

1 [Authorizing Certificates of Participation - Multiple Capital Improvement Projects - Not to
2 Exceed \$62,000,000]

3 **Ordinance authorizing the execution and delivery of Certificates of Participation, in one**
4 **or more series from time to time, on a tax-exempt or taxable basis, evidencing and**
5 **representing an aggregate principal amount not to exceed \$62,000,000 to finance and**
6 **refinance the acquisition of certain real property located within the City for the**
7 **improvement and equipping of certain existing real property and improvements owned**
8 **and maintained by the City, including but not limited to the improvement and equipping**
9 **of the existing Hall of Justice facilities located at 850 Bryant Street within the City and**
10 **adjacent and related facilities, and the retirement of certain commercial paper notes of**
11 **the City issued on an interim basis for such purposes; approving the form of**
12 **Supplement to Trust Agreement between the City and County of San Francisco and**
13 **U.S. Bank National Association, as trustee (“Trustee”) (including certain indemnities**
14 **contained therein); approving respective forms of Supplements to Property Lease and**
15 **Project Lease, each between the City and the Trustee, for the lease and lease back of**
16 **all or a portion of certain real property and improvements located at 375 Laguna Honda**
17 **Boulevard or other property as determined by the Director of Public Finance;**
18 **approving the form of an Official Notice of Sale and a Notice of Intention to Sell the**
19 **Certificates of Participation; approving the form of an Official Statement in preliminary**
20 **and final form; approving the form of a Continuing Disclosure Certificate; granting**
21 **general authority to City officials to take necessary actions in connection with the**
22 **authorization, sale, execution and delivery of the Certificates of Participation;**
23 **approving modifications to documents; and ratifying previous actions taken in**
24 **connection therewith, as defined herein.**

25

1 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
2 **Additions to Codes** are in *single-underline italics Times New Roman font*.
3 **Deletions to Codes** are in ~~*single-underline italics Times New Roman font*~~.
4 **Board amendment additions** are in double-underlined Arial font.
5 **Board amendment deletions** are in ~~Arial font~~.
6 **Asterisks (* * * *)** indicate the omission of unchanged Code
7 subsections or parts of tables.

8 Be it ordained by the People of the City and County of San Francisco:

9 WHEREAS, The Board of Supervisors (“Board of Supervisors” or “Board”) of the
10 City and County of San Francisco (“City”) desires to provide funds for the (i) the acquisition
11 of certain real property located within the City, including but not limited to the improvement
12 and equipping of certain existing real property and improvements owned and maintained by
13 the City, including but not limited to the improvement and equipping of the existing Hall of
14 Justice facilities located at 850 Bryant Street within the City and adjacent and related
15 facilities, and (ii) the retirement of certain commercial paper notes of the City issued on an
16 interim basis for such purposes (collectively, the “Project”), and the City is authorized
17 pursuant to its charter (“Charter”) and the laws of the State to enter into lease financings for
18 such purpose; and

19 WHEREAS, The City and the Trustee have previously entered into a Property
20 Lease, dated as of May 1, 2009 (“Original Property Lease”), pursuant to which the City has
21 leased certain real property and all improvements thereon (collectively, the “Prior Leased
22 Property”) to the Trustee; and

23 WHEREAS, The Trustee and the City have previously entered into a Project Lease,
24 dated as of May 1, 2009 (“Original Project Lease”), pursuant to which the Trustee has
25 leased the Prior Leased Property back to the City; and

 WHEREAS, The City previously caused the execution and delivery of the City and
County of San Francisco Certificates of Participation, Series 2009A (Multiple Capital

1 Improvement Projects) (“2009A Certificates”) pursuant to a Trust Agreement, dated as of
2 May 1, 2009, by and between the City and the Trustee (“Original Trust Agreement” and,
3 together with the Original Property Lease and the Original Project Lease, the “Original
4 Agreements”); and

5 WHEREAS, The 2009A Certificates evidence direct undivided interests in the lease
6 payments made by the City under the Original Project Lease; and

