

LEGISLATIVE DIGEST

[Authorizing Tax-Exempt and/or Taxable Certificates of Participation (Multiple Capital Improvement Projects) - Not to Exceed \$140,000,000]

Ordinance authorizing the execution and delivery of Certificates of Participation, in one or more series on a tax-exempt and/or taxable basis and from time to time, evidencing and representing an aggregate principal amount of not to exceed \$140,000,000 (“Certificates”), to finance and refinance certain capital improvement projects within the City, including but not limited to certain projects within the City and County of San Francisco’s (“City”) capital plan and generally consisting of critical repairs, renovations and improvements to City-owned buildings, facilities, streets and works utilized by various City departments and local economic stimulus projects, generally consisting of repairs, renovations, improvements and street reconstruction, repaving and other improvements, designed to help build a more resilient and equitable San Francisco as part of the City’s recovery from the COVID-19 pandemic, including through the retirement of certain commercial paper notes of the City issued for such purposes; approving the form of a Supplement to Trust Agreement between the City and U.S. Bank National Association, as trustee (“Trustee”) (including certain indemnities contained therein); approving respective forms of a Supplement to Property Lease and a Supplement to Project Lease, each between the City and the Trustee, for the lease and lease back of all or a portion of certain real property and improvements owned by the City and located at 375 Laguna Honda Boulevard within the City and at 1 Moreland Drive, San Bruno, California, and/or other property as determined by the Director of Public Finance; approving the form of an Official Notice of Sale and a Notice of Intention to Sell the Certificates; approving the form of an Official Statement in preliminary and final form; approving the form of a purchase contract between the City and one or more initial purchasers of the Certificates, as defined herein; approving the form of a Continuing Disclosure Certificate, as defined herein; granting general authority to City officials to take necessary actions in connection with the authorization, sale, execution and delivery of the Certificates, as defined herein; approving modifications to documents, as defined herein; and ratifying previous actions taken in connection therewith, as defined herein.

Existing Law

This is new law.

Background Information

The proposed Ordinance authorizes the execution and delivery of Taxable or Tax-Exempt Certificates of Participation (“COPs”) in an amount not to exceed \$140,000,000. The proceeds of the Certificates will be used to (i) pay the costs of certain capital projects in the City, including but not limited to certain projects consisting of repairs, renovations and

improvements to City-owned buildings, facilities, streets, and such other capital projects designed to help the City's recovery from the COVID-19 pandemic, including through the retirement of certain commercial paper notes of the City issued for such purposes, (ii) fund a debt service or other similar reserve, as appropriate; and (iii) pay costs of issuance of the Certificates.

The COPs will be executed and delivered under the terms of Supplement (s) to a Trust Agreement ("Trust Agreement"), originally dated May 1, 2009 between the City and the U.S. Bank National Association, as trustee ("Trustee"). In connection with the execution and delivery of the COPs, the City will also execute Supplement (s) to a Property Lease (originally dated May 1, 2009 as amended and supplemented to date), pursuant to which the City will lease to the Trustee certain real property and improvements (which represents the "Leased Property"). Under the terms of the Supplement (s) to a Project Lease (originally dated May 1, 2009, as amended and supplemented to date) the Trustee will lease the Leased Property back to the City. The payment of lease payments by the City under the Project Lease will be applied to the payment of principal and interest evidenced and represented by the COPs.

In connection with the execution and delivery of the COPs, the City will enter into a continuing disclosure agreement which commits the City to annually provide financial and operating data to investors as required by Securities and Exchange Rule 15c2-12.

The proposed Ordinance establishes a maximum interest rate on the Certificates (12%) and also establishes a maximum Base Rental under the Project Lease of not to exceed \$12,500,000 per fiscal year.