

1 [Refunding or Conversion of Laguna Honda Variable Rate Demand General Obligation
2 Bonds, Series 2005B, Series 2005C and Series 2005D.]

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4 **Ordinance approving the form and authorizing the execution of refunding bonds to**
5 **refinance, in whole and/or in part, the \$120,000,000 City and County of San Francisco**
6 **Variable Rate Demand General Obligation Bonds (Laguna Honda Hospital, 1999) Series**
7 **2005B, Series 2005C and 2005D (the "Prior Variable Rate Bonds") or approving the**
8 **conversion of said bonds; approving the form and authorizing the execution of a**
9 **Declaration of Trust relating to the refunding bonds; approving the tax levy for**
10 **repayment of the refunding bonds; authorizing the appointment of the Treasurer as**
11 **paying agent and the appointment of agents for the refunding bonds; authorizing the**
12 **form of an Official Notice of Sale and Notice of Intention to Sell, and authorizing the**
13 **City's compliance with a Continuing Disclosure Agreement relating to the refunding**
14 **bonds; directing the publication of the Notice of Intention to Sell Bonds; approving the**
15 **form of an Official Statement in preliminary and final form and authorizing the**
16 **execution and delivery of a final Official Statement relating to the refunding bonds;**
17 **approving the execution of a Bond Purchase Contract and authorizing the appointment**
18 **of underwriters relating to the converted bonds; approving the form of an Official**
19 **Statement Supplement in final form and authorizing the execution and delivery of a**
20 **final Official Statement Supplement relating to the converted bonds; approving**
21 **modifications to documents; ratifying certain actions previously taken; and granting**
22 **general authority to City officials to take all necessary action in connection with the**
23 **authorization, issuance, sale and delivery of said bonds or the conversion of said**
24 **bonds.**

1 WHEREAS, By Ordinance No. 24-04 adopted by the Board of Supervisors (the
2 "Board") of the City and County of San Francisco (the "City") on February 10, 2004, and
3 signed by the Mayor of the City (the "Mayor") on February 19, 2004 (the "2004 Authorizing
4 Ordinance"), and Resolution No. 66-04 adopted by the Board on February 3, 2004, and
5 signed by the Mayor on February 12, 2004 (the "2004 Authorizing Resolution"), the City
6 authorized the issuance of not to exceed \$299,000,000 of the City and County of San
7 Francisco General Obligation Bonds (Laguna Honda Hospital, 1999) (the "Prior Bonds"); and,

8 WHEREAS, The City issued the Prior Bonds in the aggregate principal amount of
9 \$299,000,000, of which Series 2005B, Series 2005C and Series 2005D of the Prior Bonds, in
10 the aggregate principal amount of \$120,000,000, were issued as variable rate obligations (the
11 "Prior Variable Rate Bonds"); and,

12 WHEREAS, Pursuant to the Master Trust Agreement, dated as of May 1, 2005 (the
13 "Trust Agreement"), between the City, as issuer and co-trustee, and Deutsche Bank National
14 Trust Company, as co-trustee (the "Trustee"), the City has the option to refund or convert the
15 Prior Variable Rate Bonds; and,

16 WHEREAS, Pursuant to Section 9.109 of the Charter (the "Charter") of the City, the
17 Board is authorized to provide for the issuance of general obligation refunding bonds which
18 are expected to result in net debt service savings to the City on a present value basis,
19 calculated as provided by this Ordinance; and,

20 WHEREAS, This Ordinance shall constitute a procedural ordinance for the purposes of
21 determining such net debt service savings and for authorizing the remarketing of the
22 Converted Bonds (as defined below) upon conversion with a purchase price that includes
23 premium and the use of such premium for costs of remarketing of the Converted Bonds; and,

24 WHEREAS, Pursuant to this Ordinance, the Charter and the Administrative Code of the
25 City (the "Administrative Code"), the City now desires to either (i) issue and sell the City's

