

LEGISLATIVE DIGEST

[Authorizing Tax-Exempt and/or Taxable Certificates of Participation - (Multiple Affordable Housing and Community Facilities Projects) - Not to Exceed \$146,800,000]

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 \$146,800,000 (“Certificates”), to finance and refinance certain capital improvement, affordable housing and community facilities development projects within the City and County of San Francisco’s (“City”), including site acquisition, demolition and site preparation, design work, construction, repairs, renovations, improvements and the equipment of such facilities, 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 Trust Company, National Association (as successor-in-interest to 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, at 1 Moreland Drive, San Bruno, California, and/or any other property as determined by the City’s 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; 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; approving modifications to documents; and ratifying previous actions taken in connection therewith, as defined herein.

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Existing Law

This is new legislation.

Background Information

The proposed Ordinance authorizes the execution and delivery of one or more series of taxable or tax-exempt Certificates of Participation (COPs) in a total principal amount not-to-exceed \$146,800,000. Proceeds of the COPs will be used to finance or refinance certain DPH capital improvement projects totaling \$112,000,000. Specifically, proceeds of the COPS will be used to allow the City to fund the Affordable Housing and Community Facilities Projects (i.e., the acquisition NOFA affordable housing development, public housing co-op repairs, affordable housing for educators, elevators for SROs, site acquisition for certain non-profits (community facilities)).

Under the proposed Ordinance, the City will structure the 2023A COPs using a lease-lease back structure. This lease will be a supplemental to a lease ("Master Lease") which currently supports certain City outstanding certificates of participation delivered to fund other capital projects of the City ("Master Lease COPs"). The 2023A COPs will be delivered under supplement agreements as permitted by the Original Trust Agreement, Original Property Lease, and Original Project Lease, each by and between the City and a third-party trustee, currently U.S. Bank National Association ("Trustee"), which are the legal documents which have been used for the outstanding Master Lease COPs.

The Master Lease currently secures any COPs (i.e. provides the basis for the City to make lease payments) delivered under its terms by the City-owned Laguna Honda Hospital campus located at 375 Laguna Honda Boulevard, San Francisco, and the San Bruno Jail Complex located at 1 Moreland Drive, San Bruno (collectively, "Leased Properties"). Under the Master Lease, the Director of the Controller's Office of Public Finance is authorized to designate additional properties to be added as assets under the Master Lease as needed.

The proposed Ordinance also approves forms of related standard financing documents: the Preliminary Official Statement, Escrow Agreement, Bond Purchase Contract, Notice of Intention to Sell, Appendix A, the Continuing Disclosure Certificate.

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