



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

Nadia Sesay
Director
Office of Public Finance

MEMORANDUM

TO: Honorable Members, Board of Supervisors

FROM: Nadia Sesay, Director of Public Finance

SUBJECT: Resolution Approving the Form and Authorizing the Distribution of the Official Statement Among Other Matters in Connection with the Upcoming Sale of the City and County of San Francisco Certificates of Participation (Port Facilities Project)

DATE: May 7, 2013

Federal securities laws impose on the City the obligation to ensure that its offering documents are accurate and complete in all material respects. This obligation applies to the individual members of the governing bodies approving the disclosure documents as well as City staff charged with preparing the documents.

We are attaching the revised Official Statement for your approval prior to its publication. We would like to respectfully request consideration of the resolution at the May 15, 2013 Budget and Finance Committee meeting.

Background

In Resolution No. 152-12 (the "Resolution"), the Board of Supervisors (the "Board") approved the execution and delivery of certificates of participation (the "Certificates") to partially finance the costs of various improvements to Port facilities (collectively, the "Project"): (i) Pier 27, located along The Embarcadero, San Francisco 94111, which is planned to be used as a cruise terminal and special events facilities, together with related and subordinate facilities (in addition to a plaza/park at the front of the terminal), (ii) a shoreside power facility to be installed at Pier 70, located along 20th Street, San Francisco 94117, including the removal of seven PCB containing transformers, (iii) Piers 30 and 32, located along The Embarcadero, San Francisco 94105, which facility is planned to be used as a team base for the 34th America's Cup, a secondary cruise terminal and other vessel birth, public parking, and a facility for special events, together with related and subordinate facilities, (iv) Pier 19, 23 and 29, located along The Embarcadero, San Francisco 94111, including handrail, apron and storm water improvements,

and (v) various capital improvements to these and other Piers located along The Embarcadero. The City anticipates issuing its Certificates to refund commercial paper in June 2013.

Tax Equity and Fiscal Responsibility Act (TEFRA): Before the Certificates may be issued on a tax-exempt basis, federal tax law requires that the governing body of the jurisdiction in which the Project is located approve the financing after providing the opportunity for a duly-noticed public hearing. To facilitate the tax exemption of interest on one or more series of the Certificates, the City is required to conduct a duly noticed public hearing and approve the financing. The Office of Public Finance originally held such hearing on Wednesday, April 25, 2012, notice of which was published in the *San Francisco Chronicle* on April 11, 2012. In order to refresh the public hearing, the Office of Public Finance held a more recent hearing on April 30, 2013, notice of which was published in the *San Francisco Chronicle* on April 15, 2013. No comments from the public were heard or received from the TEFRA public hearings.

Official Statement

The Board last approved the distribution of official statements and Appendix A on April 2, 2013 in adopting Resolutions No. 93-13 in connection with the issuance of the City's Certificates of Participation (Moscone Improvement Project) Series 2013A. The Resolution approves the form and authorizes the distribution of a preliminary official statement relating to the issuance of the Certificates and the form of Appendix A (the "Appendix A" and together with the preliminary and final official statement, the "Official Statement"). The information contained in the Appendix A was updated as of March 5, 2013 and was prepared by City staff for inclusion in the Official Statement.

Additional Information

For further explanation and discussion of the legal obligations of members of boards and commissions approving disclosure documents, please contact the City's Attorney's Office on this subject.

The Resolution is expected to be introduced at the Board of Supervisors meeting on Tuesday, May 7, 2013. The related financing documents—including the Notice of Intention to Sell, Official Notice of Sale, Official Statement and Continuing Disclosure Certificate, and related documents—will also be submitted.

Official Notice of Sale and Notice of Intention to Sell: The Notice of Intention to Sell provides legal notice to prospective bidders of the City's intention to sell the Certificates. Such Notice of Intention to Sell will be published once in "The Bond Buyer" or another financial publication generally circulated throughout the State of California.

The Official Notice of Sale for the Certificates announces the date and time of the competitive bond sale, including the terms relating to the Certificates; the terms of sale, form of bids, and delivery of bids; and closing procedures and documents.

The Official Bid Form attached to the Official Notice of Sale is the form of the official bid for the purchase of the Certificates. Pursuant to the Resolution, the Controller is authorized to award

the Certificates to the bidder whose bid represents the lowest true interest cost to the City in accordance with the procedures described in the Official Notice of Sale.

Continuing Disclosure Certificate: The City covenants to provide certain financial information and operating data relating to the City (the “Annual Report”) not later than 270 days after the end of the fiscal year and to provide notices of the occurrence of certain enumerated events.

The Continuing Disclosure Certificate describes the nature of the information to be contained in the Annual Report or the notices of enumerated events. These covenants have been made in order to assist initial purchasers of the Certificates in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5).

Your consideration of this request is greatly appreciated. Please contact me at 554-5956 if you have any questions. Thank you.

Cc: Angela Calvillo, Clerk of the Board of Supervisors
Elaine Forbes, Port Commission
Kate Howard, Mayor’s Budget Director
Harvey Rose, Budget Analyst
Ben Rosenfield, Controller
Mark Blake, Deputy City Attorney