

File No. 201092

Committee Item No. 2

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

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date October 6, 2020

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 checked="" 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)

- |                                     |                          |   |
|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Planning Department's CEQA Determination</u> |
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Completed by: Linda Wong

Date October 1, 2020

Completed by: Linda Wong

Date \_\_\_\_\_

1 [Issuance of General Obligation Bonds (Proposition A, 2019) - Not to Exceed \$600,000,000]

2

3 **Resolution providing for the issuance of not to exceed \$600,000,000 aggregate**  
4 **principal amount of City and County of San Francisco General Obligation Bonds**  
5 **(Social Bonds-Affordable Housing, 2019); authorizing the issuance and sale of said**  
6 **bonds; providing for the levy of a tax to pay the principal and interest thereof;**  
7 **providing for the appointment of depositories and other agents for said bonds;**  
8 **providing for the establishment of accounts related thereto; adopting findings under**  
9 **the California Environmental Quality Act (CEQA), the CEQA Guidelines and**  
10 **Administrative Code, Chapter 31; finding that the proposed project is in conformity**  
11 **with the eight priority policies of Planning Code, Section 101.1(b), and with the General**  
12 **Plan consistency requirement of Charter, Section 4.105, and Administrative Code,**  
13 **Section 2A.53; ratifying certain actions previously taken, as defined herein; and**  
14 **granting general authority to City officials to take necessary actions in connection with**  
15 **the issuance and sale of said bonds, as defined herein.**

16

17 WHEREAS, By Ordinance No. 168-19 ("2019 Bond Ordinance"), adopted by the Board  
18 of Supervisors ("Board of Supervisors") of the City and County of San Francisco ("City") on  
19 July 30, 2019, the Board of Supervisors duly called a special election on November 5, 2019,  
20 for the purpose of submitting to the electors of the City a proposition to incur bonded  
21 indebtedness of the City in the amount of up to \$600,000,000 of general obligation bonds to  
22 finance the construction, development, acquisition, improvement, rehabilitation, preservation,  
23 and repair of affordable housing improvements; and

24 WHEREAS, The City may establish a loan program ("Loan Program") to provide loans  
25 for the foregoing purposes; and

1           WHEREAS, A special election was held in the City on November 5, 2019, for the  
2 purpose of submitting to the qualified voters of the City said proposition, denominated as  
3 Proposition A (“Proposition A”), as follows:

4           "SAN FRANCISCO AFFORDABLE HOUSING BONDS. \$600,000,000 to construct,  
5 develop, acquire, and preserve housing affordable to extremely-low, low- and middle-  
6 income households through programs that will prioritize vulnerable populations such as  
7 San Francisco's working families, veterans, seniors, and persons with disabilities; to  
8 assist in the acquisition, rehabilitation, and preservation of existing affordable housing  
9 to prevent the displacement of residents; to repair and reconstruct distressed and  
10 dilapidated public housing developments and their underlying infrastructure; to assist  
11 the City's middle-income residents or workers in obtaining affordable rental or home  
12 ownership opportunities including down payment assistance and support for new  
13 construction of affordable housing for San Francisco Unified School District and City  
14 College of San Francisco employees; and to pay related costs; with a duration of up to  
15 30 years from the time of issuance, an estimated average tax rate of \$0.019/\$100 of  
16 assessed property value, and projected average annual revenues of \$50,000,000, all  
17 subject to independent citizen oversight and regular audits; and authorizing landlords to  
18 pass-through to residential tenants in units subject to Administrative Code Chapter 37  
19 (the "Residential Rent Stabilization and Arbitration Ordinance") 50% of the increase in  
20 the real property taxes attributable to the cost of the repayment of such Bonds"; and ;

21           WHEREAS, On December 10, 2019, by Resolution No. 523-19, this Board of  
22 Supervisors declared the results of the November 5, 2019 special election finding that, as  
23 certified by the Director of Elections of the City, the requisite two-thirds of all voters voting on  
24 the proposition approved such proposition; and

25       ///

1           WHEREAS, This Board of Supervisors has determined, and does hereby declare, that  
2 it is necessary and desirable that all of said bonds designated generally as "City and County  
3 of San Francisco General Obligation Bonds (Social Bonds - Affordable Housing, 2019)" (the  
4 "Bonds") in the aggregate principal amount of \$600,000,000, be issued and sold in one or  
5 more series from time to time, for the purposes authorized and on the conditions set forth in  
6 this Resolution; and,

7           WHEREAS, The Bonds will be payable from proceeds of the annual tax levy, as  
8 provided herein; and,

9           WHEREAS, The Bonds are being issued pursuant to (i) this Resolution duly adopted  
10 by the Board of Supervisors, (ii) Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the  
11 California Government Code, (iii) the Charter of the City (the "Charter"), (iv) the 2019 Bond  
12 Ordinance, and (v) a duly held election; and,

13           WHEREAS, Pursuant to Section 9.106 of the Charter, there shall be delivered a  
14 certificate of a duly authorized officer of the City, concurrently with the issuance of each series  
15 of Bonds, except for any series of Bonds issued to refund any bond anticipation notes issued  
16 in anticipation of the issuance of such series of Bonds, stating that the outstanding general  
17 obligation bond indebtedness of the City, including all series of the Bonds issued and to be  
18 issued and outstanding on the date of delivery of such series, will not exceed three percent of  
19 the assessed value of all taxable real and personal property located within the City; now,  
20 therefore, be it

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

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

24           Section 2. Conditions Precedent. All conditions, things and acts required by law to  
25 exist, to happen and to be performed precedent to the adoption of this Resolution authorizing

1 the issuance of the Bonds exist, have happened and have been performed in due time, form  
2 and manner in accordance with applicable law, and the City is now authorized pursuant to the  
3 Charter and applicable law to incur indebtedness in the manner and form provided in this  
4 Resolution.

5 Section 3. Issuance of the Bonds. The Board of Supervisors hereby authorizes the  
6 issuance and sale of \$600,000,000 aggregate principal amount of Bonds, designated  
7 generally as "City and County of San Francisco General Obligation Bonds (Social Bonds –  
8 Affordable Housing, 2019)." The Director of the Office of Public Finance is hereby authorized  
9 to modify the general designation of the Bonds if in her sole discretion if a different  
10 designation is in the best interest of the City for administrative, marketing or descriptive  
11 purposes. The Bonds may be sold in one or more series as the Board of Supervisors shall  
12 determine, may be sold on a federally taxable or tax-exempt basis, and shall be sold in  
13 accordance with law, as such law may from time to time be amended, supplemented or  
14 revised, and on the terms and conditions approved by the Board of Supervisors in this  
15 Resolution, as supplemented by such other resolution or resolutions relating to such series of  
16 Bonds and as provided in the resolution of the Board of Supervisors authorizing and directing  
17 the sale of each series of Bonds (each, a "Sale Resolution"). Each series of such Bonds may  
18 bear such additional or other designation as may be necessary or appropriate to distinguish  
19 such series from every other series and from other bonds issued by the City, or to identify the  
20 tax treatment of interest, interest rate determination methodology or other characteristics of  
21 such series, in each case as set forth in the applicable Sale Resolution or as may be  
22 determined by the Director of the Office of Public Finance in her sole discretion. The offering  
23 and sale of the Bonds may be aggregated with the offering and sale of other general  
24 obligation bonds being issued by the City, as authorized from time to time by the Board of  
25 ///

1 Supervisors. Each series of Bonds may bear interest at fixed or variable rates, in each case  
2 as provided in the applicable Sale Resolution.

3 Section 4. Authentication and Registration. The Sale Resolution for each series of  
4 Bonds shall set forth the form of such Bond, with such necessary or appropriate variations,  
5 omissions and insertions as may be permitted by resolution. "CUSIP" identification numbers  
6 may be imprinted on Bonds, but such numbers shall not constitute a part of the contract  
7 evidenced by the Bonds and any error or omission with respect thereto shall not constitute  
8 cause for refusal of any purchaser to accept delivery of and to pay for the Bonds. In addition,  
9 failure on the part of the City to use such CUSIP numbers in any notice to owners of the  
10 Bonds shall not constitute an event of default or any violation of the City's contract with such  
11 owners and shall not impair the effectiveness of any such notice.

