FILE NO. 240723

REVISED LEGISLATIVE DIGEST

(Amended in Committee, 7/31/2024)

[Authorizing Certificates of Participation - Concourse Garage Project - Not to Exceed $29,000,000]

Ordinance authorizing the execution and delivery of Certificates of Participation on a tax-exempt or taxable basis evidencing and representing an aggregate principal amount of not to exceed $29,000,000 to fund all or a portion of the acquisition of the Concourse Garage; authorizing the issuance of commercial paper notes in advance of the delivery of the Certificates; approving the form of Trust Agreement between the City and County of San Francisco and the Trustee (including certain indemnities contained therein); authorizing the selection of the Trustee by the Director of Public Finance; approving respective forms of a Property Lease and a Lease Agreement, each between the City and County of San Francisco and the Trustee for the lease and lease back of certain property and facilities of the City; approving the forms of Purchase Contract, Official Notice of Sale, and Notice of Intention to Sell Certificates; directing the publication of the Notice of Intention to Sell Certificates; approving the form of the Preliminary Official Statement and the form and execution of the Official Statement relating to the sale of the Certificates; approving the form of the Continuing Disclosure Certificate; granting general authority to City officials to take necessary actions in connection with the authorization, execution, sale and delivery of the Certificates, including termination of the Ground Lease and transfer of the Concourse Garage property and related property to the City and County of San Francisco under the jurisdiction of the Recreation and Park Commission; approving modifications to documents and agreements; declaring the City's intent to reimburse certain expenditures; and ratifying previous actions taken in connection therewith, as defined herein.

Existing Law

This is new law.

Background Information

The proposed Ordinance authorizes the execution and delivery of one or more series of taxable or tax-exempt Certificates of Participation ("COPs") in a total principal amount not-to-exceed $29,000,000 at an interest rate not to exceed 12% per annum. Proceeds of the COPs will be used to finance the cost of the Concourse Garage and not more than $500,000 of Certificate proceeds to discharge certain loans owed by MCCP to the California Academy of Sciences and the de Young Museum and the repayment of commercial paper notes and interest thereon ("Project"), fund a debt service reserve fund or similar reserve for the COPS, fund capitalized interest, if any, and pay the cost of the execution and delivery of the COPs.

The proposed Ordinance also authorize the issuance of the commercial paper to fund acquisition costs of the Project on an interim basis.

Under the proposed Ordinance, the City will structure the COPs using a lease-lease back structure. In connection with the delivery of the COPs, the City will execute a Project Lease and a Lease Agreement. The COPs will be delivered under supplement agreements as permitted by a Trust Agreement, by and between the City and a third-party trustee to be named upon selection by the City's Director of Public Finance.

The COPs will be secured by lease payments made by the City under the Lease Agreement. The Concourse Garage will serve as the leased asset under the Lease Agreement. City Lease Payments will not exceed $3,000,000 each fiscal year.

The proposed Ordinance authorizes the Controller or the Director of Public Finance to sell the COPs by completive sale or negotiated sale. If sold by competitive sale, the COPs will be awarded to the bidder whose bid constitutes the lowest true interest cost to the City. In the alternative, the proposed Ordinance also authorizes a negotiated sale, provided the compensation to the selected underwriter cannot exceed (1.5%) of the principal amount of the COPs.

The proposed Ordinance also approves forms of standard sale documents: the Preliminary Official Statement (including Appendix A (i.e. the City's demographic and financial information)), Bond Purchase Contract, Notice of Intention to Sell, Official Notice of Sale, the Continuing Disclosure Certificate.

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