

RECORDING REQUESTED BY:
CITY AND COUNTY OF SAN FRANCISCO

When Recorded Mail To:
CITY AND COUNTY OF SAN FRANCISCO
Office of the City Attorney
City Hall
1 Dr. Carlton B. Goodlett Place, Room 234
San Francisco, California 94102
Attention: Mark Blake, Esq.

[THIRD] SUPPLEMENT TO PROJECT LEASE

Dated as of March 1, 2016

By and Between

U.S. BANK NATIONAL ASSOCIATION, *as Trustee,*
as Lessor

and

CITY AND COUNTY OF SAN FRANCISCO,
as Lessee

APN: [_____]
Street Address: [_____]

NO DOCUMENTARY TRANSFER TAX DUE
This Project Lease is exempt pursuant to Section 27383
of the California Government Code.

THIS [THIRD] SUPPLEMENT TO PROJECT LEASE, dated as of March 1, 2016 (this “[Third] Supplement to Project Lease”), by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation organized and existing under its charter and the Constitution and laws of the State of California (the “City”), as lessee, and U.S. BANK NATIONAL ASSOCIATION, a national banking association, solely in its capacity as Trustee under the hereinafter defined Trust Agreement, as lessor (the “Trustee”);

WITNESSETH:

WHEREAS, the City desires to provide funds to assist in the acquisition, development, construction or rehabilitation of various affordable housing projects (as further defined herein, the “20___ Project”), and the City is authorized pursuant to its charter and the laws of the State to enter into lease financings for such purpose; and

WHEREAS, the City and the Trustee have previously entered into a Property Lease, dated as of May 1, 2009 (the “Original Property Lease”), pursuant to which the City has leased certain real property and all works, property, improvements, structures and fixtures thereon (collectively, the “Leased Property”) to the Trustee; and

WHEREAS, the City and the Trustee have previously entered into a Project Lease, dated as of May 1, 2009, recorded in the Official Records of San Francisco on May 26, 2009, in Reel J898, Image 0417, DOC-2009-1769826-00 (the “Original Project Lease”), under which the Trustee has leased the Leased Property back to the City;

WHEREAS, in order to provide funds for certain capital improvements of the City, the Trustee executed and delivered certificates of participation captioned “\$163,335,000 City and County of San Francisco Certificates of Participation, Series 2009A (Multiple Capital Improvement Projects)” (the “2009A Certificates”) under a Trust Agreement, dated as of May 1, 2009, between the City and the Trustee (the “Original Trust Agreement”);

WHEREAS, the 2009A Certificates evidence direct undivided interests in the lease payments made by the City under the Original Project Lease;

WHEREAS, in order to provide funds for certain street improvements of the City, the Trustee subsequently executed and delivered a series of certificates of participation captioned “\$37,885,000 City and County of San Francisco Certificates of Participation, Series 2009B (Multiple Capital Improvement Projects)” (the “2009B Certificates”) under a First Supplement to Trust Agreement dated as of September 1, 2009 (the “First Supplement to Trust Agreement”);

WHEREAS, in connection with the execution and delivery of the 2009B Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee have previously entered into a First Supplement to Property Lease, dated as of September 1, 2009 (the “First Supplement to Property Lease”), supplementing the Original Property Lease to provide for additional rental to be paid by the Trustee in connection with the financing of the 2009B Project and certain related matters;

WHEREAS, in connection with the execution and delivery of the 2009B Certificates, under Section 3.2 of the Original Project Lease, the City and the Trustee simultaneously entered into a First Supplement to Project Lease, dated as of September 1, 2009 (the “First Supplement to Project Lease”), supplementing the Original Project Lease to provide for additional Base Rental to be paid by the City in connection with the financing of the 2009B Project and certain related matters;

WHEREAS, the 2009B Certificates were executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the Base Rental payments to be made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, on a parity basis with the 2009A Certificates;

WHEREAS, in order to provide funds for certain street improvements of the City, the Trustee subsequently executed and delivered a series of certificates of participation captioned "\$42,835,000 City and County of San Francisco Certificates of Participation, Series 2012A (Multiple Capital Improvement Projects)" (the "2012A Certificates") under a Second Supplement to Trust Agreement dated as of June 1, 2012 (the "Second Supplement to Trust Agreement");