12 The Bonds shall be signed by the Mayor of the City (the "Mayor") and countersigned by  
13 the Clerk of the Board of Supervisors. The signature of the Mayor may be facsimile or manual.  
14 The signature of the Clerk of the Board of Supervisors shall be manual. The Treasurer of the  
15 City (the "City Treasurer") shall authenticate the Bonds by facsimile or manual signature and,  
16 when so authenticated, shall deliver the Bonds to or for the account of the purchasers in  
17 exchange for the purchase price thereof.

18 In case such officer(s) whose signature(s) or countersignature(s) appear(s) on a Bond  
19 shall cease to be such officer(s) before the delivery of such Bond to the purchaser, such  
20 signature(s) or countersignature(s) shall nevertheless be valid and sufficient for all purposes  
21 as if the officer(s) had remained in office until the delivery of such Bond.

22 Section 5. Transfer or Exchange and Registration of Bonds. Any Bond may be  
23 transferred or exchanged in accordance with its terms and the applicable Sale Resolution.  
24 Each Bond shall be registered in accordance with the applicable Sale Resolution.

25 ///

1           Section 6. General Redemption Provisions. The terms of redemption (whether optional  
2 or mandatory redemption), if any, of any series of Bonds and the manner prescribed for notice  
3 of any redemption of such series of Bonds shall be set forth in the applicable Sale Resolution.

4           Each Sale Resolution shall provide that the Controller of the City (the "Controller") shall  
5 establish a redemption account for such series of Bonds. The City Treasurer shall provide for  
6 the deposit and application of moneys in such redemption account.

7           Section 7. Tax Levy; Pledge of Bond Account.

8           (a) Tax Levy. For the purpose of paying the principal of and interest on the Bonds,  
9 the Board of Supervisors at the time of fixing the general tax levy shall fix, and in the manner  
10 provided for such general tax levy, levy and collect annually until the Bonds are paid, or until  
11 there shall be a sum set apart for that purpose in the treasury of the City sufficient to meet all  
12 sums coming due for payment of principal of and interest on the Bonds, a tax sufficient to pay  
13 the annual interest on the Bonds as the same becomes due and also such part of the principal  
14 thereof as shall become due before the proceeds of a tax levied at the time for making the  
15 next general tax levy can be made available for the payment of such interest or principal;  
16 provided, however, that in fixing such tax levy for each fiscal year, the Board of Supervisors  
17 shall take into account amounts then on deposit in the Tax Revenues Subaccount pursuant to  
18 this subsection (a), if such amounts will be available to pay debt service on the Bonds.

19           Said tax shall be in addition to all other taxes levied for City purposes, shall be  
20 collected at the time and in the same manner as other taxes of the City are collected, and  
21 shall be used only for the payment of the Bonds and the interest thereon.

22           All taxes collected pursuant to this Section 7(a) shall be deposited forthwith in a special  
23 subaccount to be designated as the "Tax Revenues Subaccount," which shall be a  
24 subaccount within a special account to be designated as the " General Obligation Bonds  
25 (Social Bonds – Affordable Housing, 2019) Bond Account" (the "Bond Account"). The Bond

1 Account and all subaccounts therein shall be administered by the City Treasurer with all  
2 disbursements of funds therefrom subject to authorization of the Controller. The Bond  
3 Account shall be kept separate and apart from all other accounts, and each subaccount  
4 therein shall be kept separate and apart from all other subaccounts. Pursuant to the  
5 applicable Sale Resolution, the Controller may establish such additional accounts and  
6 subaccounts within the Bond Account or with any agent, including but not limited to any  
7 paying agent or fiscal agent, as may be necessary or convenient in connection with the  
8 administration of any series of Bonds, to provide for the payment of principal and interest on  
9 such series of Bonds.

10 The City Treasurer shall deposit in the Bond Account from the proceeds of sale of the  
11 Bonds, any moneys received on account of original issue premium and interest accrued on  
12 the Bonds to the date of payment of the purchase price thereof, and such other moneys, if  
13 any, as may be specified in the applicable Sale Resolution. So long as any of the Bonds are  
14 outstanding, moneys in the Bond Account shall be used and applied by the City Treasurer  
15 solely for the purpose of paying the principal of and interest on the Bonds as such principal  
16 and interest shall become due and payable, or for purchase of Bonds if permitted by the  
17 applicable Sale Resolution; provided, however, that when all of the principal of and interest on  
18 the Bonds have been paid, any moneys then remaining in said Bond Account shall be  
19 transferred to the City for any legally permitted purpose. The Board of Supervisors shall take  
20 such actions annually as are necessary or appropriate to cause the debt service on the Bonds  
21 due in any fiscal year to be included in the budget for such fiscal year and to make the  
22 necessary appropriations therefor.

23 (b) Pledge. The Bond Account and all subaccounts and amounts on deposit therein  
24 are hereby pledged for the payment of the principal of and interest on the Bonds when and as  
25 the same become due, including the principal of any term Bonds required to be paid upon the



1 mandatory sinking fund redemption thereof. In addition, the payment of such principal and  
2 interest shall be secured by the statutory lien of California Government Code Section 53515,  
3 to the extent applicable to the amounts on deposit in the Bond Account. Each and every  
4 series of Bonds issued under this Resolution shall be equally and ratably secured by the  
5 pledge of this subsection (c), the foregoing statutory lien, and the taxes collected pursuant to  
6 this Section 7.

7 Section 8. Administration and Disbursements From Bond Account.

8 (a) Interest. On or before June 15 and December 15 in each year that any of the  
9 Bonds are outstanding (or, for any series of Bonds bearing interest at variable rates, on such  
10 other dates as may be provided by the applicable Sale Resolution), the City Treasurer shall  
11 set aside in the Bond Account and the appropriate subaccounts therein relating to each series  
12 of the Bonds an amount which, when added to the amount contained in the Bond Account and  
13 subaccounts therein on that date, if any, will be equal to the aggregate amount of the interest  
14 becoming due and payable on each series of the Bonds outstanding on such interest payment  
15 date.

16 (b) Principal. On or before June 15 in each year that any of the Bonds are  
17 outstanding, the City Treasurer shall set aside in the Bond Account and the appropriate  
18 subaccounts therein relating to each series of the Bonds an amount which will be equal to the  
19 principal on each series of the Bonds outstanding that will become due and payable on said  
20 June 15, including those Bonds subject to mandatory redemption on such date pursuant to  
21 the provisions of the applicable Sale Resolution.

22 All moneys in the Bond Account shall be used and withdrawn by the City Treasurer  
23 solely for the purpose of paying the principal of and interest on each series of the Bonds as  
24 the same shall become due and payable. On June 15 and December 15 in each year that any  
25 Bond is outstanding, the City Treasurer shall allocate, transfer and apply to the various

1 subaccounts in the Bond Account created pursuant to the applicable Sale Resolution, on such  
2 date on which payment of principal or interest on any series of Bonds is due, from moneys on  
3 deposit in the Bond Account, an amount equal to the amount of principal of, premium, if any,  
4 or interest due on said date with respect to each series of the Bonds then outstanding. Unless  
5 other provision shall have been made pursuant to this Resolution for the payment of any  
6 Bond, all amounts held in the various subaccounts of the Bond Account created pursuant to a  
7 Sale Resolution shall be used and applied by the City Treasurer to pay principal of, premium,  
8 if any, and interest due on the series of the Bonds to which such subaccount relates, as and  
9 when due.

10 Section 9. Appointment of Depositories and Other Agents. The City Treasurer is  
11 hereby authorized and directed to appoint one or more depositories as he or she may deem  
12 desirable and may authorize such depository to perform, under the supervision of the City  
13 Treasurer, any of the City Treasurer's duties and responsibilities under this Resolution, to the  
14 extent permitted by applicable law.

