021-22 and FY 2022-23 budget.

<sup>5</sup> According to the Office of Public Finance's sensitivity analysis, this amount could fluctuate from an average of \$508,137 (assuming a two percent true interest rate) to an average of \$553,141 (assuming a five percent true interest rate).



range from two to five percent, this amount may fluctuate in future budgets.<sup>6</sup> Total debt service over the anticipated 5-year term is estimated to range from approximately \$2,541,000 to \$2,766,000<sup>7</sup> which includes approximately \$2,400,684 in principal with the remainder being interest. Under the proposed resolution, debt service will be paid from the City's General Fund.

### RECOMMENDATION

Approve the proposed resolution.

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<sup>6</sup> According to the Office of Public Finance, debt service payments will be made two times per year, and will be included in the Police Department budget. If interest rates increase or decrease over the 5-year period, the Office of Public Finance will increase or decrease the annual debt service payment accordingly.

<sup>7</sup> According to the Office of Public Finance's sensitivity analysis, the total debt service amount over the 5-year term could fluctuate from \$2,540,684 (assuming a two percent true interest rate) to \$2,765,706 (assuming a five percent true interest rate).

85-09

FILE NO. 090197

RESOLUTION NO.

1 [Tax Exempt and Taxable Revenue Certificates of Participation]

2  
3 **Resolution of the City and County of San Francisco authorizing the execution and**  
4 **delivery from time to time of its Tax-Exempt and Taxable Lease Revenue Commercial**  
5 **Paper Certificates of Participation in an amount not to exceed \$150,000,000 in order to**  
6 **provide short-term financing to pay for certain capital improvements, and approving**  
7 **and authorizing execution of a trust agreement and certain financing documents and**  
8 **authorizing other related actions.**

9  
10 WHEREAS, For the purpose of providing funds to finance the Projects (as defined  
11 below), the City has determined to cause to be executed and delivered, under and pursuant to  
12 the provisions of the Trust Agreement and the Delivery and Paying Agent Agreement (as  
13 such terms are hereinafter defined), Tax-Exempt and Taxable Lease Revenue Commercial  
14 Paper Certificates of Participation (collectively, the "Commercial Paper Certificates") in the  
15 aggregate principal amount of not to exceed \$150,000,000, designated "City and County of  
16 San Francisco Certificates of Participation (Capital Improvement Projects), Series 2009"  
17 which will be sufficient, among other things (i) to pay costs of the Projects (as defined below);  
18 (ii) to fund capitalized interest with respect to the Certificates; (iii) to fund Capitalized Fees and  
19 Expenses (as defined in the Trust Agreement); and (iv) to pay costs incurred in connection  
20 with the sale and delivery of the Commercial Paper Certificates; and,

21 WHEREAS, Pursuant to a Site Lease (the "Site Lease"), the City, as lessor, will lease  
22 the property described therein, including the improvements located thereon (collectively, the  
23 "Property") to the Trustee, as lessee, and, in return therefor, the Trustee will apply, or caused  
24 to be applied, a portion of the proceeds of the Commercial Paper Certificates to the  
25

1 acquisition, construction and rehabilitation of the certain capital improvements within the City  
2 and the financing of vehicles and equipment (the "Projects"); and,

3 WHEREAS, Pursuant to a Sublease (the "Sublease"), the Trustee will lease-back the  
4 Property to the City, and the City, pursuant to the Sublease, will pay to the Trustee base rental  
5 lease payments (the "Base Rental Payments") for the use and occupancy of the Property,  
6 which Base Rental Payments will be used to (i) reimburse the Banks (as hereinafter defined)  
7 or other credit support provider for payments made on the Commercial Paper Certificates or  
8 (ii) if necessary, make payments on the Commercial Paper Certificates; and,

