

1 [Laguna Honda Hospital General Obligation Bond Issuance.]

2
3 **Ordinance providing for the issuance of not to exceed \$299,000,000 aggregate principal**
4 **amount of City and County of San Francisco General Obligation Bonds (Laguna Honda**
5 **Hospital, 1999); providing that such bonds may be issued as fixed or variable interest**
6 **rate obligations; providing for the levy of a tax to pay the principal and interest of said**
7 **bonds and authorizing payment of bonds from other legally available funds of the City;**
8 **authorizing the execution of a Master Trust Agreement and Declaration of Trust which**
9 **provide for the terms of said bonds; providing for the appointment of depositories and**
10 **other agents of said bonds; ratifying certain actions previously taken; and granting**
11 **general authority to city officials to take necessary actions in connection with the**
12 **authorization, issuance, sale and delivery of said bonds.**

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

17 WHEREAS, By Resolution No. 577-99 adopted by the Board of Supervisors of the City
18 and County of San Francisco (the "Board of Supervisors") on June 14, 1999, the Board of
19 Supervisors determined and declared that public interest and necessity demands the
20 acquisition, construction and reconstruction of a health care, assisted living and/or other type
21 of continuing care facility or facilities to replace Laguna Honda Hospital; and

22 WHEREAS, By Ordinance No. 180-99, passed by the Board of Supervisors of the City
23 and County of San Francisco (the "Board of Supervisors") on June 21, 1999 (the "Bond
24 Ordinance"), the Board of Supervisors duly called a special election to be held on November
25 2, 1999, for the purpose of submitting to the electors of the City and County of San Francisco,
California (the "City") a proposition to incur bonded indebtedness to finance all works,

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1 property and structures necessary or convenient for the acquisition, improvement,
2 construction and/or reconstruction of a new health care, assisted living and/or other type of
3 continuing care facility or facilities to replace Laguna Honda Hospital, including, without
4 limitation, infrastructure or other improvements in the areas appurtenant to, or which provide
5 access to, such new facility or facilities (the "Project"); and,

6 WHEREAS, A special election was held in the City on November 2, 1999, for the
7 purpose of submitting to the qualified voters of the City a proposition for incurring bonded
8 indebtedness of the City in the aggregate principal amount of \$299,000,000 to finance the
9 Project; and,

10 WHEREAS, The Registrar of Voters of the City duly and regularly canvassed the return
11 of said election and, as the result of such canvass, certified to the Board of Supervisors that
12 more than two-thirds of the votes cast on said proposition favored the incurring of such
13 bonded indebtedness; and,

14 WHEREAS, This Board of Supervisors has determined, and does hereby declare that it
15 is necessary and desirable that all of said Bonds designated generally as City and County of
16 San Francisco General Obligation Bonds (Laguna Honda Hospital, 1999) (the "Bonds") (each
17 series to bear such additional or other designation as may be determined by the Director of
18 Public Finance of the City (the "Director of Public Finance") to be necessary or appropriate to
19 distinguish such series from every other series and from other bonds issued by the City) in the
20 aggregate principal amount of \$299,000,000, be issued and sold in one or more series from
21 time to time, for the purposes authorized and on the conditions set forth in this Ordinance of
22 the Board of Supervisors; and,

23 WHEREAS, Pursuant to Section 9.106 of the City Charter this Board of Supervisors is
24 authorized to provide for the issuance of general obligation bonds in accordance with the
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1 Constitution of the State of California, and such general obligation bonds may be issued and
2 sold in accordance with a local procedure adopted by ordinance; and,

3 WHEREAS, This Board of Supervisors finds this Ordinance and the forms of
4 documents approved hereunder to be a local procedure for the issuance and sale of general
5 obligation bonds pursuant to Section 9.106 of the City Charter; and,

6 WHEREAS, The Bonds will be payable from proceeds of a tax levy and any other
7 available funds as provided herein; and,

8 WHEREAS, The Bonds are being issued pursuant to the Bond Ordinance of the City
9 described above, this Ordinance, the Charter of the City and a duly held election; and,

