FILE NO. 241085

LEGISLATIVE DIGEST

[Authorizing Taxable and/or Tax-Exempt Certificates of Participation (Treasure Island - Stage 2 Infrastructure Projects) - Not to Exceed $65,000,000 and Approving Related Documents and Actions]

Ordinance authorizing the execution and delivery from time to time of Certificates of Participation, in one or more series on a tax-exempt and/or taxable basis, evidencing and representing an aggregate principal amount of not to exceed $65,000,000, as the first tranche of the Stage 2 Alternative Financing to finance public improvements within the boundaries of Stage 2 of the Treasure Island project, approving the form of a Trust Agreement (including the form of a Supplement to Trust Agreement) between the City and County of San Francisco ("City") and U.S. Bank Trust Company, National Association, as trustee (including certain indemnities contained therein); approving respective forms of a Property Lease (including the form of a Supplement to the Property Lease) and a Lease Agreement (including the form of a Supplement to the Lease Agreement), each between the City and such trustee for the lease and leaseback of certain real property and improvements located at 1995 Evans Avenue, or other property as determined by the Director of Public Finance; approving the form of an Official Notice of Sale and a Notice of Intention to Sell the Certificates of Participation; approving the form of an Official Statement in Preliminary and Final form; approving the form of a purchase contract between the City and one or more initial purchasers of the Certificates; approving the form of a Continuing Disclosure Certificate; granting general authority to City officials to take necessary actions in connection with the authorization, sale, execution, and delivery of the Certificates of Participation; approving modifications to documents; declaring the intent to reimburse expenditures from proceeds of tax-exempt obligations; approving amendments to the Special Fund Administration Agreement for the Treasure Island project, and ratifying previous actions taken in connection therewith, as defined herein.

Existing Law

This is new legislation.

Background Information

The proposed Ordinance authorizes the execution and delivery from time to time of Certificates of Participation (Treasure Island - Stage 2 Infrastructure Projects) ("COPs"). The COPs may be issued on a taxable or tax-exempt basis in a principal amount not to exceed $65,000,000. Proceeds of the COPs will be used to reimburse Treasure Island Community Development, LLC, the master developer for portions of Treasure Island and Yerba Buena Island ("Developer") for costs advanced by the Developer in connection with the construction

of certain Stage 2 qualified project costs (as such term is defined in the Development and Disposition Agreement, dated June 28, 2011, as amended and restated, the "DDA").

The COPs will be executed and delivered in one or more series, on a tax-exempt and/or taxable basis, under a Trust Agreement ("Trust Agreement"), by and between the City and U.S. Bank Trust Company, National Association, as trustee ("Trustee").

In connection with the execution and delivery of the COPs, the proposed Ordinance also approves the execution of (i) a Property Lease ("Property Lease"), pursuant to which the City intends to lease to the Trustee certain real property and improvements located in the City, initially expected to be the real property and improvements at 1995 Evans Ave (which is used by the San Francisco Police Department for its Traffic Company and Forensic Services Division, and referred to as the "Leased Property"), and (ii) a Lease Agreement ("Lease Agreement"), pursuant to which the Trustee will lease the Leased Property back to the City and the City will pay Base Rental payments.

The COPs will be secured by lease payments made by the City under the Lease Agreement. City Lease Payments will not exceed $8,950,000 each fiscal year. The term of the Lease Agreement will not extend beyond the 25th year following its date of execution but the maximum Base Rental Payment and the initial term may be extended in ac accordance with one or more Supplements to Lease Agreement.

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 (1.0%) 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.