9 WHEREAS, The payment of principal of and interest on the Commercial Paper  
10 Certificates will either (i) be secured by an irrevocable direct pay letter of credit (the "Credit  
11 Facility") issued by a bank or banks or other financial entities or institutions (the "Bank")  
12 pursuant to the terms of a reimbursement agreement (the "Reimbursement Agreement")  
13 among the Trustee (as defined below), the City, and the Bank, or (ii) another arrangement to  
14 provide liquidity with respect to the Commercial Paper Certificates (the "Liquidity  
15 Arrangement"); and,

16 WHEREAS, The Commercial Paper Certificates will be placed initially by one or more  
17 banks (each, a "Dealer") to be selected pursuant to the terms of a request for qualifications  
18 issued by the Director of Public Finance; and,

19 WHEREAS, This Board has duly considered such transactions and wishes at this time  
20 to approve said transactions in the public interests of the City; now, therefore, be it,

21 RESOLVED, By the Board of Supervisors of the City and County of San Francisco as  
22 follows:

23 Section 1. Delivery of Certificates; Approval of Trust Agreement; Approval of Issuing  
24 and Paying Agent Agreement. The Board hereby authorizes the execution and delivery of the  
25

1 Commercial Paper Certificates from time to time in an aggregate total principal amount of not  
2 to exceed \$150,000,000 for the purpose of providing moneys which will be sufficient, among  
3 other things (i) to pay costs of the Projects; (ii) to fund capitalized interest with respect to the  
4 Certificates (as defined in the Trust Agreement); (iii) to fund Capitalized Fees and Expenses  
5 (as defined in the Trust Agreement); and (iv) to pay costs incurred in connection with the sale  
6 and delivery of the Commercial Paper Certificates; provided however, that the interest rate on  
7 any Commercial Paper Certificate shall not exceed the maximum rate permitted by law, and  
8 the Commercial Paper Certificates shall mature not later than 270 days from the date of  
9 issuance although each certificate may be marketed for a subsequent period(s) also not to  
10 exceed 270 days. The Commercial Paper Certificates shall be executed and delivered  
11 pursuant to a Trust Agreement (the "Trust Agreement") by and between the City and a trustee  
12 named therein, acting as Trustee (the "Trustee"), and the Delivery and Paying Agent  
13 Agreement (the "Delivery and Paying Agent Agreement") by and between the City and the  
14 Trustee, acting as delivery and paying agent. This Board hereby approves the Trust  
15 Agreement and the Delivery and Paying Agent Agreement in the forms on file with the Clerk of  
16 the Board, together with such additions thereto and changes therein as the Controller (the  
17 "Controller") shall deem necessary, desirable or appropriate upon consultation with the City  
18 Attorney, the execution of which by the City shall be conclusive evidence of the approval of  
19 any such additions and changes. The Controller and the Director of the Office of Public  
20 Finance (each, a "Designated Officer"), each acting alone, are hereby authorized to execute  
21 the final form of the Trust Agreement and the final form of the Delivery and Paying Agent  
22 Agreement for and in the name and on behalf of the City. This Board hereby authorizes the  
23 performance by the City of its obligations under the Trust Agreement and the Delivery and  
24 Paying Agent Agreement.

25

1           Section 2. Approval of Financing Documents. This Board hereby approves the form of  
2 the Sublease and the form of the Site Lease, in each case in the form on file with the Clerk of  
3 the Board, together with such additions thereto and changes therein as the Controller shall  
4 deem necessary, desirable or appropriate upon consultation with the City Attorney, the  
5 execution of which by the City shall be conclusive evidence of the approval of any such  
6 additions and changes. The Designated Officers, each acting alone, are hereby authorized to  
7 execute the final form of the Sublease and the final form of the Site Lease for and in the name  
8 of and on behalf of the City. This Board hereby authorizes the performance by the City of its  
9 obligations under the Sublease and the Site Lease.