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

16 WHEREAS, This Board of Supervisors desires to authorize variable interest rate
17 obligations (including but not limited to initial interest, daily, weekly, auction rate and term
18 interest rate modes), and fixed interest rate obligations, as determined by the Director of
19 Public Finance; and,

20 WHEREAS, This Board of Supervisors finds that the purpose of authorizing variable
21 interest rate obligations is to provide for a procedure for the issuance and sale of general
22 obligation bonds that results in a lower cost of borrowing by reducing the interest paid on the
23 Bonds; and

24 WHEREAS, If a series of the Bonds are variable rate obligations, such Bonds will be
25 issued pursuant to either (i) a Master Trust Agreement (the "Master Trust Agreement")

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1 between the City and a financial institution to be selected as bond trustee (the "Trustee") or (ii)
2 in accordance with Section 4 of this Ordinance, a Declaration of Trust (Variable Rate Bonds)
3 ("Variable Rate Declaration of Trust") to be executed by the Treasurer and other officers of
4 the City; and,

5 WHEREAS, If a series of the Bonds are issued as fixed rate obligations, such Bonds
6 will be issued pursuant to a Declaration of Trust (Fixed Rate Bonds) (the "Fixed Rate
7 Declaration of Trust") to be executed by the Treasurer and other officers of the City; and,

8 WHEREAS, There have been presented to this meeting proposed forms of the Master
9 Trust Agreement and the Fixed Rate Declaration of Trust; and,

10 WHEREAS, This Board has been presented with the form of certain documents
11 referred to herein relating to the Bonds, and the Board has examined and is approving each
12 document and desires to authorize and direct the execution of such documents and the
13 consummation of such financing; and,

14 WHEREAS, The adoption of this Ordinance shall constitute authorization of the Bonds
15 within the meaning of Section 864 of the California Code of Civil Procedure and any Validation
16 Act that is effective after this Ordinance takes effect; and,

17 Be It ordained by the People of the City and County of San Francisco, as follows:

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

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

24 Section 3. Issuance of Bonds. The Board of Supervisors hereby authorizes the
25 issuance and sale of not to exceed \$299,000,000 aggregate principal amount of the Bonds for

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1 the acquisition, construction, reconstruction or completion of the real property improvements
2 set forth in the following proposition:

3 LAGUNA HONDA HOSPITAL, 1999. Shall the City and County incur bonded debt
4 and/or other evidences of indebtedness and/or undertake lease financing, in an aggregate
5 principal amount not exceeding \$299,000,000, for the acquisition, improvement, construction
6 and/or reconstruction of a new health care, assisted living and/or other type of continuing care
7 facility or facilities to replace Laguna Honda Hospital, and reduce the property tax impact by
8 requiring the application of available tobacco settlement revenues received by the City and
9 County, and any state and/or federal grants or funds received by the City and County that are
10 required to be used to fund these facilities, (a) to finance the acquisition, improvement,
11 construction and/or reconstruction costs of such facilities, and (b) to pay the principal and
12 redemption price of, interest on, reserve fund deposits, if any, and/or financing costs for the
13 obligations authorized hereby?

14 The Bonds may be sold in one or more series and as variable or fixed interest rate
15 obligations, as the Director of Public Finance shall determine, and shall be sold on the terms
16 and conditions approved by the Board of Supervisors in this Ordinance, as supplemented by
17 such other ordinances or resolutions relating to such series of Bonds. The offering and sale
18 of the Bonds may be aggregated with the offering and sale of other general obligation bonds
19 being issued by the City as authorized from time to time by the Board of Supervisors.

20 The Bonds shall be signed by the Mayor of the City (the "Mayor") and the Treasurer of
21 the City (the "Treasurer") and countersigned by the Clerk of the Board of Supervisors. The
22 Treasurer is hereby authorized to authenticate Bonds. All signatures may be facsimile or
23 manual, except for the Treasurer's authentication of the Bonds, which shall be a manual
24 signature.

