

File No. 150971

Committee Item No. 3

Board Item No. 7

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance

Date October 21, 2015

Board of Supervisors Meeting

Date Nov. 3, 2015

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

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Completed by: Victor Young Date October 16, 2015

Completed by: V/Young Date 10/22/15

AMENDED IN COMMITTEE

10/21/15

FILE NO. 150971

ORDINANCE NO.

RO#16008

SA#25-08

[De-Appropriation and Appropriation - Bond Issuance Costs from San Francisco Taxable General Obligation Bonds - Seismic Safety Loan Program - \$3,461,129 - FY2015-2016]

Ordinance de-appropriating and appropriating \$3,461,129 of City and County of San Francisco Taxable General Obligation Bonds, Series 2014 2015A, for the Seismic Safety Loan Program in the Mayor's Office of Housing and Community Development in FY2015-2016.

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

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

Section 1. The uses of funding outlined below are herein de-appropriated to reflect funding available for Fiscal Year 2015-2016.

USES De-Appropriation

Fund	Index Code / Project Code	Subobject	Description	Amount
2S NDF 92C - 2014 Seismic Safety Loan GO Bond 2014A	MYRSSL2014 PBE012 MRL001	07311 Bond Issuance Cost	Reserve Pending Bond Sales/Cost of Issuance/Underwriter's discount	(\$3,461,129)
Total USES De-Appropriation				(\$3,461,129)

1 Section 2. The uses of funding outlined below are herein appropriated in Subobject
 2 03961 (Seismic Safety Loans), and reflect the projected uses of funding to support the
 3 Seismic Safety Loan Program in Fiscal Year 2015-2016.


4
 5 **USES Appropriation**

Fund	Index Code / Project Code	Subobject	Description	Amount
2S NDF 92C -	MYRSSL2014	03961	Project Fund	\$3,461,129
2014 Seismic Safety Loan GO Bond 2014A	PBE012 MRL001	Seismic Safety Loans	Deposit	
Total USES Appropriation				\$3,461,129

13
 14
 15 Section 3. The Controller is authorized to record transfers between funds and adjust
 16 the accounting treatment of sources and uses appropriated in this ordinance as necessary to
 17 conform with Generally Accepted Accounting Principles.

18
 19
 20 APPROVED AS TO FORM:
 21 DENNIS J. HERRERA, City Attorney

FUNDS AVAILABLE
 BEN ROSENFELD, Controller

22
 23 By: 
 24 for THOMAS OWEN
 Deputy City Attorney

By: 
 BEN ROSENFELD
 Controller

<p>Item 3 File 15-0971</p>	<p>Department: Mayor's Office of Housing and Community Development (MOHCD)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p>	
<ul style="list-style-type: none"> • Ordinance de-appropriating and appropriating \$3,461,129 of City and County of San Francisco Taxable General Obligation Bonds, Series 2014, for the Seismic Safety Loan Program in the Mayor's Office of Housing and Community Development in FY 2015-16. 	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> • The Seismic Safety Loan Program was approved by City voters in 1992, authorizing the issuance of up to \$350 million of General Obligation Bonds to provide loans for the seismic strengthening of unreinforced masonry buildings. • On May 23, 2014, the Seismic Safety Loan Committee approved a loan for \$20,100,871 for the 20th Street Historic Buildings Project on Pier 70, for unreinforced masonry buildings in need of seismic strengthening. • In July, 2014, the Board of Supervisors authorized the sale and appropriation of \$24,000,000 of general obligation bonds for the Seismic Safety Loan Program. This appropriated \$20,100,871 for the Project loans and a total of \$3,899,129 for related reserve, issuance and underwriter's discount costs. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> • On August 31, 2015, the City sold \$24,000,000 of Seismic Safety Bonds, incurring \$438,000 of total costs for the reserve, issuance and underwriter's discount, instead of the total of \$3,899,129 appropriated for these purposes, resulting in a savings of \$3,461,129 of additional bond proceeds. • The proposed supplemental appropriation ordinance would de-appropriate \$3,461,129 from the previously authorized use for bond reserve, cost of issuance and underwriter's discount, and instead appropriate the available \$3,461,129 for additional loan funds for the 20th Street Historic Buildings Project on Pier 70. • On May 4, 2015, the Seismic Safety Loan Committee approved a revised market rate interest loan amount of \$24,000,000 for the 20th Street Historic Buildings Project on Pier 70. If the proposed supplemental appropriation is approved, this Project would receive a total of \$23,562,000 (\$20,100,871 initial available loans plus \$3,461,129 from this appropriation) of Seismic Safety loans. 	
<p style="text-align: center;">Recommendation</p>	
<ul style="list-style-type: none"> • Approve the proposed ordinance. 	

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

City Charter Section 9.105 provides that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

Background

The Seismic Safety Loan Program was approved by City voters in 1992, authorizing the issuance of up to \$350 million of General Obligation Bonds to provide loans for the seismic strengthening of unreinforced masonry buildings. The Mayor's Office of Housing and Community Development (MOHCD) administers the Seismic Safety Loan Program, providing cash proceeds from the bond sales to make loans to property owners to complete necessary seismic repairs. Repayments from the seismic loans are then used to pay the debt service on the bonds. Property taxes assessed on all property owners in the City pay any difference between the cost of the debt service and repayments by loan recipients.