10           Section 3. Appointment of Letter of Credit Bank; Reimbursement Agreement. This  
11 Board hereby authorizes and directs the Controller and the Director of the Office of Public  
12 Finance to (i) appoint a letter of credit bank(s) ("Banks") to provide credit support for the  
13 Commercial Paper Certificates, and (ii) negotiate a Reimbursement Agreement and/or other  
14 credit agreement with the Banks; provided however, that (a) the term of any such letter of  
15 credit at its time of delivery shall not be less than 364 days, (b) the interest rate on any Bank  
16 Bond shall not exceed 12% per annum, and the amortization of any such Bank Bond shall not  
17 be less than 3 years, (c) the premium payable on such letter of credit or other credit support  
18 shall not exceed 2% per annum of the commitment amount, and (d) such customary  
19 indemnity, defense and increased cost provisions as the Banks shall require, and as the City  
20 Attorney shall approve, or (iii) negotiate and enter into such other credit support arrangements  
21 with any other entities, as deemed appropriate and in the best interest of the City by the  
22 Controller and the Director of the Office of Public Finance, in either case, on such terms and  
23 conditions as the Controller and the Director of the Office of Public Finance shall deem  
24 necessary, advisable or appropriate upon consultation with the City Attorney.

1 Dealers on such terms on such terms as the Controller and the Director of the Office of Public  
2 Finance shall deem necessary, advisable or appropriate upon consultation with the City  
3 Attorney.


4 Section 5. Offering Memorandum. The Board hereby authorizes and directs the Controller  
5 and the Director of the Office of Public Finance to prepare or cause to be prepared the  
6 Offering Memorandum to be used with respect to the sale from time to time of the Commercial  
7 Paper Certificates.

8 Section 6. Official Actions. The Controller, the Director of the Office of Public Finance, the  
9 Clerk of the Board and any and all other officers of the City are hereby authorized, for and in  
10 the name of and on behalf of the Authority, to do any and all things and take any and all  
11 actions, including execution and delivery of any and all documents, assignments, certificates,  
12 requisitions, agreements, notices, consents, instruments of conveyance, warrants and  
13 documents, which they, or any of them, may deem necessary or advisable in order to  
14 consummate the lawful issuance and sale of the Commercial Paper Certificates and the  
15 consummation of the transactions as described herein, including without limitation, such  
16 documents, assignments, certificates and agreements as may be required by the Trust  
17 Agreement, the Delivery and Paying Agent Agreement, the Sublease, the Site Lease, the  
18 Dealer Agreement, the Reimbursement Agreement or the Liquidity Arrangement. Any  
19 authority delegated under this resolution to a specified official may also be exercised by either  
20 the Controller or by the specified official's authorized designee; and, be it

21 FURTHER RESOLVED, That the Board of Supervisors requests the Office of Public  
22 Finance to submit annual reports related to the implementation of the subject Commercial  
23 Paper Financing Program, including the net savings that the City has realized as a result of  
24 such commercial paper issuances.

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

By:   
MARK D. BLAKE  
Deputy City Attorney



# City and County of San Francisco

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

## Tails

### Resolution

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**File Number:** 090197

**Date Passed:**

Resolution of the City and County of San Francisco authorizing the execution and delivery from time to time of its Tax-Exempt and Taxable Lease Revenue Commercial Paper Certificates of Participation in an amount not to exceed \$150,000,000 in order to provide short-term financing to pay for certain capital improvements, and approving and authorizing execution of a trust agreement and certain financing documents and authorizing other related actions.

