

LEGISLATIVE DIGEST

[Authorizing Refunding Certificates of Participation - Various Port Projects - Not to Exceed \$25,000,000]

Ordinance authorizing the execution and delivery from time to time of refunding Certificates of Participation evidencing and representing an aggregate principal amount of not to exceed \$25,000,000 to prepay certain certificates of participation that financed the design, acquisition, construction, reconstruction, expansion, improvement, equipping, renewal, restoration and/or replacement of certain capital improvements to properties of the Port Commission of the City and County of San Francisco; approving the form of Supplement to Trust Agreement between the City and County of San Francisco and U.S. Bank Trust Company, National Association (as successor-in-interest to U.S. Bank National Association), as trustee (“Trustee”); approving the form of Supplement to Project Lease, between the City and County of San Francisco and the Trustee, relating to the lease and lease back of all or a portion of the James R. Herman Cruise Terminal at Pier 27; approving the form of Escrow Agreement, 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, approving modifications to documents and agreements; and ratifying previous actions taken in connection therewith.

Existing Law

This is new legislation.

Background Information

The proposed Ordinance authorizes the execution and delivery from time to time of refunding Certificates of Participation (Various Port Projects Projects) (“COPs”). The COPs may be executed and delivered in a principal amount not to exceed \$25,000,000. Proceeds of the COPs will be used, together with other available funds of the City, to (i) prepay all or any portion of the Refunded Certificates (i.e. the San Francisco Certificates of Participation, Series 2013B (Port Facilities Project) and the City and County of San Francisco Certificates of Participation, Series 2013C (Port Facilities Project), together the “Refunded Certificates” herein) as determined by the Director of Public Finance, including the payment of any interest accrued on the principal amounts thereof through the date of payment; (ii) fund a reserve fund, reserve surety or other reserve fund instrument, as appropriate; and (iii) pay costs of the execution and delivery of the COPs.

The Certificates will be executed and delivered in one or more series, from time to time, pursuant to one or more supplements to the Original Trust Agreement, dated October 1, 2013 (each, a "Supplement to Trust Agreement"), by and between the City and the Trustee, supplementing the Original Trust Agreement.

The proposed Ordinance also approves the execution of one or more supplements to the Original Project Lease, dated October 1, 2013 (each, a "Supplement to Project Lease"), supplementing and amending the Original Project Lease to provide for (i) the additional or adjusted Base Rental to be paid by the City in connection with the issuance of the Certificates and the prepayment of the Refunded Certificates and (ii) certain other related matters as determined by the Director of Public Finance. The proposed Ordinance also approves related documents including a form of Escrow Agreement, between the City and U.S. Bank Trust Company, National Association, as escrow agent; a form of a purchase contract between the City and one or more initial purchasers of the Certificates; a Continuing Disclosure Certificate and certain other related documents.

The COPs will be secured by lease payments made by the City under the Original Project Lease.

The proposed Ordinance authorizes the Controller or the Director of Public Finance to sell the COPs by complete 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)), Purchase Contract, Notice of Intention to Sell, Official Notice of Sale, the Continuing Disclosure Certificate.