

1 [Refunding City and County of San Francisco Finance Corporation Lease Revenue Bonds,
2 Series 2000-1, Series 2000-2, and Series 2000-3 (Moscone Center Expansion Project).]

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4 **Ordinance approving the issuance of lease revenue refunding bonds to refinance, in**
5 **whole and/or in part, the \$144,300,000 outstanding City and County of San Francisco**
6 **Finance Corporation Lease Revenue Bonds, Series 2000-1, Series 2000-2, and Series**
7 **2000-3 (Moscone Center Expansion Project); approving the form of a site and facilities**
8 **lease by and between the City and County of San Francisco (the "City") and the City**
9 **and County of San Francisco Finance Corporation (the "Corporation"); approving the**
10 **form of a project lease between the Corporation and the City; approving the form of a**
11 **reimbursement agreement among the City, the Corporation and each credit provider;**
12 **approving the form of an Official Statement; approving the form of a purchase**
13 **contract between the Corporation and each underwriter, including the form of a**
14 **certificate of the City; granting general authority to City officials to take necessary**
15 **actions in connection with the authorization, issuance, sale and delivery of said bonds;**
16 **approving modifications to documents; and ratifying previous actions taken in**
17 **connection therewith.**

18 WHEREAS, Heretofore \$157,500,000 City and County of San Francisco Finance
19 Corporation Lease Revenue Bonds, Series 2000-1, Series 2000-2 and Series 2000-3
20 (Moscone Center Expansion Project), \$144,300,000 of which are currently outstanding (the
21 "Prior Bonds"), have been issued to finance the expansion of the Moscone Convention Center
22 (the "Project"); and,

23 WHEREAS, The Prior Bonds were secured primarily by base rental paid by the City
24 and County of San Francisco (the "City") to the City and County of San Francisco Finance
25 Corporation (the "Corporation") for the City's use and occupancy of the Project; and,

1 WHEREAS, The Prior Bonds were also secured by a municipal bond insurance policy
2 (the “Policy”) issued by Ambac Assurance Corporation (the “Insurer”); and,

3 WHEREAS, Due to the deteriorating credit quality of the Insurer, the City desires to
4 extinguish the Policy by causing the Corporation to refund the Prior Bonds and to issue its
5 lease revenue refunding bonds in an aggregate principal amount not to exceed \$147,000,000
6 (the “Bonds”); and,

7 WHEREAS, It is expected that the Bonds will be initially secured by direct-pay letters of
8 credit issued by Bank of America, N.A., State Street Bank and Trust Company and/or such
9 other credit provider selected by the Director of Public Finance of the City or her designee
10 (collectively, the “Director of Public Finance” and such credit providers being referred to herein
11 collectively as the “Credit Providers”); and,

12 WHEREAS, Pursuant to Section 9.108 of the Charter (the “Charter”) of the City, voter
13 approval is not required for the refunding of a lease financing which is expected to result in net
14 savings in rental payments to the City on a present value basis, calculated as provided by this
15 Ordinance; and,

16 WHEREAS, This Ordinance shall constitute a procedural ordinance for the purposes of
17 determining such net savings; and,

18 WHEREAS, The Bonds will also be secured by base rental (the “Base Rental”) to be
19 paid by the City to the Corporation from the City’s general fund pursuant to a Project Lease by
20 and between the City and the Corporation; and,

21 WHEREAS, In connection with the issuance of the Bonds, the City will also enter into a
22 Site and Facilities Lease with the Corporation;

23 NOW, THEREFORE, BE IT RESOLVED, By the Board of Supervisors of the City and
24 County of San Francisco, as follows:

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

1 Section 2. Finding of Net Savings. The Board hereby finds and determines that
2 pursuant to Section 9.108 of the Charter, the refunding of the Prior Bonds pursuant to the
3 terms of this Ordinance is expected to result in net savings in rental payments to the City on a
4 present value basis and also finds and determines that the refunding of the Prior Bonds and
5 the issuance of the Bonds are financially advantageous to the City. These finding and
6 determinations are based in part on the terms of the Prior Bonds that provide for variable
7 rates of interest of up to 12 percent on the Prior Bonds for a period of up to the remaining term
8 of the Prior Bonds of April 1, 2030, which rates are dependent upon the current credit quality
9 of the Insurer. Based upon current market conditions, such rates are expected to exceed the
10 expected weekly, variable rates of the Bonds upon refunding, whose terms also provide for
11 variable rates of interest of up to 12 percent on the Bonds for a period of up to the remaining
12 term of such Bonds of April 1, 2030, but such rates are dependent upon the current higher
13 credit quality of the Credit Providers.

14 Section 3. Conditions Precedent. All conditions, things and acts required by law to
15 exist, to happen and to be performed precedent to and in the issuance of the Bonds exist,
16 have happened and have been performed in due time, form and manner in accordance with
17 applicable law, and the City hereby authorizes the issuance of the Bonds by the Corporation.