7 WHEREAS, The Original Trust Agreement provides for the issuance of additional
8 certificates of participation by the execution and delivery of a supplement to the Original Trust
9 Agreement, and authorizes the principal and interest with respect to said certificates of
10 participation to be secured by a supplement to the Original Property Lease and to be paid
11 from amounts paid by the City under a supplement to the Original Project Lease;

12 WHEREAS, The City subsequently caused the execution and delivery of the City and
13 County of San Francisco Certificates of Participation, Series 2009B (Multiple Capital
14 Improvement Projects) (the “2009B Certificates”) pursuant to a First Supplement to Trust
15 Agreement, dated as of September 1, 2009 (“First Supplement to Trust Agreement”),
16 supplementing the Original Trust Agreement; and

17 WHEREAS, In connection therewith, the City and the Trustee have previously entered
18 into a First Supplement to Property Lease, dated as of September 1, 2009 (“First Supplement
19 to Property Lease”), supplementing the Original Property Lease; and

20 WHEREAS, In connection therewith, the City and the Trustee have previously entered
21 into a First Supplement to Project Lease, dated as of September 1, 2009 (“First Supplement
22 to Project Lease”), supplementing the Original Project Lease; and

23 WHEREAS, The 2009B Certificates evidence direct undivided interests in the lease
24 payments made by the City under the Original Project Lease, as supplemented by the First
25 Supplement to Project Lease, on a parity basis with the 2009A Certificates; and

1 WHEREAS, The City subsequently caused the execution and delivery of the City and
2 County of San Francisco Certificates of Participation, Series 2012A (Multiple Capital
3 Improvement Projects) (“2012A Certificates”) pursuant to a Second Supplement to Trust
4 Agreement, dated as of June 1, 2012 (“Second Supplement to Trust Agreement”),
5 supplementing the Original Trust Agreement; and

6 WHEREAS, In connection therewith, the City and the Trustee have previously entered
7 into a Second Supplement to Property Lease, dated as of June 1, 2012 (“Second Supplement
8 to Property Lease”), supplementing the Original Property Lease; and

9 WHEREAS, In connection therewith, the City and the Trustee have previously entered
10 into a Second Supplement to Project Lease, dated as of June 1, 2012 (“Second Supplement
11 to Project Lease”), supplementing the Original Project Lease; and

12 WHEREAS, The 2012A Certificates evidence direct undivided interests in the lease
13 payments made by the City under the Original Project Lease, as supplemented by the First
14 Supplement to Project Lease and Second Supplement to Project Lease, on a parity basis with
15 the 2009A Certificates and 2009B Certificates; and

16 WHEREAS, The Board desires to finance the Project and to cause the execution and
17 delivery of one or more additional series of certificates of participation (as further defined
18 herein, the “Certificates”) in an aggregate principal amount not to exceed \$62,000,000
19 therefor; and

20 WHEREAS, The Certificates will be executed and delivered in one or more series, from
21 time to time, on a tax-exempt and/or taxable basis pursuant to one or more supplements to
22 the Original Trust Agreement (each, a “Supplement to Trust Agreement”), by and between the
23 City and the Trustee, supplementing the Original Trust Agreement; and

24 WHEREAS, In connection with the execution and delivery of the Certificates, the Board
25 desires to cause the execution of one or more supplements to the Original Property Lease

1 (each, a "Supplement to Property Lease"), supplementing and amending the Original Property
2 Lease to provide for additional rental to be paid by the Trustee in connection with the
3 financing of the Project and certain related matters and pursuant to which the City intends to
4 lease to the Trustee the Prior Leased Property and such other property specified in the
5 Supplement to Property Lease (collectively, the "Leased Property"); one or more supplements
6 to the Original Project Lease (each, a "Supplement to Project Lease"), supplementing and
7 amending the Original Project Lease to provide for the leasing of the Leased Property back to
8 the City and the additional Base Rental to be paid by the City in connection with the financing
9 of the Project and certain related matters, with such additional changes to the Supplement to
10 Property Lease and Supplement to Project Lease as shall be determined and made in
11 accordance with Section 21 hereof; a Continuing Disclosure Certificate and certain other
12 related documents; and