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

24 Section 10. Project Account. There is hereby established a project account to be  
25 designated as the "General Obligation Bonds (Social Bonds – Affordable Housing, 2019)

1 Project Account" (the "Project Account"). The Project Account shall be maintained by the City  
2 Treasurer, as a separate account, segregated and distinct from all other accounts. The City  
3 Treasurer may establish such accounts and subaccounts within the Project Account as may  
4 be necessary or convenient in connection with the administration of the Project or the Bonds.

5 All of the proceeds of the sale of the Bonds (excluding any premium and accrued  
6 interest received thereon, unless otherwise determined by the Director of Public Finance)  
7 shall be deposited by the City Treasurer to the credit of the Project Account and shall be  
8 applied exclusively to the objects and purposes specified in Proposition A. When such objects  
9 and purposes have been accomplished, any moneys remaining in such account shall be  
10 transferred to the Bond Account established pursuant to Section 7 hereof and applied to the  
11 payment of the principal of and interest on any series of Bonds. Amounts in the Project  
12 Account may be applied to the payment of costs of issuance of the Bonds, including, without  
13 limitation, bond and financial printing expenses, mailing and publication expenses, rating  
14 agency fees, and the fees and expenses of paying agents, registrars, financial consultants,  
15 bond counsel and disclosure counsel.

16 Section 11. Defeasance Provisions. A Sale Resolution may provide for the  
17 defeasance of such series of Bonds authorized therein. Any Bonds which have been deemed  
18 paid in accordance with the defeasance provisions of the applicable Sale Resolution shall no  
19 longer be deemed outstanding under this Resolution.

20 Section 12. Tax Covenants. The Bonds may be issued as bonds the interest on which  
21 is excluded from gross income for federal or state income tax purposes or as bonds the  
22 interest on which is included in gross income for federal or state income tax purposes. With  
23 respect to any series of the Bonds the interest on which is excluded from gross income for  
24 federal or state income tax purposes, the City may make such covenants and representations  
25 as are necessary to comply with applicable laws and regulations.

1           Section 13. Other Terms and Provisions Relating To the Bonds. The Sale Resolution  
2 for any series of Bonds may provide for (a) the purchase of bond insurance or other credit  
3 enhancement relating to such series of Bonds and to the establishment of such additional  
4 terms and procedures as may be necessary to provide for the application of such bond  
5 insurance or other credit enhancement for the benefit of the bondholders; (b) the investment  
6 of moneys held in any fund or account relating to the Bonds in specific categories or types of  
7 investments, so long as such investments are legal investments for the City and in compliance  
8 with any policy or guideline of the City applicable thereto; and (c) the adoption of any  
9 supplemental resolutions relating solely to such series of Bonds.

10           Section 14. Supplemental Resolutions. For any one or more of the following purposes  
11 and at any time or from time to time, a supplemental resolution of the City may be adopted,  
12 which, without the requirement of consent of the owners of the Bonds, shall be fully effective  
13 in accordance with its terms:

14           (a) To add to the covenants and agreements of the City in this Resolution or any  
15 Sale Resolution, other covenants and agreements to be observed by the City which are not  
16 contrary to or inconsistent with this Resolution or any Sale Resolution as theretofore in effect;

17           (b) To add to the limitations and restrictions in this Resolution or any Sale  
18 Resolution, other limitations and restrictions to be observed by the City which are not contrary  
19 to or inconsistent with this Resolution or any Sale Resolution as theretofore in effect;

20           (c) To confirm, as further assurance, any pledge under, and the subjection to any  
21 lien or pledge created or to be created by this Resolution or any Sale Resolution as then in  
22 effect, of any moneys, securities or funds, or to establish any additional funds or accounts to  
23 be held under this Resolution or any Sale Resolution;

24           (d) To cure any ambiguity, supply any omission, or cure or correct any defect or  
25 inconsistent provision in this Resolution or any Sale Resolution; or

1 (e) To make such additions, deletions or modifications as shall not be materially  
2 adverse to the owners of the Bonds.

3 Any modification or amendment of this Resolution or any Sale Resolution and of the  
4 rights and obligations of the City and of the owners of the Bonds, in any particular, may be  
5 made by a supplemental resolution, with the written consent of the owners of at least a  
6 majority in aggregate principal amount of the Bonds outstanding at the time such consent is  
7 given (except as provided in the preceding paragraph). No such modification or amendment  
8 shall permit a change in the terms or maturity of the principal of any outstanding Bonds or of  
9 any interest payable thereon or a reduction in the principal amount thereof or in the rate of  
10 interest thereon, or shall reduce the percentage of Bonds the consent of the owners of which  
11 is required to effect any such modification or amendment, or shall reduce the amount of  
12 moneys for the repayment of the Bonds, without the consent of all the owners of such affected  
13 Bonds.

14 Section 15. Citizens' Oversight Committee. The Bonds are subject to, and incorporate  
15 by reference, the applicable provisions of San Francisco Administrative Code Section 5.30 –  
16 5.36 (the "Admin. Code"). Under Section 5.31 of the Admin. Code, to the extent permitted by  
17 law, one-tenth of one percent (0.1%) of the gross proceeds of each series of the Bonds shall  
18 be deposited in the fund established by the Controller's Office and appropriated by the Board  
19 of Supervisors at the direction of the Citizens' General Obligation Bond Oversight Committee  
20 to cover the costs of such Committee.

21 Section 16. CEQA Findings. The Board of Supervisors finds and declares that this  
22 legislation is not a project subject to CEQA because it is a funding mechanism involving no  
23 commitment to any specific projects at any specific locations, as set forth in the CEQA  
24 Guidelines Section 15378.

25 ///

1           Section 17. Planning Code. The Board of Supervisors hereby adopts and incorporates  
2 by reference the findings and declarations in Ordinance No. 136-16 relative to (i) the  
3 conformance of the Bonds to the priority policies of Section 101.1(b) of the San Francisco  
4 Planning Code, (ii) the conformance of the Bonds to Section 4.105 of the San Francisco  
5 Charter and Section 2A.53(f) of the San Francisco Administrative Code, and (iii) the  
6 consistency of the Bonds with the City's General Plan, all as more fully set forth in the General  
7 Plan Referral Report dated May 11, 2015, a copy of which is on file with the Clerk of the  
8 Board of Supervisors in File No. 150490.

9           Section 18. Ratification. All actions heretofore taken by officials, employees and  
10 agents of the City with respect to the sale and issuance of the Bonds consistent with any  
11 documents presented and this Resolution are hereby approved, confirmed and ratified.

12           Section 19. General Authority. The Clerk of the Board of Supervisors, the Finance  
13 Committee of the Board of Supervisors, the Mayor, the City Treasurer, the City Administrator,  
14 the City Attorney, the Director of Public Finance of the City and the Controller are each hereby  
15 authorized and directed in the name and on behalf of the City to take any and all steps and to  
16 issue and deliver any and all certificates, requisitions, agreements, notices, consents, and  
17 other documents, including but not limited to, letters of representations to any depository or  
18 depositories, which they or any of them might deem necessary or appropriate in order to  
19 consummate the lawful issuance, sale and delivery of the Bonds and otherwise to give effect  
20 to this Resolution. Any such actions are solely intended to further the purposes of this  
21 Resolution, and are subject in all respects to the terms of this Resolution. No such actions  
22 shall increase the risk to the City or require the City to spend any resources not otherwise  
23 granted herein. Final versions of any such documents shall be provided to the Clerk of the

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25 ///

1 Board of Supervisors for inclusion in the official file within 30 days (or as soon thereafter as  
2 final documents are available) of execution by all parties.