1 General Obligation Refunding Bonds (the "Refunding Bonds"), in the aggregate principal
2 amount not to exceed \$125,000,000, or (ii) convert the Prior Variable Rate Bonds to fixed rate
3 bonds (the "Converted Bonds"), in the aggregate principal amount not to exceed
4 \$120,000,000; and,

5 WHEREAS, The Board expects the City to realize net debt service savings through the
6 issuance and delivery of the Refunding Bonds or expects the City to achieve financial
7 flexibility through the remarketing and reoffering of the Converted Bonds; and,

8 WHEREAS, The Refunding Bonds and the Converted Bonds will be payable from
9 proceeds of a tax levy and any other available funds as provided herein regarding the
10 Refunding Bonds and as provided in the 2004 Authorizing Ordinance regarding the Converted
11 Bonds; and,

12 WHEREAS, If Refunding Bonds are issued and delivered, such Bonds will be issued
13 and delivered pursuant to a Declaration of Trust (as defined herein) and certain other
14 documents described herein, and it is anticipated that such Bonds will be sold via competitive
15 sale pursuant to an Official Notice of Sale (as defined herein); and,

16 WHEREAS, If Converted Bonds are delivered, such Bonds will be delivered pursuant
17 to the Trust Agreement and certain other documents described herein, and it is anticipated
18 that such Bonds will be sold via negotiated sale; and,

19 NOW, THEREFORE, BE IT RESOLVED, BY the Board of Supervisors of the City and
20 County of San Francisco, as follows:

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

22 Section 2. Conditions Precedent. All conditions, things and acts required by law to
23 exist, to happen and to be performed precedent to and in the issuance of the Refunding
24 Bonds or the Converted Bonds exist, have happened and have been performed in due time,
25 form and manner in accordance with applicable law, and the City is now authorized pursuant

1 to its Charter and applicable law to incur indebtedness in the manner and form provided in this
2 Ordinance.

3 Section 3. File Documents. The documents presented to this Board of Supervisors
4 or the City (the "Board") and on file with the Clerk of the Board or his or her designee
5 (collectively, the "Clerk") are contained in File No. _____.

6 Section 4. Finding of Net Debt Service Savings. The Board hereby finds and
7 determines that pursuant to Section 9.109 of the Charter, the refunding of the Prior Variable
8 Rate Bonds to a fixed rate of interest pursuant to the terms of this Ordinance are expected to
9 result in net debt service savings to the City on a present value basis. This finding and
10 determination is based in part on the terms of the Prior Variable Rate Bonds that provide for a
11 variable rate of interest of up to twelve percent (12.0%) on the Prior Variable Rate Bonds for a
12 period of up to the remaining term of such Bonds of June 15, 2030. Such permitted maximum
13 rate significantly exceeds the expected fixed rates of the Prior Variable Rate Bonds upon
14 refunding.

15 Section 5. Issuance of Refunding Bonds or Remarketing and Reoffering of
16 Converted Bonds. The Board hereby authorizes either (i) the issuance of the Refunding
17 Bonds in an aggregate principal amount not to exceed \$125,000,000, or (ii) the remarketing
18 and reoffering of the Converted Bonds in an aggregate principal amount not to exceed
19 \$120,000,000. The Director of Public Finance of the City or her designee (collectively, the
20 "Director of Finance") is hereby authorized and directed to cause either the Refunding Bonds
21 or the Converted Bonds to be issued or remarketed and reoffered, as applicable, as shall be
22 in the interests of the City, upon consultation with the City Attorney.

23 Section 6. Approval of Refunding Bonds. Subject to Section 5 hereof, the Board
24 authorizes the issuance of the Refunding Bonds in one or more series to be designated as
25 "City and County of San Francisco General Obligation Refunding Bonds, Series 2008_

1 (Laguna Honda Hospital)" with such series designation or such other designation or name
2 changes as deemed appropriate by the Director of Public Finance.

3 The Refunding Bonds shall be issued in accordance with this Ordinance, the Charter
4 and the Administrative Code; however, the provisions of this Ordinance shall control to the
5 extent any previous resolution or ordinance or the Administrative Code conflicts or is
6 inconsistent with the provisions of this Ordinance.