13 WHEREAS, The Certificates, when issued, will evidence direct undivided interests in
14 the lease payments made by the City under the Original Project Lease, as previously
15 supplemented and amended and as supplemented and amended by the Supplement to
16 Project Lease, on a parity basis with the outstanding 2009A Certificates, 2009B Certificates
17 and 2012A Certificates and any other certificates of participation of the City authorized and
18 issued pursuant to additional, respective, executed and delivered supplements to the Original
19 Agreements, prior to the issuance of the Certificates; and

20 WHEREAS, The Board has been presented with the forms of certain documents and
21 agreements referred to herein relating to the Certificates, and the Board has examined and is
22 approving each such document and agreement and desires to authorize the execution of such
23 documents and agreements and the consummation of such financing; and

24 WHEREAS, Upon the effectiveness of this Ordinance, all conditions, things and acts
25 required by law to exist, to happen and to be performed precedent to and as a condition of the

1 execution and delivery of the Supplement to Property Lease, the Supplement to Project
2 Lease, the Supplement to Trust Agreement, the Continuing Disclosure Certificate, the Official
3 Statement (as defined herein) and the Certificates will exist, have happened and have been
4 performed in due time, form and manner in accordance with applicable law, and the City shall
5 be authorized pursuant to its Charter and other applicable law to execute and deliver the
6 Supplement to Property Lease, the Supplement to Project Lease, the Continuing Disclosure
7 Certificate, the Supplement to Trust Agreement and the Official Statement and to cause the
8 execution and delivery of the Certificates in the manner and form provided in this Ordinance;
9 and

10 WHEREAS, The City has paid and expects to pay certain expenditures in connection
11 with the Project to be financed by the Certificates prior to the execution and delivery of the
12 Certificates, and the City intends to reimburse itself and to pay third parties for such prior
13 expenditures from the proceeds of the Certificates; and

14 WHEREAS, Section 1.150-2 of the Treasury Regulations promulgated under the
15 Internal Revenue Code of 1986, as amended (“Reimbursement Regulations”) requires the
16 City to declare its reasonable official intent to reimburse prior expenditures with the proceeds
17 of a subsequent borrowing; and

18 WHEREAS, The Reimbursement Regulations require that any reimbursement
19 allocation of proceeds of the Certificates to be made with respect to expenditures incurred
20 prior to the execution and delivery of the Certificates will occur not later than eighteen (18)
21 months after the later of (i) the date on which the expenditure is paid or (ii) the date on which
22 the facilities are placed in service, but in no event later than three (3) years after the
23 expenditure is paid; and

24 WHEREAS, The adoption of this Ordinance constitutes authorization of the Certificates
25 within the meaning of Section 864 of the California Code of Civil Procedure and any Validation

1 Act that is effective after this Ordinance takes effect; and

2 NOW THEREFORE,

3 Be it ordained by the People of the City and County of San Francisco, as follows:

4 Section 1. Findings. The Board hereby finds and determines that the recitals set
5 forth above are true and correct.

6 Section 2. Conditions Precedent. All conditions, things and acts required by law to
7 exist, to happen and to be performed precedent to the execution and delivery of the
8 Certificates exist, have happened and have been performed in due time, form and manner in
9 accordance with applicable law, and the City is now authorized pursuant to its Charter and
10 applicable law to incur indebtedness in the manner and form provided in this Ordinance.

11 Section 3. File Documents. The documents presented to the Board and on file with
12 the Clerk of the Board of Supervisors or her designee (collectively, the "Clerk") are contained
13 in File No. 190896.

14 Section 4. Authorization of the Certificates. The Board hereby authorizes and
15 approves the execution and delivery of the Certificates in one or more series and on one or
16 more delivery dates in accordance with the applicable Supplement to Trust Agreement. The
17 proceeds of the Certificates will be used to (i) finance and/or refinance the Project, including
18 through the retirement of certain commercial paper notes of the City issued therefor; (ii) fund a
19 debt service or other similar reserve, as appropriate; and (iii) pay costs of issuance of the
20 Certificates. The Certificates shall be designated as "City and County of San Francisco
21 Certificates of Participation (Multiple Capital Improvement Projects)" with such other
22 designations as to series and the year of execution and delivery as determined by the
23 Controller's Director of Public Finance ("Director of Public Finance") or her designee.