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1 Section 4. Approval of the Master Trust Agreement. The proposed form of the
2 Master Trust Agreement, on file with the Clerk of the Board of Supervisors, is hereby
3 approved. Such approval includes approval of procedures for issuance of bonds with variable
4 interest rate provisions for one or more series of the Bonds pursuant to Section 9.106 of the
5 Charter. The Mayor, the Controller of the City (the "Controller") and the Treasurer are hereby
6 authorized and directed, for and in the name and on behalf of the City, to execute and deliver
7 the Master Trust Agreement in substantially said form, with such changes therein as such
8 officer may require or approve, such approval to be conclusively evidenced by the execution
9 and delivery thereof. Supplements to the Master Trust Agreement for the purpose of
10 providing for the terms of a series of bonds or such other purposes as are permitted under
11 such Agreement may be approved by resolution of this Board.

12 The City may issue one or more series of variable rate Bonds by executing a Variable
13 Rate Declaration of Trust and without executing a Master Trust Agreement or a Supplement
14 to the Master Trust Agreement with respect to such series, but only if the Director of Public
15 Finance in consultation with the Treasurer determines that (i) the City can provide for the
16 performance of all of the trustee-related duties set forth in the form of Master Trust Agreement
17 and (ii) the lack of a private institution serving as bond trustee would not adversely affect the
18 marketability of the Bonds. Upon such a determination, the Director of Public Finance, the
19 Treasurer and the City Attorney shall coordinate the drafting of a Variable Rate Declaration of
20 Trust, which shall delete all references to the private bond trustee but which shall be in all
21 other material respects substantially identical to the form of Master Trust Agreement on file
22 with the Clerk of the Board. In such a situation, the Mayor, the Controller and the Treasurer
23 are hereby authorized and directed, for and in the name and on behalf of the City, to execute
24 and deliver the Variable Rate Declaration of Trust in substantially said form, with such
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1 changes therein as such officer may require or approve, such approval to be conclusively
2 evidenced by the execution and delivery thereof.

3 Section 5. Approval of the Fixed Rate Declaration of Trust. The proposed form of a
4 Fixed Rate Declaration of Trust, on file with the Clerk of the Board of Supervisors, is hereby
5 approved. The Mayor, the Controller and the Treasurer are hereby authorized and directed,
6 for and in the name and on behalf of the City, to execute and deliver a Fixed Rate Declaration
7 of Trust in substantially said form for one or more series of the Bonds, with such changes
8 therein as such officer may require or approve, such approval to be conclusively evidenced by
9 the execution and delivery thereof.

10 Section 6. Tax Levy. For the purpose of paying the principal of and interest on the
11 Bonds, and subject to the provisions below, the Board of Supervisors at the time of fixing the
12 general tax levy shall fix, and in the manner provided for such general tax levy, levy and
13 collect annually until the Bonds are paid, or until there shall be a sum set apart for that
14 purpose in the treasury of the City or on deposit with the Trustee sufficient to meet all sums
15 coming due for payment of principal of and interest on the Bonds, a tax sufficient to pay the
16 annual interest on the Bonds as the same becomes due and also such part of the principal
17 thereof as becomes due before the proceeds of a tax levied at the time for making the next
18 general tax levy can be made available for the payment of such interest or principal.

19 While a series of the Bonds is in a variable interest rate mode, this Board of
20 Supervisors shall annually levy taxes for the payment of principal and interest based on the
21 estimated interest rate recommended by the Director of Public Finance of the City in
22 consultation with the Controller. The levy of taxes for the Bonds shall also take into account
23 amounts on deposit in the Bond Account (defined below) and available tobacco settlement
24 revenues (as defined in the Bond Ordinance) that will be available to pay debt service on the
25 Bonds during such year as estimated by the Director of Public Finance. The Board of

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1 Supervisors shall also levy taxes sufficient to fund the annual costs of remarketing agents,
2 broker dealers, liquidity facility providers and paying agents or trustees and other similar costs
3 that are directly related to the Bonds as estimated by the Director of Public Finance.

4 Said tax shall be in addition to all other taxes levied for City purposes, shall be
5 collected at the same time and in the same manner as other taxes of the City are collected,
6 and shall be used only for the payment of the Bonds, the interest thereon and other directly
7 related costs as provided herein.