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

21 Section 5. Approval of the Site Lease. The form of the Site and Facilities Lease (the
22 "Site Lease") between the City and the Corporation, as presented to this Board, a copy of
23 which is on file with the Clerk, is hereby approved. The Mayor or his designee (collectively,
24 the "Mayor") is hereby authorized to execute the Site Lease, and the Clerk is hereby
25 authorized to attest to and to affix the seal of the City on the Site Lease, in substantially the

1 form presented to this Board, with such changes, additions, modifications or deletions as the
2 Mayor may make or approve in accordance with Section 11 hereof.

3 Section 6. Approval of the Project Lease. The form of the project lease (the “Project
4 Lease”) between the Corporation and the City, as presented to this Board, a copy of which is
5 on file with the Clerk, is hereby approved. The Mayor is hereby authorized to execute the
6 Project Lease, and the Clerk is hereby authorized to attest and to affix the seal of the City on
7 the Project Lease, in substantially the form presented to this Board, with such changes,
8 additions, modifications or deletions as the Mayor may make or approve in accordance with
9 Section 11 hereof; provided, however, that the maximum Base Rental payable under the
10 Project Lease in connection with the Bonds in any fiscal year shall not exceed \$20,968,000
11 (calculated at the maximum permitted interest rate and subject to such increases in Base
12 Rental as may be required by the hereinafter referred to Reimbursement Agreement) and the
13 term of the Project Lease shall not extend beyond April 1, 2033.

14 Section 7. Approval of the Reimbursement Agreement. The form of the
15 reimbursement agreement (the “Reimbursement Agreement”) among the City, the
16 Corporation and each of the Credit Providers, as presented to this Board, a copy of which is
17 on file with the Clerk, is hereby approved. The Mayor is hereby authorized to execute the
18 Reimbursement Agreement, and the Clerk is hereby authorized to attest and to affix the seal
19 of the City on the Reimbursement Agreement, in substantially the form presented to this
20 Board, with such changes, additions, modifications or deletions as the Mayor may make or
21 approve in accordance with Section 11 hereof.

22 Section 8. Approval of the Official Statement. The form of the official statement
23 relating to the Bonds (the “Official Statement”), as presented to this Board, a copy of which is
24 on file with the Clerk, is hereby approved. The Director of Public Finance is hereby authorized
25 to approve the distribution of the Official Statement in substantially said form, with such

1 changes, additions, modifications or deletions as the Director of Public Finance may approve
2 upon consultation with the City Attorney; such approval to be conclusively evidenced by the
3 distribution of the final Official Statement to potential purchasers of the Bonds.

4 Section 9. Approval of the Purchase Contract. The form of the purchase contract,
5 including the certificate of the City attached thereto as Exhibit A (the "City Certificate") and the
6 letter of representation of the City attached thereto as Exhibit E (the "Letter of Representation"
7 and, together with the City Certificate, the "Purchase Contract"), between the Corporation and
8 each investment banking firm appointed by the Director of Finance to act as underwriter for
9 the Bonds in accordance with City policies and procedures (including, but not limited to, the
10 City's policy to provide locally disadvantaged minority business enterprises and women
11 enterprises an equal opportunity to participate in the performance of all City contracts), as
12 presented to this Board, a copy of which is on file with the Clerk, is hereby approved. The
13 Mayor and the Clerk are hereby authorized to execute the City Certificate and the Controller
14 or his designee (collectively, the "Controller") is hereby authorized to execute the Letter of
15 Representation, each in substantially the form presented to this Board, with such changes,
16 additions, modifications or deletions in the Purchase Contract as the Mayor or the Controller,
17 as the case may be, may make or approve in accordance with Section 11 hereof.

18 Section 10. General Authority. The Mayor, the City Attorney, the Controller, the City
19 Administrator, the Director of Public Finance, the Clerk and other officers of the City and their
20 duly authorized deputies and agents are hereby authorized and directed, jointly and severally,
21 to take such actions and to execute and deliver such certificates, agreements, requests or
22 other documents, as they may deem necessary or desirable to facilitate the issuance of the
23 Bonds and, to obtain letters of credit or other credit enhancements with respect to the Bonds
24 and otherwise to carry out the provisions of this Ordinance.

1 Section 11. Modifications, Changes, Additions or Deletions. The Mayor or the
2 Controller is hereby authorized to approve and make such changes, additions, modifications
3 or deletions to the Site Lease, the Project Lease, the Reimbursement Agreement and/or the
4 Purchase Contract, upon consultation with the City Attorney, as may be necessary or
5 desirable in the interests of the City, and which changes do not materially increase the
6 obligations of the City under the Site Lease, the Project Lease, the Reimbursement
7 Agreement and/or the Purchase Contract. The Mayor's or the Controller's approval of such
8 modifications, changes, additions or deletions shall be conclusively evidenced by the
9 execution, delivery and attestation, as applicable, by the Mayor and the Clerk of the Site
10 Lease, the Project Lease, the Reimbursement Agreement and the City Certificate and the
11 execution and delivery by the Controller of the Letter of Representation.

12 Section 12. Ratification of Prior Actions. All actions authorized and directed by this
13 Ordinance and heretofore taken are hereby ratified, approved and confirmed by this Board.

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15 APPROVED AS TO FORM:

16 DENNIS J. HERRERA
17 City Attorney

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19 By: _____

20 MARK BLAKE
21 Deputy City Attorney

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