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March 17, 2009 Board of Supervisors — ADOPTED

Ayes: 11 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell, Mirkarimi



File No. 090197

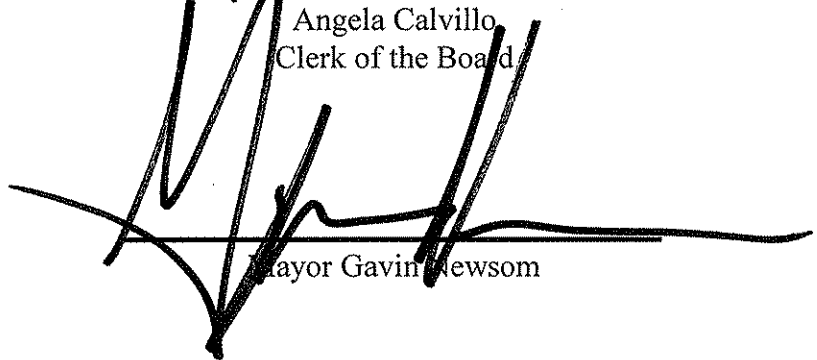
I hereby certify that the foregoing Resolution was ADOPTED on March 17, 2009 by the Board of Supervisors of the City and County of San Francisco.



Angela Calvillo  
Clerk of the Board

3/24/09

Date Approved



Mayor Gavin Newsom

1 [Agreements - Tax Exempt and Taxable Lease Revenue Commercial Paper Certificates of  
2 Participation - Not to Exceed \$100,000,000]

3 **Resolution authorizing the execution and delivery from time to time of Tax-Exempt**  
4 **(Series 3 and Series 4) and Taxable Lease Revenue Commercial Paper Certificates of**  
5 **Participation (Series 3-T and Series 4-T ), in a aggregate principal amount not to exceed**  
6 **\$100,000,000, to provide interim financing for certain City capital projects; and**  
7 **approving and authorizing execution of a trust agreement, a site lease, a sublease, a**  
8 **letter of credit, and reimbursement agreement, a fee agreement and certain other**  
9 **financing documents, and authorizing other related actions.**

10  
11 WHEREAS, Pursuant to Section 9.113(e) of the Charter the Board of Supervisors is  
12 has the power to borrow money through the issuance of commercial paper; and

13 WHEREAS, On March 17, 2009 the Board of Supervisors adopted Resolution 85-09,  
14 and on April 6, 2010 the Board of Supervisors adopted Resolution 135-06 (the "Program  
15 Resolutions") to establish a general fund backed commercial paper program (the "Program")  
16 with an authorization of not to exceed \$150,000,000 in aggregate principal amount of tax-  
17 exempt or taxable Commercial Paper Certificates, a portion of the proceeds of which will be  
18 applied toward the interim financing of the acquisition, construction and rehabilitation of capital  
19 improvements within or owned by the City, and the financing of vehicles and equipment  
20 (herein the "Capital Projects"); and

21 WHEREAS, For the purposes of increasing the authorization of the Program to  
22 \$250,000,000 from \$150,000,000, the City has determined to cause to be executed and  
23 delivered, under and pursuant to the provisions of the Trust Agreement and the Delivery and  
24 Paying Agent Agreement (as such terms are hereinafter defined), its Tax-Exempt Lease  
25

1 Paying Agent Agreement (as such terms are hereinafter defined), its Tax-Exempt Lease  
2 Revenue Commercial Paper Certificates of Participation, Series 3 and Series 4, and its  
3 Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 3-T and 4-T  
4 (collectively, the "Commercial Paper Certificates") in the aggregate principal amount not to  
5 exceed \$100,000,000, which will be sufficient, among other things (i) to pay costs of the  
6 Capital Projects; (ii) to fund capitalized interest with respect to the Commercial Paper  
7 Certificates; (iii) to fund Capitalized Fees and Expenses (as defined in the Trust Agreement);  
8 and (iv) to pay costs incurred in connection with the sale and delivery of the Commercial  
9 Paper Certificates; and

10 WHEREAS, The City has also determined to provide authorization to the Mayor to  
11 utilize the Program to provide emergency funding to protect the lives, property or welfare of  
12 the City in the event of an emergency declared under Section 3.100 (14) of the Charter; and