3

4 APPROVED AS TO FORM:

5 DENNIS J. HERRERA City Attorney

6

7 By: /s/ Mark D. Blake  
8 MARK D. BLAKE  
9 Deputy City Attorney

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**CITY AND COUNTY OF SAN FRANCISCO**  
**BOARD OF SUPERVISORS**  
**BUDGET AND LEGISLATIVE ANALYST**

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292  
FAX (415) 252-0461

October 2, 2020

**TO:** Budget and Finance Committee  
**FROM:** Budget and Legislative Analyst   
**SUBJECT:** October 6, 2020 Special Budget and Finance Committee Meeting

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	20-1092 Issuance of General Obligation Bonds (Proposition A, 2019) - Not to Exceed \$600,000,000	
	20-1093 Sale of Taxable General Obligation Bonds (Affordable Housing, 2016 - Preservation and Seismic Safety), Series 2020F - Not to Exceed \$102,580,000	
	20-1094 General Obligation Bonds - Public Health and Safety, 2016 - Not to Exceed \$126,925,000 .....	1



<p><b>Items 1, 2, 3, &amp; 4</b>  <b>Files 20-1091, 20-1092, 20-1093 &amp; 20-1094</b></p>	<p><b>Department:</b>                  Controller’s Office</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolutions would authorize actions and documents associated with (1) issuance of \$600 million in 2019 Affordable Housing General Obligation Bonds; (2) sale of \$260 million of 2019 Affordable Housing General Obligation Bonds; (3) sale of \$102.6 million of Preservation and Seismic Safety (“PASS”) General Obligation Bonds (4) sale of \$126.9 million of 2016 Public Health &amp; Safety General Obligation Bonds.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The PASS and Affordable Housing Bonds, which provide funds for privately-owned housing or public housing occupied by private citizens, will be structured as taxable bonds. These bonds would fund loans for affordable housing production, acquisition, and rehabilitation, including seismic upgrades. Affordable Housing Bonds would be allocated to public, low-income, senior, middle-income, and educator housing in accordance with Proposition A.</li> <li>• The Public Health and Safety Bonds, which fund public health facilities and neighborhood fire stations will be structured primarily as tax-exempt bonds, though a portion may be issued as taxable bonds, depending on market conditions. These will fund improvements to ZSFGH Building 5; Southeast and other community health centers, the ambulance deployment facility, neighborhood fire stations, and homeless services sites.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The City Charter limits the amount of GO bonds the City can have outstanding at any given time to 3 percent of the total assessed value of property in San Francisco. Approval of the issuance of the three bonds would increase the total debt ratio by approximately 0.17 percent from 0.71 percent to 0.88 percent, which is within the 3 percent legal debt limit.</li> <li>• If approved, the total projected average annual debt service would be \$26,670,000, and total debt service over the term of the bonds would be \$762,059,000.</li> <li>• General obligation bond debt service is recovered through an increase in the annual Property Tax rate. If the Board of Supervisors approves the issuance of all three bonds, the total increase in the Property Tax rate would be \$0.0734 to \$0.898 per \$1,000 of assessed value. The increase in the property tax rate is consistent with the City’s policy of keeping property tax rates at or below \$0.01201 of \$1,000 of assessment value.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolutions.</li> </ul>	

**MANDATE STATEMENT**

City Charter Section 9.106 states that the Board of Supervisors is authorized to provide for the issuance of general obligation bonds in accordance with the Constitution of the State of California. General obligation bonds may be issued and sold in accordance with state law or any local procedure adopted by ordinance. There shall be a limit on outstanding general obligation bond indebtedness of three percent of the assessed value of all taxable real and personal property, located within the City and County.

**BACKGROUND****Preservation and Seismic Safety Bond**

San Francisco voters approved the \$350 million Seismic Safety Loan Bond in 1992 to provide loans to owners of masonry buildings to make seismic upgrades. Because demand for the loans was low, the Preservation and Seismic Safety (PASS) Bond was approved by voters in 2016, which amended the original Bond Program to provide for acquisition, rehabilitation, and conversion of multi-unit buildings to affordable housing, and to make seismic, fire, and other health and safety upgrades.

The Board of Supervisors approved issuance of \$260.7 million in PASS Bonds in February 2019 (File 18-1218).<sup>1</sup> Of the \$260.7 million authorization, \$72.4 million in taxable PASS Bonds were issued in February of 2019 (Series 2019A), with \$188.3 million in authorized and unissued bonds remaining.

**Public Health and Safety Bonds**

San Francisco voters approved \$350 million Public Health and Safety Bonds in June 2016 to fund seismic improvements and upgrades to fire safety systems to Building 5 on the campus of Zuckerberg San Francisco General Hospital; renovations and expansion of the Southeast Health Center and other neighborhood health clinics; higher-capacity and seismically safer ambulance facility to improve emergency medical response; capital improvements to City fire stations facilities; and, acquisition and construction of homeless services facilities.

Of the \$350 million authorization, \$22.075 million in tax-exempt Public Health and Safety Bonds have been issued (Series 2017A and Series 2018E), with \$126.925 million in authorized and unissued bonds remaining.

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<sup>1</sup> Of the original \$350 million Seismic Safety Loan Bond authorization, as of February 2019, \$89.3 million had been issued and \$260.7 million was authorized and unissued.

## Affordable Housing Bonds

San Francisco voters approved \$600 million Affordable Housing Bonds in 2019 (Proposition A). None of the \$600 million authorization have been issued.

### DETAILS OF PROPOSED LEGISLATION

#### Resolutions Approving Issuance and Sale of General Obligation Bonds

**File 20-1091:** The proposed resolution would authorize the first sale of 2019 Affordable Housing General Obligation Bonds with a not-to-exceed par amount of \$260,000,000, Series 2020C.

**File 20-1092:** The proposed resolution would authorize the issuance of \$600,000,000 in 2019 Affordable Housing General Obligation Bonds. If the Board of Supervisors approves the sale of \$260,000,000, noted above, the sale of the balance of \$340,000,000 would be subject to future Board of Supervisors approval.

**File 20-1093:** The proposed resolution would authorize the second sale of taxable Preservation and Seismic Safety (“PASS”) Program General Obligation Bonds with a not-to-exceed par amount of \$102,580,000, Series 2020F. As noted above, available PASS Program bond authorization is \$188.3 million. Approval of the proposed sale of approximately \$102.6 million would leave a balance of available PASS Program bond authorization of approximately \$85.7 million, for which the sale would be subject to future Board of Supervisors approval.

**File 20-1094:** The proposed resolution would authorize the third and final sale of taxable and/or tax-exempt 2016 Public Health and Safety General Obligation bonds (Series 2020D) with a not-to-exceed par amount of \$126,925,000.

Files 20-1091, 20-1093, and 20-1094 also:

- Prescribe the form and terms of the bonds;
- Provide for the appointment of depositories and other agents for the bonds;
- Provide for the establishment of accounts related to the bonds;
- Provide for the manner of sale of the bonds by competitive or negotiated sale;
- Approve the forms of Official Notice of Sale and Intention to Sell Bonds;
- Direct the publication of the Notice of Intention to Sell Bonds;
- Approve the form of the Bond Purchase Contract;
- Approve the form of the Preliminary Official Statement and the form and execution of the Official Statement relating to the sale of the bonds;
- Approve the form of the Continuing Disclosure Certificate;
- Authorize and approves modifications to documents;
- Adopt findings under the California Environmental Quality Act (CEQA);
- Ratify certain actions previously taken; and
- Grant authority to City officials to take necessary actions for the authorization, issuance, sale, and delivery of the bonds.

**Taxable and Tax-Exempt Bonds**

The PASS and Affordable Housing Bonds, which provide funds for privately-owned housing or public housing occupied by private citizens, will be structured as taxable bonds. The Public Health and Safety Bonds, which fund public health facilities and neighborhood fire stations will be structured primarily as tax-exempt bonds; however, a portion of the total bond issuance may be sold as taxable depending on market conditions.