8 All taxes collected pursuant to this Section 6 shall be deposited forthwith in a special
9 account to be designated as the "General Obligation Bonds (Laguna Honda Hospital, 1999)
10 Bond Account" (the "Bond Account") and each and every series of Bonds shall be equally and
11 ratably secured by the taxes collected pursuant to this Section. Such account shall be
12 administered by the Treasurer and kept separate and apart from all other accounts. The
13 Treasurer may establish such additional accounts and subaccounts within the Bond Account
14 or with any agent, including but not limited to the Trustee, as may be necessary or convenient
15 in connection with the administration of any series of the Bonds.

16 The Treasurer shall also deposit in the Bond Account from the proceeds of sale of the
17 Bonds, any moneys received on account of interest accrued on the Bonds to the date of
18 payment of the purchase price thereof, and such other moneys, if any, as may be made
19 available as provided below or as specified in the resolution or ordinance of the Board
20 authorizing and directing the sale of each series of Bonds. So long as any of the Bonds are
21 outstanding, moneys in the Bond Account shall be used and applied by the Treasurer solely
22 for the purpose of paying the principal of and interest on the Bonds as such principal and
23 interest shall become due and payable, or for purchase of Bonds as permitted by the Master
24 Trust Agreement, the Variable Rate Declaration of Trust, the Fixed Rate Declaration of Trust
25 or a resolution or ordinance providing for the sale of such series of Bonds; provided, however,

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1 that when all of the principal of and interest on the Bonds have been paid, any moneys then
2 remaining in said account shall be transferred to the General Fund of the City. The Board of
3 Supervisors shall take such actions annually as are necessary or appropriate to cause the
4 debt service on the Bonds due in any fiscal year and the tax levies needed to pay such debt
5 service to be included in the budget for such fiscal year and to make the necessary
6 appropriations therefor.

7 Pursuant to Section 9.113 of the Charter, in the event the proceeds of the annual tax
8 levy for the Bonds are not sufficient to pay the debt service then due on the Bonds, the
9 Controller is authorized to transfer on a temporary basis amounts sufficient to pay debt
10 service on the Bonds from legally available funds therefor. This authorization shall not in any
11 way be construed to be a debt of the City in contravention of any applicable constitutional or
12 statutory limitation or requirement concerning the creation of indebtedness by the City, nor
13 shall such authorization constitute a pledge of the general tax revenues, funds or moneys of
14 the City. Such transfer shall be made only from funds which are legally available for the
15 purpose of making such transfer. By undertaking such authorization, the City has not pledged
16 the full faith and credit of the City, the State of California or any agency or department thereof
17 to the making of such transfers.

18 To the extent there is a failure to pay principal of or interest on the Bonds when due as
19 a result of insufficient available ad valorem taxes or available tobacco settlement revenues (as
20 defined in the Bond Ordinance), the Board of Supervisors shall levy taxes at the next general
21 tax levy for the payment of such amounts in the manner provided in the first sentence of this
22 Section 6. Further, to the extent funds other than ad valorem taxes or available tobacco
23 settlement revenues (as defined in the Bond Ordinance) are used for the payment of the
24 principal of or interest on the Bonds, the Board of Supervisors shall levy taxes at the next
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1 general tax levy for the reimbursement of such funds in the manner provided in the first
2 sentence of this Section 6.

3 Section 7. Treasurer Permitted to Act as Paying Agent. Pursuant to a Fixed Rate
4 Declaration of Trust, a Variable Rate Declaration of Trust, the Master Trust Agreement and/or
5 a resolution of this Board in connection with a series of the Bonds, the Treasurer may act as
6 paying agent, trustee or co-trustee, tender agent and/or registrar for a series of the Bonds,
7 hold and administer bond accounts and project accounts and take such other actions as may
8 be necessary or convenient in connection with a series of Bonds issued pursuant to such
9 document.

10 Section 8. Appointment of Depositories and Other Agents. The Treasurer is hereby
11 authorized and directed to appoint one or more depositories as he or she may deem
12 desirable.