7 The proceeds of the Refunding Bonds shall be used to (i) refund the Prior Variable
8 Rate Bonds; and (ii) pay costs of issuance of the Refunding Bonds.

9 The Director of Public Finance is hereby authorized to determine the sale date, the
10 manner of sale, the maturity dates and the redemption provisions of the Refunding Bonds,
11 subject to the following terms and conditions: (i) no Refunding Bond shall bear interest at a
12 rate in excess of six percent (6.0%); and (ii) the Refunding Bonds shall not have a maturity
13 date after June 15, 2038.

14 The Refunding Bonds shall be signed by the Mayor of the City (the "Mayor") and the
15 Treasurer of the City (the "Treasurer") and countersigned by the Clerk of the Board of
16 Supervisors (the "Clerk"). The Treasurer is hereby authorized to authenticate the Refunding
17 Bonds. All signatures may be facsimile or manual.

18 To the extent deemed appropriate by the Director of Public Finance, this Board
19 authorizes the procurement of credit enhancement for the Refunding Bonds, including, but not
20 limited to, municipal bond insurance. Notwithstanding Section 19 hereof, the documents
21 authorized herein may be modified or amended to permit the procurement of credit
22 enhancement for the Refunding Bonds, to the extent deemed appropriate by the Director of
23 Public Finance, upon consultation with the City Attorney.

24 Section 7. Approval of Converted Bonds. Subject to Section 5 hereof, the Board
25 authorizes the remarketing, conversion to fixed rate and reoffering of the Converted Bonds in

1 one or more series to be designated as "City and County of San Francisco General Obligation
2 Bonds (Laguna Honda Hospital, 1999), Series 2008_ " with such series designation or such
3 other designation as deemed appropriate by the Director of Public Finance.

4 The Converted Bonds shall be issued in accordance with this Ordinance, the 2004
5 Authorizing Ordinance, the 2004 Authorizing Resolution, the Charter and the Administrative
6 Code; however, the provisions of this Ordinance shall control to the extent any previous
7 resolution or ordinance or the Administrative Code conflicts or is inconsistent with the
8 provisions of this Ordinance.

9 The Board hereby authorizes the remarketing of the Prior Variable Rate Bonds upon
10 conversion at a purchase price which includes premium above the par amount and further
11 authorizes the use of such premium by the City to pay costs of remarketing; however, no
12 Converted Bond shall bear interest at a rate in excess of six percent (6.0%).

13 Section 8. Approval of Declaration of Trust. The form of a declaration of trust (the
14 "Declaration of Trust"), in substantially the form presented to this Board, a copy of which is on
15 file with the Clerk, is hereby approved. The Mayor and the Treasurer are hereby authorized
16 and directed, for and in the name and on behalf of the City, to execute and deliver the
17 Declaration of Trust in substantially said form, with such changes, additions, modifications or
18 deletions as such officers may require or approve, in consultation with the City Attorney, such
19 approval to be conclusively evidenced by the execution and delivery thereof.

20 Section 9. Tax Levy. The Board hereby covenants and agrees to levy ad valorem
21 taxes without limitation as to rate or amount upon all property within the City subject to
22 taxation by the City (except certain property which is taxable at limited rates) in an amount
23 sufficient for the payment of the Refunding Bonds and the interest thereon when due. In
24 accordance with Proposition A approved by the voters of the City on November 2, 1999, the
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1 City may transfer available tobacco settlement revenues (as defined in Ordinance No. 180-99,
2 passed by the Board of the City on June 21, 1999) to pay or redeem the Refunding Bonds.

3 Section 10. Treasurer Permitted to Act as Paying Agent; Appointment of Agents.

4 Pursuant to the Declaration of Trust, the Treasurer may act as paying agent and/or registrar
5 for the Refunding Bonds, hold and administer bond accounts and take such other actions as
6 may be necessary or convenient in connection with the Refunding Bonds.