13 WHEREAS, Pursuant to a Site Lease (the "Site Lease"), the City, as lessor, will lease  
14 the property described therein, including the improvements located thereon (collectively, the  
15 "Property") to the Trustee, as lessee, and, in return therefor, U.S. Bank National Association,  
16 as trustee (the "Trustee") will apply, or caused to be applied, a portion of the proceeds of the  
17 Commercial Paper Certificates to the acquisition, construction and rehabilitation of the  
18 Capital Projects; and

19 WHEREAS, Pursuant to a Sublease (the "Sublease"), the Trustee will lease-back the  
20 Property to the City, and the City, pursuant to the Sublease, will pay to the Trustee base rental  
21 lease payments (the "Base Rental Payments") for the use and occupancy of the Property,  
22 which Base Rental Payments will be used to (i) reimburse the Bank (as hereinafter defined) or  
23 other credit support provider for payments made by the Bank under a Credit Facility (as  
24 hereinafter defined) with respect to the Commercial Paper Certificates or (ii) if necessary,  
25 make payments on the Commercial Paper Certificates; and

1           WHEREAS, The payment of principal of and interest on the Commercial Paper  
2 Certificates will be supported by an irrevocable direct pay letter of credit (the "Credit Facility")  
3 issued by State Street Bank and Trust Company or another financial institution or institutions  
4 selected by the Controller (the "Bank") pursuant to the terms of a letter of credit and  
5 reimbursement agreement (the "Reimbursement Agreement") between the City, and the  
6 Bank, including the terms of a Fee Agreement related thereto; and

7           WHEREAS, The Commercial Paper Certificates will be placed initially by one or more  
8 banks (each, a "Dealer") to be selected pursuant to the terms of a request for qualifications  
9 issued by the Director of Public Finance; and

10           WHEREAS, This Board has duly considered such transactions and wishes at this time  
11 to approve said transactions in the public interests of the City; now, therefore, be it,

12           RESOLVED, By the Board of Supervisors of the City and County of San Francisco as  
13 follows:

14           Section 1. Delivery of Certificates; Approval of Trust Agreement; Approval of Issuing  
15 and Paying Agent Agreement. The Board hereby authorizes an increase in the authorization  
16 of the Program to \$250,000,000 in aggregate principal amount of Commercial Paper  
17 Certificates to be outstanding from time to time, and the execution and delivery of the  
18 Commercial Paper Certificates from time to time in an aggregate total principal amount of not  
19 to exceed \$100,000,000 hereunder for the purpose of providing moneys which will be  
20 sufficient, among other things (i) to pay costs of the Capital Projects; (ii) to provide funding for  
21 emergencies declared by the Mayor under Section 3.100 (14) of the Charter to protect the  
22 lives, property or welfare of the City; (iii) to fund capitalized interest with respect to the  
23 Certificates (as defined in the Trust Agreement); (iv) to fund Capitalized Fees and Expenses  
24 (as defined in the Trust Agreement); and (v) to pay costs incurred in connection with the sale  
25 and delivery of the Commercial Paper Certificates; provided, however, that the interest rate on

1 any Commercial Paper Certificate shall not exceed the maximum rate permitted by law, and  
2 the Commercial Paper Certificates shall mature not later than 270 days from the date of  
3 issuance although each certificate may be marketed for a subsequent period(s) also not to  
4 exceed 270 days. The Commercial Paper Certificates shall be executed and delivered  
5 pursuant to a Trust Agreement (the "Trust Agreement") between the City and the Trustee, and  
6 the Delivery and Paying Agent Agreement (the "Delivery and Paying Agent Agreement")  
7 between the City and the Trustee, acting as delivery and paying agent. This Board hereby  
8 approves the Trust Agreement and the Delivery and Paying Agent Agreement in the forms on  
9 file with the Clerk of the Board, together with such additions thereto and changes therein as  
10 the Controller (the "Controller") shall deem necessary, desirable or appropriate upon  
11 consultation with the City Attorney, the execution of which by the City shall be conclusive  
12 evidence of the approval of any such additions and changes. The Controller and the Director  
13 of the Office of Public Finance (each, a "Designated Officer"), each acting alone, are hereby  
14 authorized to execute the final form of the Trust Agreement and the final form of the Delivery  
15 and Paying Agent Agreement for and in the name and on behalf of the City. This Board  
16 hereby authorizes the performance by the City of its obligations under the Trust Agreement  
17 and the Delivery and Paying Agent Agreement.