13 The Treasurer is hereby also authorized and directed to appoint one or more agents as
14 he or she may deem necessary or desirable. To the extent permitted by applicable law and
15 under the supervision of the Treasurer, such agents may serve as paying agent, fiscal agent,
16 trustee, escrow agent or registrar for the Bonds or may assist the Treasurer in performing any
17 or all of such functions and such other duties as the Treasurer shall determine including such
18 duties and responsibilities of the Treasurer provided for in this Ordinance. Such agents shall
19 serve under such terms and conditions as the Treasurer shall determine. The Treasurer may
20 at any time remove or replace agents appointed pursuant to this paragraph, as provided in the
21 Master Trust Agreement.

22 Section 9. Project Account. There is hereby established a project account to be
23 designated as the "General Obligation Bonds (Laguna Honda Hospital, 1999) Project
24 Account" (the "Project Account"). The Project Account shall be maintained by the Treasurer,
25 as a separate account, segregated and distinct from all other accounts. The Treasurer may

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1 establish such accounts and subaccounts within the Project Account as may be necessary or
2 convenient in connection with the administration of the Project or the Bonds.

3 All of the proceeds of the sale of the Bonds, excluding any premium and accrued
4 interest received thereon, shall be deposited by the Treasurer to the credit of the Project
5 Account and shall be applied exclusively to the objects and purposes specified in the
6 proposition set forth in Section 3 hereof. When such objects and purposes have been
7 accomplished, any moneys remaining in such account shall be transferred to the Bond
8 Account established pursuant to Section 6 hereof and applied to the payment of the principal
9 of and interest on any series of Bonds. Amounts in the Project Account may be applied to the
10 payment of costs of issuance of the Bonds, including, without limitation, bond and financial
11 printing expenses, mailing and publication expenses, rating agency fees, and the fees and
12 expenses of credit and liquidity facility providers, remarketing agents, auction rate broker-
13 dealers, auction agent, paying agents, registrars, financial consultants, bond counsel and
14 other counsels.

15 Section 10. Other Terms and Provisions Relating to the Bonds. The resolution of the
16 Board providing for the sale of any series of Bonds may provide for (a) the purchase of bond
17 insurance or other credit enhancement or liquidity facility relating to such series of Bonds and
18 the establishment of such additional terms and procedures as may be necessary to provide
19 for the application of such bond insurance or other credit enhancement for the benefit of the
20 Bondholders; (b) the investment of moneys held in any fund or account relating to the Bonds
21 in specific categories or types of investments, so long as such investments are legal
22 investments for the City and in compliance with any policy or guideline of the City applicable
23 thereto; (c) approval of supplements and amendments to the Master Trust Agreement or
24 changes to the form of the Fixed Rate or Variable Rate Declaration of Trust as may be
25 necessary or desirable in the judgment of the Director of Public Finance to provide for the

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1 terms of a series of the Bonds, including but not limited to provisions relating to interest rates,
2 payment dates, credit enhancement or liquidity, redemption or tender provisions, funds and
3 accounts, trustee provisions, investments or other similar matters; and (d) the adoption of any
4 supplemental resolutions relating solely to such series of Bonds.

5 Section 11. Ratification. All actions heretofore taken by officials, employees and
6 agents of the City with respect to the sale and issuance of the Bonds are hereby approved,
7 confirmed and ratified.

8 Section 12. General Authority. The Clerk of the Board of Supervisors, the Finance
9 Committee of the Board of Supervisors, the Mayor, the Treasurer, the City Administrator, the
10 City Attorney, the Director of Public Finance of the City and the Controller are each hereby
11 authorized and directed in the name and on behalf of the City to take any and all steps and to
12 issue and deliver any and all certificates, requisitions, agreements, notices, consents, and
13 other documents, including but not limited to, agreements with credit and liquidity facility
14 providers and letters of representations to any depository or depositories, which they or any of
15 them might deem necessary or appropriate in order to consummate the lawful issuance, sale
16 and delivery of the Bonds and otherwise to give effect to this Ordinance.

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

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By:

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MICHAEL J. MARTIN
Deputy City Attorney

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