**Competitive or Negotiated Sale**

The Office of Public Finance intends to sell the PASS, with a maturity date of 40 years, and Affordable Housing taxable bonds, with a maturity date of 25 or 30 years, through a negotiated sale due to the unique long-dated taxable structure of the PASS bonds and due to market/other disruptions outside of the City's control relating to the Affordable Housing taxable bonds, as consistent with Controller's Debt Policy. RBC Capital Markets, LLC was selected to serve as Senior Underwriter, and UBS Financial Services, Inc. and Blaylock Van, LLC were selected to serve as co-managers for the PASS Bonds. Morgan Stanley & Co. LLC was selected to serve as Senior Underwriter, Citigroup Global Markets, Inc. was selected as co-senior manager, and Raymond James & Associates, Inc., Rice Securities LLC and 280 Securities LLC were selected to serve as co-managers for the Affordable Housing Bonds. These firms were selected through a competitive process, based on their responses to a Request for Proposal that was distributed to the City's Underwriter Pool, and in consultation with the City's municipal advisors on the transactions. The proposed resolutions approve the form of the Bond Purchase Agreement, which provides the terms of sale of the bonds by the City to the selected underwriters.

The Office of Public Finance currently intends to sell the Public Health and Safety bonds via a competitive sale rather than a negotiated sale based on the current recommendation of the City's municipal advisors. However, if tax-exempt municipal market conditions deteriorate significantly, the Director of the Office of Public Finance, in consultation with the Controller and the City's municipal advisors, may choose to pursue a negotiated sale, using the City's Underwriter Pool which was selected via a competitive Request for Qualifications (RFQ) process.

**Proposed Uses of Bond Funds**

Table 1 below summarizes the uses of PASS, Affordable Housing, and Public Health and Safety bond proceeds.

**Table 1: Sources and Uses of Bond Proceeds**

	Series 2020D Public Health & Safety	Series 2020C Affordable Housing	Series 2020F PASS
<b>Sources</b>			
Bond Proceeds	\$126,925,000	\$260,000,000	\$102,580,000
<b>Uses</b>			
San Francisco General Hospital Building 5	\$107,764,985		
Southeast Community Health Center	11,608,725		
Community Health Centers	3,713,202		
Neighborhood Fire Stations	2,540,000		
Public Housing		50,620,000	
Low Income Housing		143,700,000	
Preservation - Middle Income Housing		37,100,000	
Senior Housing		21,200,000	
Deferred Below Market Rate Program			5,567,541
Below Market Rate Program			34,012,613
Market Rate Program			61,647,860
Subtotal Projects	\$125,626,912	\$252,620,000	\$101,228,014
City Services Auditor	\$251,254	\$505,240	\$202,456
General Obligation Bond Oversight Committee	126,925	255,555	102,580
Costs of Issuance <sup>a</sup>	602,596	1,151,985	790,500
Underwriters Discount <sup>b</sup>	317,313	1,022,220	256,450
Reserve for Market Uncertainty <sup>c</sup>		4,445,000	
Subtotal Oversight & Financing	\$1,298,088	\$7,380,000	\$1,351,986
<b>Total</b>	<b>\$126,925,000</b>	<b>\$260,000,000</b>	<b>\$102,580,000</b>

Source: Appropriation Ordinance (File 20-1085) pending before Board of Supervisors

<sup>a</sup> Costs of issuance include costs to complete the transaction such as legal, rating and municipal advisor fees.

<sup>b</sup> Underwriters discount is the difference in the price paid to the issuer and the prices at which the bonds are initially offered to investors.

<sup>c</sup> Reserve for market uncertainty accounts for changes in interest rates at time of sale of bonds.

### Public Health and Safety Bond Projects

The Public Health and Safety 2016 Bond consists of six project components: (1) Zuckerberg San Francisco General Hospital Building (ZSFG) 5; (2) Southeast Health Center; (3) Community Health Centers; (4) Ambulance Deployment Facility; (5) Neighborhood Fire Stations; and, (6) Homeless Service Sites. The Series 2020D issuance will fund construction and project control costs for the following components:

- **ZSFG Building 5:** This component is focused on bringing the ZSFG Building 5 up to current seismic standards along with other building improvements, such as improving existing fire, life and safety systems as well as improvements to accommodate and consolidated clinical and outpatient services and meet accessibility standards.

- **Southeast Health Center:** This component includes Phase I, which funded renovations to the dental and lobby areas of the clinic and is complete. Phase II includes constructing a two-story addition adjacent to the current clinic to expand and integrate the clinic's primary care and behavioral health practices.
- **Community Health Centers:** This component funds improvements to neighborhood community health centers and includes providing renovations and seismic retrofitting for the Castro Mission Health Clinic and Maxine Hall Health Clinic.
- **Neighborhood Fire Station components:** This component funds seismic evaluations and improvements for six neighborhood fire stations, including roof and mechanical equipment replacement for some stations, and generator replacement if funding is available.

At the September 14, 2020 Capital Planning Committee meeting, the Committee reviewed and recommended that the Board of Supervisors approve the resolution and related appropriation authorizing and directing the sale of the GO Bonds (Public Health and Safety, 2016) Series 2020D, in accordance with Section 3.21 of the Administrative Code.

On September 17, 2020 the Department of Public Works submitted the Bond Accountability Report for the Public Health and Safety 2016 Bonds, in accordance with Sections 2.71 and 2.72 of the Administrative Code. The report provides an update on the projects and certifies that each project is in conformity with voter authorization.

### **Affordable Housing**

According to Mr. Benjamin McCloskey, Mayor's Office of Housing and Community Development (MOHCD) Deputy Director of Finance and Administration, the proposed use of bond proceeds is consistent with MOHCD's 2019 General Obligation Affordable Housing Bond Report, which was prepared in anticipation of submission of Proposition A to the voters and in accordance with City policy. The proposed allocation of \$600 million in Proposition A bond proceeds includes approximately \$150 million to public housing, \$220 million to low-income housing, \$30 million to affordable housing preservation, \$30 million to middle-income housing, \$150 million to senior housing, and \$20 million to educator housing. The bonds would fund production or preservation of approximately 2,755 below market rate housing units.<sup>2</sup>

### **PASS Bonds**

The original Seismic Safety Bonds approved by voters in 1992 were to provide loans to private property owners to make seismic improvements to existing masonry residential buildings. Of the original \$350 million bond authorization, \$150 million in bond proceeds were allocated to loans to below market rate residential buildings, and \$200 million in bond proceeds were allocated to loans to market rate residential and commercial buildings. As noted above, in 2016 the original Bond Program was amended to provide for acquisition, rehabilitation, and conversion of multi-

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<sup>2</sup> The 2019 General Obligation Affordable Housing Bond report proposed \$500 million in general obligation bonds but Proposition A approved \$600 million.

unit buildings to affordable housing, and to make seismic, fire, and other health and safety upgrades.

As shown in Table 1 above, \$5.6 million in PASS Program bond proceeds would be allocated as deferred below market rate loans, \$34.0 million as below market rate loans, and \$61.6 million as market rate loans. The below market rate loans issued as part of the deferred allowance are permitted to defer their repayments for 20 or 55 years. Consistent with the MOHCD's practice on the 2019A issuance, the Department will likely combine the below market rate and market rate loans to achieve a low-cost blended interest rate and maximize program capacity.

## FISCAL IMPACT

### Annual Debt Service

The proposed resolutions authorize the Director of Public Finance to determine the sale date, interest rates, principal amount, and maturity dates of the bonds, subject to the following conditions: (1) the true interest cost shall not exceed 12 percent; and (2) the Series 2020C and 2020D bonds will have final maturity no later than 30 years, and the Series 2020F bonds will have final maturity no later than 40 years from the date of issuance.

#### *Public Health and Safety*

Based on a par amount of \$126,925,000 and an estimated market interest rate of 3.04 percent, the Office of Public Finance projects an average annual debt service cost of approximately \$8,350,000. The total debt service over the anticipated 20-year life of the bonds is projected to be approximately \$167,000,000. Of this, \$126,925,000 represents the estimated par and the remaining of approximately \$40,000,000 represents estimated interest.

#### *Affordable Housing*

Based on a par amount of \$255,555,000 and an estimated market interest rate of 3.39 percent, the Office of Public Finance projects an average annual debt service cost of approximately \$13,500,000. The total debt service over the anticipated 30-year life of the bonds is projected to be approximately \$405,000,000. Of this, \$255,555,000 represents the estimated par and the remainder of \$149,400,000 represents estimated interest.