18 Section 2. Approval of Financing Documents. This Board hereby approves the form of  
19 the Sublease and the form of the Site Lease, in each case in the form on file with the Clerk of  
20 the Board, together with such additions thereto and changes therein as the Controller shall  
21 deem necessary, desirable or appropriate upon consultation with the City Attorney, the  
22 execution of which by the City shall be conclusive evidence of the approval of any such  
23 additions and changes. The properties that may be leased under the Sublease and the Site  
24 Lease include, but are not limited to, one or more of the following properties of the City:  
25 Firehouse 9, located at 2245 Jerrold Avenue (Lots 4 & 6, Block 5286A); Firehouse 10, located

1 at 655 Presidio Avenue (Lot 1, Block 1032); Central Shops, located at 1758 Jerrold Street (Lot  
2 9, Block 5262); Health Services Administration Building, located at 166-170 Otis Street (Lots 8  
3 & 81, Block 3513); Alemany, located at 100 Alemany Street (Lot 3, Block 5731, Lots 2 & 3,  
4 Block 5734, Lots 1 & 2, Block 5733A). The Designated Officers, each acting alone, are hereby  
5 authorized to execute the final form of the Sublease and the final form of the Site Lease for  
6 and in the name of and on behalf of the City. This Board hereby authorizes the performance  
7 by the City of its obligations under the Sublease and the Site Lease.

8 Section 3. Approval of Reimbursement Agreement and Fee Agreement. This Board  
9 hereby approves the form of the Reimbursement Agreement and the form of the fee  
10 agreement related thereto (the Fee Agreement), in the forms on file with the Clerk of the  
11 Board, together with such additions thereto and changes therein as the Controller shall deem  
12 necessary, desirable or appropriate upon consultation with the City Attorney, the execution of  
13 which by the City shall be conclusive evidence of the approval of any such additions and  
14 changes. The Designated Officers, each acting alone, are hereby authorized to execute the  
15 final form of the Reimbursement Agreement and Fee Agreement, with the Bank, for and in the  
16 name of and on behalf of the City. This Board hereby authorizes the performance by the City  
17 of its obligations under the Reimbursement Agreement and the Fee Agreement.

18 Notwithstanding anything herein to the contrary, the term of the Credit Facility shall not be les  
19 than one year, the interest on any unreimbursed draws on the Credit Facility shall not exceed  
20 12%, and the fees paid for any Credit Facility shall not exceed 2.1% per year of the  
21 commitment available under the Credit Facility and the Reimbursement Agreement.

22 Section 4. Dealer Agreement. This Board hereby authorizes and directs the  
23 Designated Officers to negotiate a Dealer Agreement with one or more Dealers on such terms  
24 on such terms as the Controller and the Director of the Office of Public Finance shall deem  
25 necessary, advisable or appropriate upon consultation with the City Attorney.

1           Section 5. Offering Memorandum. This Board hereby approves the form of the  
2 Offering Memorandum to be used with respect to the sale from time to time of the Commercial  
3 Paper Certificates, on file with the Clerk of the Board, together with such additions thereto and  
4 changes therein as the Controller shall deem necessary, desirable or appropriate upon  
5 consultation with the City Attorney, the execution of which by the City shall be conclusive  
6 evidence of the approval of any such additions and changes to the Offering Memorandum.