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

14 Section 11. Sale and Award of Refunding Bonds. In the event the Director of Public
15 Finance determines to sell the Refunding Bonds by competitive sale, the Director of Public
16 Finance, on behalf of the Controller, is hereby authorized and directed to receive bids for the
17 purchase of the Refunding Bonds, and the Controller is hereby authorized and directed to
18 award the Refunding Bonds to the bidder whose bid represents the lowest true interest cost to
19 the City, all in accordance with the procedures described in the Official Notice of Sale (as
20 defined herein).

21 Section 12. Approval of Official Notice of Sale. The form of the official notice of sale
22 relating to the Refunding Bonds (the "Official Notice of Sale"), as presented to this Board, a
23 copy of which is on file with the Clerk, is hereby approved. The Director of Public Finance is
24 hereby authorized to approve the distribution of an Official Notice of Sale, with such changes,
25 additions, modifications or deletions as the Director of Public Finance may approve upon

1 consultation with the City Attorney; such approval to be conclusively evidenced by the
2 distribution of the Official Notice of Sale to potential purchasers of the Refunding Bonds.

3 Section 13. Approval of Notice of Intention to Sell. The form of the notice of intention
4 to sell relating to the Refunding Bonds (the "Notice of Intention to Sell"), as presented to this
5 Board, a copy of which is on file with the Clerk, is hereby approved. The Director of Public
6 Finance is hereby authorized to approve the publication of the Notice of Intention to Sell, with
7 such changes, additions, modifications or deletions as the Director of Public Finance may
8 approve upon consultation with the City Attorney; such approval to be conclusively evidenced
9 by the publication of the Notice of Intention to Sell.

10 Section 14. Approval of the Official Statement in Preliminary and Final Form. The
11 form of the official statement relating to the Refunding Bonds (the "Official Statement"), as
12 presented to this Board, a copy of which is on file in preliminary form with the Clerk, is hereby
13 approved. The Director of Public Finance is hereby authorized to approve the distribution of
14 the preliminary Official Statement in substantially said form, with such changes, additions,
15 modifications or deletions as the Director of Public Finance may approve upon consultation
16 with the City Attorney; such approval to be conclusively evidenced by the distribution of the
17 preliminary Official Statement to potential purchasers of the Refunding Bonds. The Controller
18 is hereby authorized to cause the distribution of the preliminary Official Statement, deemed
19 final for purposes of Rule 15c2-12 of the Securities and Exchange Act of 1934, as amended,
20 and to sign a certificate to that effect. The Controller is hereby further authorized and directed
21 to sign the Official Statement in final form. The Co-Financial Advisors are hereby authorized
22 and directed to cause to be printed and mailed, or distributed electronically, to prospective
23 bidders copies of the preliminary Official Statement and the final Official Statement.

24 Section 15. Approval of the Continuing Disclosure Certificate. The form of the
25 continuing disclosure certificate of the City relating to the Refunding Bonds (the "Continuing

1 Disclosure Certificate"), as presented to this Board, a copy of which is on file with the Clerk, is
2 hereby approved. The Controller is hereby authorized to execute the Continuing Disclosure
3 Certificate, with such changes, additions, modifications or deletions as the Controller may
4 approve upon consultation with the City Attorney; such approval to be conclusively evidenced
5 by the execution and delivery of the Continuing Disclosure Certificate.

6 Section 16. Sale of Converted Bonds; Selection of Underwriters. The Director of
7 Public Finance is hereby authorized to sell the Converted Bonds by negotiated sale pursuant
8 to one or more bond purchase contracts, which contract(s) shall be in such form as the
9 Director of Public Finance shall determine upon consultation with the City Attorney. In order
10 to facilitate the sale of the Converted Bonds by negotiated sale, the Director of Public Finance
11 is hereby authorized and directed to appoint one or more investment banking firms to act as
12 underwriters for the Converted Bonds in accordance with City policies and procedures,
13 including, but not limited to, the City's policy to provide locally disadvantaged minority
14 business enterprises and women enterprises an equal opportunity to participate in the
15 performance of all City contracts.