#### *PASS*

Based on a par amount of \$102,580,000 and an estimated market interest rate of 3.51 percent, the Office of Public Finance projects an average annual debt service cost of approximately \$4,820,000. The total debt service over the anticipated 40-year life of the bonds is projected to be approximately \$190,059,000. Of this, \$102,580,000 represents the estimated par and the remainder of \$87,479,000 represents estimated interest.

#### *Total Estimated Debt Service*

If the Office of Public Finance sells all three bonds, the total projected average annual debt service would be \$26,670,000, and total debt service over the term of the bonds would be \$762,059,000.

**Debt Limit**

Section 9.106 of the City Charter limits the amount of GO bonds the City can have outstanding at any given time to 3 percent of the total assessed value of property in San Francisco. The City calculates its debt limit on the basis of total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City's general obligation debt limit for FY 2020-21 is approximately \$9.04 billion, based on a net assessed valuation of approximately \$301.4 billion.

As of September 2020, the City had outstanding debt of approximately \$2.15 billion in aggregate principal amount of General Obligation bonds, which equals approximately 0.71 percent of the net assessed valuation for FY 2020-21. If all of the City's voter-authorized and unissued general obligation bonds were issued, the total debt burden would be 1.44 percent of the net assessed value of property in the City.

If the Board of Supervisors approves the issuance of the:

- Public Health and Safety bonds, the debt ratio would increase by approximately 0.042 percent;
- Affordable Housing bonds, the debt ratio would increase by approximately 0.085 percent;
- PASS bonds, the debt ratio would increase by approximately 0.040 percent.

Approval of the issuance of the three bonds would increase the total debt ratio by approximately 0.17 percent from 0.71 percent to 0.88 percent, which is within the 3 percent legal debt limit.

**Property Tax Rates**

Repayment of General Obligation Bonds is recovered through an increase in the annual Property Tax rate. The estimated average increase in the property tax rate per \$1,000 of assessed value is:

- \$0.0277 for the Public Health and Safety Bonds Series 2020D. The owner of a residence with an assessed value of \$600,000, assuming a homeowner's exemption of \$7,000, would pay average additional property taxes to the City of approximately \$16.42 per year if the anticipated \$126,925,000 Bonds are sold.
- \$0.0454 for the Affordable Housing Bonds Series 2020C. The owner of a residence with an assessed value of \$600,000, assuming a homeowner's exemption of \$7,000, would pay average additional property taxes to the City of approximately \$26.91 per year if the anticipated \$255,555,000 Bonds are sold<sup>3</sup>.
- \$0.0003 to \$0.0167 for the PASS Bonds Series 2020F. The owner of a residence with an assessed value of \$600,000, assuming a homeowner's exemption of \$7,000, would pay average additional property taxes to the City of approximately \$0.17 to \$9.88 per year if the anticipated \$102,580,000 Bonds are sold.

If the Board of Supervisors approves the issuance of all three bonds, the total increase in the Property Tax rate would be \$0.0734 to \$0.898 per \$1,000 of assessed value. The owner of a

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<sup>3</sup> \$255,555,000 in bond proceeds is net of the reserve for market uncertainty (see Table 1)



residence with an assessed value of \$600,000, assuming a homeowner's exemption of \$7,000, would pay average additional property taxes to the City of approximately \$43.50 to \$53.21 per year if the anticipated \$485,060,000 Bonds are sold.

### **Capital Plan**

The Capital Planning Committee approved a financial constraint regarding the City's planned use of general obligation bonds such that debt service on approved and issued general obligation bonds would not increase property owners' long-term property tax rates above FY 2005-06 levels. The FY 2005-06 property tax rate for the GO bond fund was \$0.1201 per \$100 of assessed value. If the Board of Supervisors approves the issuance of the Series 2020C, 2020D, and 2020F General Obligation Bonds, the property tax rate for General Obligation Bonds for FY 2020-21 would be maintained at or below the FY 2005-06 rate and within the Capital Planning Committee's approved financial constraint.

### **RECOMMENDATION**

Approve the proposed resolutions.



**OFFICE OF THE CONTROLLER**  
**CITY AND COUNTY OF SAN FRANCISCO**

Ben Rosenfield  
Controller  
Todd Rydstrom  
Deputy Controller  
Anna Van Degna  
Director of Public Finance

## MEMORANDUM

**TO:** Honorable Members, Board of Supervisors

**FROM:** Anna Van Degna, Director of the Office of Public Finance  
Vishal Trivedi, Office of Public Finance  
Marisa Pereira Tully, Office of Public Finance

**DATE:** Monday, September 21, 2020

**SUBJECT:** Resolutions Authorizing Issuance and Sale of Taxable General Obligation Bonds (Affordable Housing, 2019) Series 2020C – Not to Exceed \$260,000,000

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We respectfully request that the Board of Supervisors (the “Board”) consider for review and adoption the resolutions approving the sale of taxable general obligation bonds for the 2019 Affordable Housing bond program in an amount not to exceed \$260,000,000.

In connection with this request, legislation authorizing the issuance of bonds from this program, approving the sale of this first series of bonds, a supplemental appropriation ordinance to appropriate the bond proceeds, and related supporting documents are expected to be introduced at the Board of Supervisors meeting on Tuesday, September 22, 2020. We request that the items be heard at the scheduled Budget and Finance Committee meeting on September 30, 2020.

**Background:**

On November 5, 2019, a two-thirds majority of voters of the City approved Proposition A, the San Francisco Affordable Housing General Obligation Bond. Proposition A authorizes the City and County of San Francisco to issue \$600,000,000 in General Obligation Bonds finance the construction, development, acquisition, and preservation of housing affordable to extremely-low, low and middle-income households through programs that will prioritize vulnerable populations in the City and prevent the displacement of residents; to repair and reconstruct distressed and dilapidated public housing developments and their underlying infrastructure; to assist the City's middle-income residents or workers in obtaining affordable rental or home ownership opportunities including down payment assistance and support for new construction of affordable housing for San Francisco Unified School District and City College of San Francisco employees; and to pay related costs.

The projects to be funded by this issuance of include infrastructure and vertical gap financing for Potrero and Sunnydale public housing developments, acquisition and rehabilitation of rent-controlled housing under the Small Sites program, as well as predevelopment and gap funding for low-income, middle-income, and senior housing units.

**Financing Parameters**

The proposed legislation will authorize the issuance of bonds for the purposes allowed under the November 2019 Proposition A, approve the sale of the first series of bonds, and appropriate of the bond proceeds from the sale. Table 1 below outlines the not-to-exceed sources and uses for the Bonds, based on an estimate provided by Public Resources Advisory Group, a municipal advisory firm registered with the Municipal Securities Rulemaking Board (MSRB). The information below is intended to advise the Board of Supervisors regarding the proposed financing in accordance with Section 5852.1 of the California Government Code.

**Table 1: Estimated Sources and Uses from the Bonds**

	<u>2020C</u>
<b>Maximum Not to Exceed Amount:</b>	<b>\$260,000,000</b>
<i>Reserve for Market Uncertainty</i>	<i>\$4,445,000</i>
<b>Estimated Sources:</b>	
Par Amount	<u>\$255,555,000</u>
<b>Total Estimated Sources:</b>	<b>\$260,000,000</b>
<b>Estimated Uses:</b>	
Project Fund Deposits:	
Project Fund	\$252,620,000
CSA Audit Fee	<u>\$505,240</u>
Total Project Fund Deposits:	\$253,125,240
Cost of Issuance	\$1,151,985
Underwriter's Discount	\$1,022,220
CGOBOC Fee	<u>\$255,555</u>
Total Delivery Expense:	\$2,429,760
<i>Reserve for Market Uncertainty</i>	<i>\$4,445,000</i>
<b>Total Estimated Uses:</b>	<b>\$260,000,000</b>

*Source: Public Resources Advisory Group*

Based upon an estimated market interest rate of 3.39% for taxable general obligation bonds, the Office of Public Finance estimates that this would result in an average annual debt service cost of about \$13,500,000.