24 Section 5. Certain Terms of the Certificates. The Certificates shall evidence an
25 aggregate principal amount of not to exceed Sixty Two Million Dollars (\$62,000,000), and

1 shall evidence interest at a true interest cost up to but not to exceed twelve percent (12%) per
2 annum. The Certificates shall be subject to prepayment as set forth in the applicable
3 Supplement to Project Lease and Supplement to Trust Agreement. The Director of Public
4 Finance is hereby authorized, to the extent such officer deems it necessary or advisable and
5 financially advantageous to the City, to procure credit enhancement for the Certificates,
6 including but not limited to municipal bond insurance or a debt service reserve fund surety
7 policy.

8 Section 6. Tax Status of the Certificates. The Director of Public Finance is hereby
9 authorized, to the extent such officer deems it necessary or advisable and in the interests of
10 the City, to cause the execution and delivery of the Certificates (i) with interest with respect
11 thereto being exempt or not exempt from federal income tax, and (ii) under any federal tax law
12 provisions which provide for federal grants or credits to the City or to investors in lieu of the
13 exemption of interest from federal income tax.

14 Section 7. Approval of the Supplement to Trust Agreement. The form of the
15 Supplement to Trust Agreement between the City and the Trustee, as presented to the Board,
16 a copy of which is on file with the Clerk, is hereby approved. The Mayor of the City (“Mayor”)
17 or the City’s Controller (“Controller”) or designees thereof are hereby authorized to execute
18 and deliver one or more Supplements to Trust Agreement in the form hereby approved, and
19 the Clerk is hereby authorized to attest to and affix the seal of the City on such Supplements
20 to Trust Agreement, with such changes, additions and modifications as the Mayor or the
21 Controller may make or approve in accordance with Section 21 hereof.

22 Section 8. Approval of the Supplement to Property Lease. The form of the
23 Supplement to Property Lease between the City and the Trustee, as presented to the Board,
24 a copy of which is on file with the Clerk, is hereby approved. The Mayor or the Controller is
25 hereby authorized to execute and deliver one or more Supplements to Property Lease in the

1 form hereby approved, and the Clerk is hereby authorized to attest to and affix the seal of the
2 City on such Supplements to Property Lease, with such changes, additions and modifications
3 as the Mayor or the Controller may make or approve in accordance with Section 21 hereof.

4 Section 9. Approval of the Supplement to Project Lease. The form of the
5 Supplement to Project Lease between the City and the Trustee, as presented to the Board, a
6 copy of which is on file with the Clerk, is hereby approved. The Mayor or the Controller is
7 hereby authorized to execute and deliver one or more Supplements to Project Lease in the
8 form hereby approved, and the Clerk is hereby authorized to attest to and affix the seal of the
9 City on such Supplements to Project Lease with such changes, additions and modifications as
10 the Mayor or Controller may make or approve in accordance with Section 21 hereof; provided,
11 however, that the maximum Base Rental (as defined in the Project Lease) to be paid under all
12 Supplements to Project Lease in any fiscal year shall not exceed Five Million Four Hundred
13 Thousand Dollars (\$5,400,000) and the term of any Supplement to Project Lease shall not
14 extend beyond the 25th year following its date of execution, as such initial term may be
15 extended in accordance with the Project Lease.

16 Section 10. Approval of the Leased Property and the Base Rental Payments. The
17 Board hereby approves the leasing, pursuant to the terms of the Supplement to Property
18 Lease and the Supplement to Project Lease, of all or a portion of the Leased Property. The
19 Board also hereby approves the payment by the City of the Base Rental with respect thereto.

20 Section 11. Sale and Award of Certificates by Competitive Sale. In the event the
21 Director of Public Finance determines to sell the Certificates by competitive sale, the Director
22 of Public Finance, on behalf of the Controller, is hereby authorized and directed to receive
23 bids for the purchase of the Certificates, and the Controller is hereby authorized and directed
24 to award the Certificates to the bidder whose bid represents the lowest true interest cost to the
25 City, all in accordance with the procedures described in the Official Notice of Sale (as defined

1 herein).