On May 23, 2014, the Seismic Safety Loan Committee approved a market rate interest loan for \$20,100,871 for the 20th Street Historic Buildings Project on Pier 70. This loan is for the seismic strengthening of a portion of this project related to unreinforced masonry buildings. In July, 2014, the Board of Supervisors authorized the sale of \$24,000,000 aggregate principal taxable General Obligation bonds for the Seismic Safety Loan Program (Series 2014C) and the related appropriation of the \$24,000,000 bond proceeds (Files 14-0727 and 14-0728; Resolution 284-24 and Ordinance 180-14). The sources and uses of the \$24,000,000 supplemental appropriation approved are detailed in Table 1 below, including a total of \$3,899,129 appropriated for related reserve, issuance and underwriter's discount costs.

Table 1: Sources and Uses of Proposed General Obligation Bonds, Series 2014

Sources	
Bond Proceeds	\$24,000,000
Uses	
Funds Available for Pier 70 Loans	\$20,100,871
Reserve Pending Bond Sale ¹	3,227,653*
Cost of Issuance ²	502,838*
Underwriter's Discount ³	168,638*
Total	\$24,000,000

Source: Controller's Office of Public Finance

*Total of \$3,899,129.

¹The reserve pending bond sale accounts for fluctuations in interest rates.

²The costs of issuance include bond counsel, financial advisors, bond trustees, rating agencies, and other fees and miscellaneous expenses for issuing bonds.

³The underwriter's discount is the difference between the price an underwriter pays an issuer and the price at which it sells the offering to the public.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would de-appropriate and appropriate \$3,461,129 of City and County of San Francisco Taxable General Obligation Bonds, Series 2014, for the Seismic Safety Loan Program in the Mayor’s Office of Housing and Community Development in FY 2015-16.

FISCAL IMPACT

On August 31, 2015, the City, through the Controller’s Office of Public Finance, sold \$24,000,000 of Seismic Safety Bonds (Series 2014C). These bonds were purchased by US Bank National Association, a private placement selected through a competitive bid process. As shown in Table 2 below, the actual \$24,000,000 bond sale incurred \$438,000 of total costs for the reserve, issuance and underwriter’s discount, instead of the total of \$3,899,129 (see Table 1 above) appropriated for these purposes, resulting in a savings of \$3,461,129 of additional bond proceeds.

Table 2: Sources and Uses of Actual General Obligation Bonds, Series 2014

Sources	
Bond Proceeds	\$24,000,000
Uses	
Initial Funds Available for Pier 70 Loans	\$20,100,871
Total Reserve, Issuance and Underwriter’s Discount	438,000
Subtotal	\$20,538,871
Additional Bond Proceeds Available	3,461,129
Total Uses	\$24,000,000

The proposed supplemental appropriation ordinance would de-appropriate \$3,461,129 from the previously authorized use for bond reserve, cost of issuance and underwriter’s discount, and instead appropriate the available \$3,461,129 for additional loan funds for the 20th Street Historic Buildings Project on Pier 70.

On May 4, 2015, the Seismic Safety Loan Committee approved a revised market rate interest loan amount of \$24,000,000 for the 20th Street Historic Buildings Project on Pier 70. If the proposed supplemental appropriation is approved, this Project would receive a total of \$23,562,000 (\$20,100,871 Table 1 above initial available loans plus \$3,461,129 from this appropriation) of Seismic Safety loans.

RECOMMENDATION

Approve the proposed ordinance.

100

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *EW* Mayor Edwin M. Lee *NE*
RE: De-Appropriation and Appropriation – Bond Issuance Costs from San Francisco Taxable General Obligation Bonds of \$3,461,129 for the Seismic Safety Loan Program - FY 2015-2016
DATE: September 29, 2015

Attached for introduction to the Board of Supervisors is an ordinance appropriating \$3,461,129 of City and County of San Francisco Taxable General Obligation Bonds, Series 2014, for the Seismic Safety Loan Program in the Mayor's Office of Housing and Community Development in Fiscal Year 2015-2016.

I respectfully request a waiver of the 30-day hold and that this item be calendared in Budget & Finance Committee.

Should you have any questions, please contact Nicole Elliott (415) 554-7940.

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SAN FRANCISCO
2015 SEP 29 PM 4:35
EW

Submit Form

President, District 5
BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-7630
Fax No. 554-7634
TDD/TTY No. 544-5227

London Breed

PRESIDENTIAL ACTION

Date: October 15, 2015

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,

Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No. 150971

Mayor

(Primary Sponsor)

Title: Ordinance de-appropriating and appropriating.

Transferring (Board Rule No. 3.3)

File No.

(Primary Sponsor)

Title.

From:

Committee

To:

Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor

Replacing Supervisor

For:

(Date)

(Committee)

Meeting

London Breed, President
Board of Supervisors