The anticipated par amount of \$255,555,000 is estimated to generate approximately \$149,400,000 in interest payments, resulting in approximately \$405,000,000 in total debt service over the 30-year life of the bonds.

Detailed descriptions of the Projects financed with proceeds of the Bonds are included in the Bond Reports to be prepared by the Mayor's Office of Housing and Community Development. In addition, a portion of the Bond proceeds will be used to pay certain expenses incurred in connection with their issue and delivery, and the periodic oversight and review of the Projects by City Services Auditor ("CSA Audit") the Citizens' General Obligation Bond Oversight Committee ("CGOBOC").

### **Property Tax Impact**

For Series 2020C, repayment of annual debt service on the Bonds will be recovered through increases in the annual property tax rate, which is estimated to average 0.00454% or \$4.54 per \$100,000 of assessed value over the anticipated 20-year term of the bonds. The owner of a residence with an assessed value of \$600,000, assuming a homeowner's exemption of \$7,000, would pay average additional property taxes to the City of approximately \$26.91 per year if the anticipated \$255,555,000 Bonds are sold.

### **Debt Limit:**

The City Charter imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. That limit is 3.00% of the assessed value of property in the City. For purposes of this provision of the Charter, the City calculates its debt limit on the basis of total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City's general obligation debt limit for fiscal year 2020-21 is approximately \$9.04 billion, based on a net assessed valuation of approximately \$301.4 billion. As of September 1, 2020, the City had outstanding approximately \$2.15 billion in aggregate principal amount of general obligation bonds, which equals approximately 0.71% of the net assessed valuation for fiscal year 2020-21. If all of the City's voter-authorized and unissued general obligation bonds were issued, the total debt burden would be 1.44% of the net assessed value of property in the City. If the Board of Supervisors approves the issuance of the Bonds, the debt ratio would increase by approximately 0.085% to 0.8%— within the 3.00% legal debt limit.

### **Capital Plan:**

The Capital Planning Committee approved a financial constraint regarding the City's planned use of general obligation bonds such that debt service on approved and issued general obligation bonds would not increase property owners' long-term property tax rates above fiscal year 2006 levels. The fiscal year 2006 property tax rate for the general obligation bond fund was \$0.1201 per \$100 of assessed value. If the Board of Supervisors approves the issuance of the Bonds, the property tax rate for general obligation bonds for fiscal year 2020-21 would be maintained below the fiscal year 2006 rate and within the Capital Planning Committee's approved financial constraint.

### **Additional Information**

The legislation is expected to be introduced at the Board of Supervisors meeting on Tuesday, September 22, 2020. The forms of the related financing documents—including the Bond Purchase Agreement, Preliminary Official Statement, Appendix A, the Continuing Disclosure Certificate and related documents—will also be submitted.

*Method of Sale & Bond Purchase Agreement:* The Bonds are expected to be structured as taxable bonds with a final maturity of 30 years in order to benefit the needs of an affordable housing loan program. The Office of Public Finance is proposing a negotiated sale in connection with this transaction due the unique structure. Morgan Stanley & Co. LLC has been selected to serve as Senior Underwriter, and Citigroup Global

Markets, Inc., Raymond James & Associates, Inc., Rice Securities LLC and 280 Securities LLC have been selected to serve as Co-managers. The firms were selected through a competitive process, based on their responses to a Request for Proposal that was distributed to the City's Underwriter Pool, and in consultation with the City's municipal advisors on the transaction. The proposed Resolution approves the form of the Bond Purchase Agreement, which provides the terms of sale of the bonds by the City to the selected underwriters.

*Official Notice of Sale:* Should the bonds be sold competitively, the Official Notice of Sale would announce the date and time for a competitive bond sale, including the terms relating to sale of the Bonds; form of bids, and delivery of bids; and closing procedures and documents.

Exhibit A to the Official Notice of Sale is the form of the official bid for the purchase of the Bonds. Pursuant to the Resolutions, in a competitive sale the Controller is authorized to award the Bonds to the bidder whose bid represents the lowest true interest cost to the City in accordance with the procedures described in the Official Notice of Sale.

*Notice of Intention to Sell:* The Notice of Intention to Sell provides legal notice to prospective bidders of the City's intention to sell the 2020C Bonds. Such Notice of Intention to Sell would be published once in "The Bond Buyer" or another financial publication generally circulated throughout the State of California.

*Official Statement:* The Official Statement provides information for prospective bidders and investors in connection with the public offering by the City of the Bonds. The Official Statement describes the Bonds, including sources and uses of funds; security for the Bonds; risk factors; and tax and other legal matters, among other information. The Official Statement also includes the City's Appendix A, the most recent Comprehensive Annual Financial Report of the City, the City's Investment Policy, and other forms of legal documents for the benefit of investors, holders and owners of the Bonds.

A *Preliminary Official Statement* is distributed to prospective bidders prior to the sale of the Bonds and within seven days of the public offering, the *Final Official Statement* (adding certain sale results including the offering prices, interest rates, selling compensation, principal amounts, and aggregate principal amounts) is distributed to the initial purchasers of the Bonds.

Prior to the distribution of the Preliminary and Final Official Statements, the documents will be thoroughly and critically reviewed by City staff (in consultation with the City's professional advisors, including Disclosure Counsel) to provide the most current material financial and other material information available.

Board members have a responsibility under federal securities laws to ensure that staff is aware of information that Board members may have unique in their capacity as board members that would have a material bearing of the capacity of the City to repay the bonds. Board members cannot approve a Preliminary Official Statement if they are aware that it contains material misstatements or omissions.

The Board of Supervisors and the Mayor, in adopting and approving the Resolutions, approve and authorize the use and distribution of the Official Statement by the co-financial advisors with respect to the Bonds. For purposes of the Securities and Exchange Act of 1934, the Controller certifies, on behalf of the City, that the Preliminary and Final Official Statements are final as of their dates.

*Appendix A:* The City prepares the Appendix A: "City and County of San Francisco—Organization and Finances" (the "Appendix A") for inclusion in the Official Statement. The Appendix A describes the City's

government and organization, the budget, property taxation, other City tax revenues and other revenue sources, general fund programs and expenditures, employment costs and post-retirement obligations, investment of City funds, capital financing and bonds, major economic development projects, constitutional and statutory limitations on taxes and expenditures, and litigation and risk management. Pursuant to the Resolution, City staff will revise the Official Statement, including the Appendix A.

*Continuing Disclosure Certificate:* The City covenants to provide certain financial information and operating data relating to the City (the “Annual Report”) not later than 270 days after the end of the fiscal year and to provide notices of the occurrence of certain enumerated events, if material. The Continuing Disclosure Certificate describes the nature of the information to be contained in the Annual Report or the notices of material events. These covenants have been made in order to assist initial purchasers of the Bonds in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5).

**Financing Timeline:**

Milestones:

Capital Planning Committee  
Board of Supervisors Introduction  
Budget & Finance Committee Hearing  
Board Approval of Resolutions and 1st Reading of Appropriation Ordinance  
Final Board Approval of Appropriation Ordinance (2nd Reading)  
Estimated Sale & Closing

Dates\*:

September 14  
September 22  
September 30  
October 6  
October 20  
Oct/Nov 2020

\*Please note that dates are preliminary and may change.

Your consideration of this matter is greatly appreciated. Please contact Anna Van Degna at 415-554-5956 ([anna.vandegna@sfgov.org](mailto:anna.vandegna@sfgov.org)), Vishal Trivedi at 415-554-4862 ([vishal.trivedi@sfgov.org](mailto:vishal.trivedi@sfgov.org)) or Marisa Pereira Tully at 415-554-6902 ([marisa.pereira.tully@sfgov.org](mailto:marisa.pereira.tully@sfgov.org)) if you have any questions.

BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

September 30, 2020

File No. 201092

Lisa Gibson  
Environmental Review Officer  
Planning Department  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Ms. Gibson:

On September 22, 2020, Mayor London Breed introduced the following legislation:

**File No. 201092**

**Resolution providing for the issuance of a not to exceed \$600,000,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Social Bonds-Affordable Housing, 2019); authorizing the issuance and sale of said bonds; providing for the levy of a tax to pay the principal and interest thereof; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts related thereto; adopting findings under the California Environmental Quality Act (CEQA), the CEQA Guidelines and Administrative Code, Chapter 31; finding that the proposed project is in conformity with the eight priority policies of Planning Code, Section 101.1(b), and with the General Plan consistency requirements of Charter, Section 4.105, and Administrative Code, Section 2A.53; ratifying certain actions previously taken, as defined herein; and granting general authority to City officials to take necessary actions in connection with the issuance and sale of said bonds, as defined herein.**

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

*Linda Wong*

By: Linda Wong, Assistant Clerk  
Budget and Finance Committee

Attachment

c: Devyani Jain, Environmental Planning  
Joy Navarrete, Environmental Planning  
Don Lewis, Environmental Planning  
Laura Lynch, Environmental Planning

Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct and indirect physical change in the environment. Projects that will be funded by this bond would require environmental review.

10/02/2020

A handwritten signature in black ink, appearing to be "Linda Wong".

Member, Board of Supervisors  
District 1



City and County of San Francisco

## SANDRA LEE FEWER

李麗嫦 市參事

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DATE: September 29, 2020

TO: Angela Calvillo  
Clerk of the Board of Supervisors

FROM: Supervisor Sandra Lee Fewer  
Chairperson

RE: Budget and Finance Committee  
COMMITTEE REPORT

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Pursuant to Board Rule 4.20, as Chair of the Budget and Finance Committee, I have deemed the following matters are of an urgent nature and request it be considered by the full Board on Tuesday, October 6, 2020 as a Committee Report:

**201091 Sale of General Obligation Bonds (Social Bonds - Affordable Housing, 2019) - Not to Exceed \$260,000,000**

Resolution authorizing the issuance and sale of a not to exceed \$260,000,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Social Bonds-Affordable Housing, 2019), Series 2020C; prescribing the form and terms of said bonds; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts related to said bonds; authorizing the sale of said bonds by competitive or negotiated sale; approving the forms of Official Notice of Sale and Notice of Intention to Sell Bonds and directing the publication of the Notice of Intention to Sell Bonds; approving the form of Bond Purchase Contract; approving the form of the Preliminary Official Statement and the form and execution of the Official Statement relating to the sale of said bonds; approving the form of the Continuing Disclosure Certificate; authorizing and approving modifications to documents, as defined herein; ratifying certain actions previously taken, as defined herein; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale, and delivery of said bonds, as defined herein.

**201092 Issuance of General Obligation Bonds (Proposition A, 2019) - Not to Exceed \$600,000,000**

Resolution providing for the issuance of a not to exceed \$600,000,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Social Bonds-Affordable Housing, 2019); authorizing the issuance and sale of said bonds; providing for the levy of a tax to pay the principal and interest thereof; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts related thereto; adopting findings under the California Environmental Quality Act (CEQA), the CEQA



Guidelines and Administrative Code, Chapter 31; finding that the proposed project is in conformity with the eight priority policies of Planning Code, Section 101.1(b), and with the General Plan consistency requirements of Charter, Section 4.105, and Administrative Code, Section 2A.53; ratifying certain actions previously taken, as defined herein; and granting general authority to City officials to take necessary actions in connection with the issuance and sale of said bonds, as defined herein.

**201093                    Sale of Taxable General Obligation Bonds (Affordable Housing, 2016 - Preservation and Seismic Safety), Series 2020F - Not to Exceed \$102,580,000**

Resolution authorizing the issuance and sale of a not to exceed \$102,580,000 aggregate principal amount of City and County of San Francisco Taxable General Obligation Bonds (Affordable Housing, 2016-Preservation and Seismic Safety), Series 2020F; prescribing the form and terms of said bonds; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts related to said bonds; authorizing the sale of said bonds by competitive or negotiated sale; approving the forms of Official Notice of Sale and Notice of Intention to Sell Bonds and directing the publication of the Notice of Intention to Sell Bonds; approving the form of Bond Purchase Contract; approving the form of the Preliminary Official Statement and the form and execution of the Official Statement relating to the sale of said bonds; approving the form of the Continuing Disclosure Certificate; authorizing and approving modifications to documents; ratifying certain actions previously taken, as defined herein; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale, and delivery of said bonds, as defined herein.

**201094                    General Obligation Bonds - Public Health and Safety, 2016 - Not to Exceed \$126,925,000**

Resolution authorizing and directing the sale of a not to exceed \$126,925,000 aggregate principal amount of one or more series of taxable or tax-exempt bonds to be designated generally as the City and County of San Francisco General Obligation Bonds (Public Health and Safety, 2016), Series 2020D, or if consisting of multiple series, to be designated as the City and County of San Francisco General Obligation Bonds (Public Health and Safety, 2016), Series 2020D-1, and City and County of San Francisco General Obligation Bonds (Public Health and Safety, 2016), Series 2020D-2 (Taxable), or such alternate designation as may be approved by the Director of Public Finance; prescribing the form and terms of said bonds; authorizing the execution, authentication, and registration of said bonds; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts related to said bonds; providing for the manner of sale of said bonds by competitive and/or negotiated sale; approving the forms of Official Notice of Sale and Notice of Intention to Sell Bonds; directing the publication of the Notice of Intention to Sell Bonds; approving the form of Purchase Contract; approving the form of the Preliminary Official Statement and the form and execution of the Official Statement relating to the sale of said bonds; approving the form of the Continuing Disclosure Certificate; approving the form of the Placement Agent Agreement; approving the form of Paying Agent Agreement; authorizing and approving modifications to documents, as defined herein; waiving the deadline for submission of Bond Accountability Reports; adopting findings under the California Environmental Quality Act (CEQA), CEQA Guidelines, and Chapter 31 of the Administrative Code; ratifying certain actions previously taken, as defined herein; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds, as defined herein.

This matter will be heard in the Budget and Finance Committee on Tuesday, October 6, 2020 at 10:00am.

**From:** [Peacock, Rebecca \(MYR\)](#)  
**To:** [BOS Legislation, \(BOS\)](#)  
**Cc:** [Kittler, Sophia \(MYR\)](#); [Patil, Lillian \(MYR\)](#); [Trivedi, Vishal \(CON\)](#); [Pereira Tully, Marisa \(CON\)](#)  
**Subject:** Mayor -- [Resolution] -- [Issuance of General Obligation Bonds (Proposition A, 2019) - Not to Exceed \$600,000,000]  
**Date:** Tuesday, September 22, 2020 4:20:52 PM  
**Attachments:** [1a\\_01479911 \(2019 Affordable Housing Master Authorizing Resolution\).docx](#)  
[1b\\_01479911 \(2019 Affordable Housing Master Authorizing Resolution\).pdf](#)  
[2. OPF Memo to BoS - 2019 Affordable Housing GO Bonds \(Series 2020C\).pdf](#)  
[RE GO Bond Supplemental Appropriation - 2020C 2020D 2020F Series.msg](#)

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Attached for introduction to the Board of Supervisors is a **resolution providing for the issuance of not to exceed \$600,000,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Social Bonds – Affordable Housing, 2019); authorizing the issuance and sale of said bonds; providing for the levy of a tax to pay the principal and interest thereof; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts related thereto; adopting findings under the California Environmental Quality Act ("CEQA"), the CEQA Guidelines and San Francisco Administrative Code Chapter 31; finding that the proposed project is in conformity with the priority policies of Planning Code Section 101.1(8) and with the general plan consistency requirement of Charter Section 4.105 and Administrative Code Section 2A.53; ratifying certain actions previously taken; and granting general authority to city officials to take necessary actions in connection with the issuance and sale of said bonds.**

Please let me know if you have any questions.

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**Rebecca Peacock** ([they/she](#))  
(415) 554-6982 | [Rebecca.Peacock@sfgov.org](mailto:Rebecca.Peacock@sfgov.org)  
Office of Mayor London N. Breed  
City & County of San Francisco