2 Section 12. Approval of Form of Official Notice of Sale. The form of an official notice
3 of sale relating to the Certificates (“Official Notice of Sale”), as presented to this Board, a copy
4 of which is on file with the Clerk, is hereby approved. The Controller or the Director of Public
5 Finance is authorized to approve the distribution of an Official Notice of Sale for the
6 Certificates, with such changes, additions and modifications as such official may make or
7 approve in accordance with Section 21 hereof.

8 Section 13. Approval of Notice of Intention to Sell Relating to the Certificates. The
9 form of a notice of intention to sell relating to the Certificates (“Notice of Intention to Sell”), as
10 presented to this Board, a copy of which is on file with the Clerk, is hereby approved. The
11 Controller or the Director of Public Finance is hereby authorized to approve the publication of
12 the Notice of Intention to Sell relating to the Certificates, with such changes, additions and
13 modifications as such official may make or approve in accordance with Section 21 hereof.

14 Section 14. Sale of Certificates by Negotiated Sale. If the Controller or the Director of
15 Public Finance determines to sell the Certificates by negotiated sale, the Controller or the
16 Director of Public Finance is hereby authorized to sell the Certificates by negotiated sale
17 pursuant to one or more purchase contracts (each, a “Purchase Contract”) by and between
18 the City and the underwriters named therein; provided, however, that the underwriters’
19 discount under any such Purchase Contract shall not exceed one percent (1.0%) of the
20 principal amount of the Certificates. The form of Purchase Contract, as presented to the
21 Board, a copy of which is on file with the Clerk, is hereby approved.

22 Section 15. Authorization to Appoint Underwriters. To accomplish the sale of the
23 Certificates by negotiated sale, if applicable, the Controller or the Director of Public Finance is
24 hereby authorized to appoint one or more financial institutions to act as underwriter(s) for the
25 Certificates in accordance with City policies and procedures, including but not limited to the

1 City's policy to provide locally disadvantaged business enterprises an equal opportunity to
2 participate in the performance of all City contracts.

3 Section 16. Approval of the Official Statement in Preliminary and Final Form. The
4 form of an official statement relating to the Certificates ("Official Statement"), as presented to
5 this Board, a copy of which is on file in preliminary form with the Clerk, is hereby approved.
6 The Controller is hereby authorized to approve the preliminary Official Statement in
7 substantially said form, with such changes, additions, modifications (including but not limited
8 to the inclusion of the most current City financial information) or deletions as such official may
9 make or approve in accordance with Section 21 hereof, and to deem the preliminary Official
10 Statement final for purposes of the Rule 15c2-12 of the Securities and Exchange Act of 1934,
11 as amended, to execute a certificate to that effect, and to cause the preliminary Official
12 Statement to be delivered, in printed or electronic form, to potential purchasers of the
13 Certificates, such approval to be conclusively evidenced by the delivery of said deemed-final
14 certificate. The Controller is hereby further authorized and directed to sign and deliver the
15 Official Statement in final form to purchasers of the Certificates.

16 Section 17. Approval of the Continuing Disclosure Certificate. The form of a
17 Continuing Disclosure Certificate of the City relating to the Certificates, as presented to the
18 Board, a copy of which is on file with the Clerk, is hereby approved. The Controller or the
19 Director of Public Finance is hereby authorized to execute the Continuing Disclosure
20 Certificate, with such changes, additions, modifications or deletions as the Controller or the
21 Director of Public Finance may approve upon consultation with the City Attorney; such
22 approval to be conclusively evidenced by the execution and delivery of the Continuing
23 Disclosure Certificate.

24 Section 18. Reimbursement. The City declares its official intent to reimburse prior
25 expenditures of the City incurred prior to the execution and delivery of the Certificates in

1 connection with the Project or portions thereof with the proceeds of the Certificates. The
2 Board of Supervisors declares the City's intent to reimburse the City with the proceeds of the
3 Certificates for the expenditures with respect to the Project (the "Expenditures" and each an
4 "Expenditure") made on and after that date that is no more than 60 days prior to adoption of
5 this Ordinance. The City reasonably expects on the date of adoption of this Ordinance that it
6 will reimburse the Expenditures with the proceeds of the Certificates.