16 Section 17. Approval of the Official Statement Supplement in Final Form. The form of
17 the supplement to the official statement or remarketing memorandum relating to remarketing
18 of the Converted Bonds (the "Official Statement Supplement"), as presented to this Board, a
19 copy of which is on file in preliminary form with the Clerk, is hereby approved. The Director of
20 Public Finance is hereby authorized to approve the distribution of the final Official Statement
21 Supplement in substantially said form, with such changes, additions, modifications or
22 deletions as the Director of Public Finance may approve upon consultation with the City
23 Attorney; such approval to be conclusively evidenced by the distribution of the final Official
24 Statement Supplement to potential purchasers of the Converted Bonds. The Controller is
25 hereby further authorized and directed to sign the final Official Statement Supplement. The

1 Co-Financial Advisors are hereby authorized and directed to cause to be printed and mailed,
2 or distributed electronically, to prospective purchasers copies of the final Official Statement
3 Supplement.

4 Section 18. RESERVED

5 Section 19. Changes, Additions, Modifications, Deletions, Amendments or
6 Supplements. In connection with the issuance and sale of the Refunding Bonds, any City
7 official authorized by this Ordinance to execute any document is hereby authorized, upon
8 consultation with the City Attorney, to approve and make such changes, additions,
9 modifications, deletions, amendments or supplements to the document or documents the
10 official is authorized to execute as may be necessary or desirable (provided that such
11 changes, additions, modifications, deletions, amendments or supplements shall not authorize
12 an aggregate principal amount of Refunding Bonds in excess of \$125,000,000 and shall not
13 be inconsistent with any of the conditions set forth in Section 6 hereof). The approval of any
14 changes, additions, modifications, deletions, amendments or supplements shall be
15 conclusively evidenced by the execution and delivery of the document in question.

16 Any City official authorized by the 2004 Authorizing Resolution to execute the Trust
17 Agreement and any Remarketing Agreement and the Standby Bond Purchase Agreement (as
18 such terms are defined in the Trust Agreement) is hereby authorized, upon consultation with
19 the City Attorney, to approve and make any changes, additions, modifications, deletions,
20 amendments or supplements to the Trust Agreement and any Remarketing Agreement and
21 the Standby Bond Purchase Agreement as may be necessary or desirable in connection with
22 the conversion and remarketing of the Prior Variable Rate Bonds and/or the purchase of such
23 Bonds by the Treasurer (provided that such changes, additions, modifications, deletions,
24 amendments or supplements shall not authorize an aggregate principal amount of Converted
25 Bonds in excess of \$120,000,000 and shall not be inconsistent with the condition set forth in

1 Section 7 hereof). The approval of any changes, additions, modifications, deletions,
2 amendments or supplements shall be conclusively evidenced by the execution and delivery of
3 supplements to the Trust Agreement, any Remarketing Agreement and/or the Standby Bond
4 Purchase Agreement.

5 Section 20. General Authority. The Mayor, the Treasurer, the City Attorney, the
6 Controller, the City Administrator, the Director of Public Finance, the Clerk and other officers
7 of the City and their duly authorized deputies and agents are hereby authorized and directed,
8 jointly and severally, to take such actions and to execute and deliver such certificates,
9 agreements, requests or other documents, as they may deem necessary or desirable to
10 facilitate the issuance, sale and delivery of the Refunding Bonds or the remarketing and
11 reoffering of the Converted Bonds and to obtain bond insurance or other credit enhancements
12 with respect to the Refunding Bonds or the Converted Bonds and otherwise to carry out the
13 provisions of this Ordinance.

14 Section 21. Ratification of Prior Actions. All actions authorized and directed by this
15 Ordinance and heretofore taken are hereby ratified, approved and confirmed by this Board.

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17 APPROVED AS TO FORM:

18 DENNIS J. HERRERA
19 City Attorney

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21 By: _____
22 KENNETH DAVID ROUX
23 Deputy City Attorney

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