7           Section 6. Extension of Credit Facility. The Board hereby delegates the authority to  
8 the Designated Officers, each acting alone, to execute and deliver one or more extensions to  
9 the Credit Facility or the commitment available under the Credit Facility and the  
10 Reimbursement Agreement for any duration of time that they deem necessary, advisable or  
11 prudent, provided that no such extension shall (i) increase the principal amount of Commercial  
12 Paper Certificates authorized hereunder, or (ii) require an annual fee in excess of 2.1% per  
13 year of the commitment available under the Reimbursement Agreement without the approval  
14 of this Board. In connection with obtaining such extension, the Designated Officers shall be  
15 authorized to execute such amendments or modifications as are necessary or advisable to  
16 obtain such extensions, provided that such amendments or modifications reflect customary  
17 provisions in letter of credit and reimbursement agreements being executed at the time the  
18 extension is obtained.

19           Section 7. Source of Repayment. Notwithstanding anything herein to the contrary, if  
20 the ultimate source of repayment of the Commercial Paper Certificates delivered for Capital  
21 Projects are bonds, notes, other indebtedness or certificates of participations (the  
22 "Indebtedness") that are payable from or secured by funds or monies other than the General  
23 Fund of the City, then in such event, prior to drawing on the proceeds of Commercial Paper  
24 Certificates to fund such Project, all approvals required for the issuance of said Indebtedness  
25 shall have been obtained, including any prior approval by this Board of Supervisors. This

1 paragraph 7 shall not apply to drawings under the program for emergencies declared by the  
2 Mayor under Section 3.100 (14) of the City Charter.

3 Section 8. Official Actions. The Controller, the Director of the Office of Public Finance,  
4 the Clerk of the Board and any and all other officers of the City are hereby authorized, for and  
5 in the name of and on behalf of the City, to do any and all things and take any and all actions,  
6 including execution and delivery of any and all documents, assignments, certificates,  
7 requisitions, agreements, notices, consents, instruments of conveyance, warrants and  
8 documents, which they, or any of them, may deem necessary or advisable in order to  
9 consummate the lawful issuance and sale of the Commercial Paper Certificates and the  
10 consummation of the transactions as described herein, including without limitation, such  
11 documents, assignments, certificates and agreements as may be required by the Trust  
12 Agreement, the Delivery and Paying Agent Agreement, the Sublease, the Site Lease, the  
13 Dealer Agreement, the Reimbursement Agreement or the Fee Agreement. Any authority  
14 delegated under this resolution to a specified official may also be exercised by either the  
15 Controller or by the specified official's authorized designee.

16  
17 APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

18  
19 By: \_\_\_\_\_

20 MARK D. BLAKE  
21 Deputy City Attorney

22 n:\financ\as2013\1300467\00853363.doc





City and County of San Francisco

Tails  
Resolution

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

File Number: 130627

Date Passed: July 16, 2013

Resolution authorizing the execution and delivery from time to time of Tax-Exempt (Series 3 and Series 4) and Taxable Lease Revenue Commercial Paper Certificates of Participation (Series 3-T and Series 4-T), in a aggregate principal amount not to exceed \$100,000,000, to provide interim financing for certain City capital projects; and approving and authorizing execution of a trust agreement, a site lease, a sublease, a letter of credit, and reimbursement agreement, a fee agreement and certain other financing documents, and authorizing other related actions.

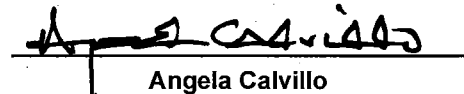
July 10, 2013 Budget and Finance Sub-Committee - RECOMMENDED

July 16, 2013 Board of Supervisors - ADOPTED

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

File No. 130627

I hereby certify that the foregoing Resolution was ADOPTED on 7/16/2013 by the Board of Supervisors of the City and County of San Francisco.

  
Angela Calvillo  
Clerk of the Board

  
Mayor

  
Date Approved