7 Section 19. Terms of Reimbursement. Each Expenditure was and will be either (a) of
8 a type properly chargeable to a capital account under general federal income tax principles
9 (determined in each case as of the date of the Expenditure), (b) a cost of issuance with
10 respect to the Certificates, (c) a nonrecurring item that is not customarily payable from current
11 revenues, or (d) a grant to a party that is not related to or an agent of the City so long as such
12 grant does not impose any obligation or condition (directly or indirectly) to repay any amount
13 to or for the benefit of the City. The maximum aggregate principal amount of the Certificates
14 expected to be executed and delivered for the Project is \$62,000,000. The City shall make a
15 reimbursement allocation, which is a written allocation by the City that evidences the City's
16 use of proceeds of the Certificates to reimburse an Expenditure, no later than 18 months after
17 the later of the date on which the Expenditure is paid or the Project is placed in service or
18 abandoned, but in no event more than three years after the date on which the Expenditure is
19 paid. The City recognizes that exceptions are available for certain "preliminary expenditures,"
20 costs of issuance, certain de minimis amounts, expenditures by "small issuers" (based on the
21 year of issuance and not the year of expenditure) and expenditures for construction projects
22 of at least five (5) years.

23 Section 20. General Authority. The Mayor, the Treasurer, the City Attorney, the
24 Controller, the City Administrator, the Director of Public Finance, the Clerk and other officers
25 of the City and their duly authorized deputies, designees and agents are hereby authorized

1 and directed, jointly and severally, to take such actions and to execute and deliver such
2 certificates, agreements, requests or other documents as they may deem necessary or
3 desirable to accomplish the purposes of this Ordinance, including but not limited to the
4 execution and delivery of any Supplement to Property Lease, any Supplement to Project
5 Lease, any Supplement to Trust Agreement, the Official Statement, the Continuing Disclosure
6 Certificate and the Certificates, to obtain bond insurance or other credit enhancements or a
7 surety policy with respect to the Certificates, to obtain title insurance, to clear any
8 encumbrances to title and to carry out other title work. Any such actions are solely intended to
9 further the purposes of this Ordinance and are subject in all respects to the terms of this
10 Ordinance. No such actions shall increase the risk to the City or require the City to spend any
11 resources not otherwise granted herein. Final versions of any such documents shall be
12 provided to the Clerk for inclusion in the official file within 30 days of execution (or as soon
13 thereafter as final documents are available) by all parties.

14 Section 21. Modifications, Changes and Additions. The Mayor, the Treasurer, the
15 Controller and the Director of Public Finance each are hereby authorized to make such
16 modifications, changes and additions to the documents and agreements approved hereby,
17 upon consultation with the City Attorney, as may be necessary or desirable and in the
18 interests of the City, and which changes do not materially increase the City's obligations or
19 reduce its rights thereunder or hereunder. The respective official's approval of such
20 modifications, changes and additions shall be conclusively evidenced by the execution and
21 delivery by such official and the Clerk of the applicable Supplement to Property Lease,
22 Supplement to Project Lease and Supplement to Trust Agreement or any of the other
23 documents approved in this Ordinance. Any such actions are solely intended to further the
24 purposes of this Ordinance and are subject in all respects to the terms of this Ordinance. No
25 such actions shall increase the risk to the City or require the City to spend any resources not

1 otherwise granted herein. Final versions of any such documents shall be provided to the Clerk
2 for inclusion in the official file within 30 days (or as soon thereafter as final documents are
3 available) of execution by all parties.

4 Section 22. Partial Invalidity. Any provision of this Ordinance found to be prohibited
5 by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the
6 remainder of this Ordinance.

7 Section 23. Effective Date. This Ordinance shall take effect immediately.

8 Section 24. Ratification of Prior Actions. All actions authorized consistent with any
9 documents presented herein and approved by this Ordinance but heretofore taken are hereby
10 ratified, approved and confirmed by the Board.

11
12 APPROVED AS TO FORM:
13 DENNIS J. HERRERA, City Attorney

14
15 By: _____
16 Mark D. Blake
17 Deputy City Attorney
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