WHEREAS, in connection with the execution and delivery of the 2012A Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee have previously entered into a Second Supplement to Property Lease, dated as of June 1, 2012 (the "Second Supplement to Property Lease"), supplementing the Original Property Lease to provide for additional rental to be paid by the Trustee in connection with the financing of the 2012A Project and certain related matters;

WHEREAS, in connection with the execution and delivery of the 2012A Certificates, under Section 3.2 of the Original Project Lease, the City and the Trustee simultaneously entered into a Second Supplement to Project Lease, dated as of June 1, 2012 (the "Second Supplement to Project Lease"), supplementing the Original Project Lease to provide for additional Base Rental to be paid by the City in connection with the financing of the 2012A Project and certain related matters;

WHEREAS, the 2012A Certificates were executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the Base Rental payments to be made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease and the Second Supplement to Project Lease, on a parity basis with the 2009A Certificates and the 2009B Certificates;

WHEREAS, in order to provide funds for the 20___ Project, the Trustee is executing and delivering a series of certificates of participation captioned "\$_____ City and County of San Francisco Certificates of Participation, Series 20___ (Affordable Housing Projects)" (the "20___ Certificates") under a [Third] Supplement to Trust Agreement, dated as of March 1, 2016, by and between the City and the Trustee (the "[Third] Supplement to Trust Agreement" and, collectively with the Original Trust Agreement, the First Supplement to Trust Agreement and the Second Supplement to Trust Agreement, the "Trust Agreement");

WHEREAS, in connection with the execution and delivery of the 20___ Certificates, the City and the Trustee are entering into a [Third] Supplement to Property Lease, dated as of March 1, 2016 (the "[Third] Supplement to Property Lease"), supplementing the Original Property Lease to provide for additional rental to be paid by the Trustee in connection with the financing of the 20___ Project and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee are simultaneously entering into this [Third] Supplement to Project Lease, supplementing the Original Project Lease to provide for additional Base Rental to be paid by the City in connection with the financing of the 20___ Project and certain related matters;

WHEREAS, the 20___ Certificates are being executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, the Second Supplement to Project Lease and this [Third] Supplement to Project Lease, on a parity basis with the 2009A Certificates, the 2009B Certificates and the 2012A Certificates;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree to supplement the Original Project Lease as follows:

Section 1. Base Rental. The City agrees to pay, from any legally available funds, additional aggregate Base Rental in the amounts set forth under the caption "Base Rental Schedule" in Exhibit A hereto, which constitutes the principal and interest represented by the 20___ Certificates. The additional Base Rental consists of annual rental payments with principal and interest components, the interest components being paid semiannually as interest on the principal components computed on the basis of a 360-day year composed of twelve 30-day months. The Base Rental payable by the City shall be due on April 1 and October 1 in each year and payable on each March 25 and September 25 during the Project Lease Term, commencing _____ 25, 2016. Such Base Rental provided in Exhibit A is supplemental to the amounts due as provided in Section 3.1(a) and Exhibit A of the Original Project Lease, Section 1 and Exhibit A of the First Supplement to Project Lease, and Section 1 and Exhibit A of the Second Supplement to Project Lease.

The City shall deposit the Base Rental with the Trustee for application by the Trustee in accordance with the terms of the Original Trust Agreement. If any such date of deposit is not a Business Day, such deposit shall be made on the next succeeding Business Day. In no event shall the amount of Base Rental payable exceed the aggregate amount of principal and interest required to be paid or prepaid on the corresponding Interest Payment Date as represented by the Outstanding Certificates, according to their tenor.

The City has determined that such total rental in any Fiscal Year is not and will not be in excess of the total fair rental value of the Leased Property for such Fiscal Year. In making such determination, consideration has been given to the uses and purposes served by the Leased Property and the benefits therefrom that will accrue to the parties by reason of this [Third] Supplement to Project Lease and to the general public by reason of the City's use of the Leased Property.

Section 2. Amendment and Restatement of the Second Paragraph of Section 2 of the Original Project Lease relating to Project Lease Term. The Second Paragraph of Section 2 of the Original Project Lease is hereby amended and restated as follows: The term of the Project Lease shall begin on May 27, 2009, and end on the earliest of

(a) [April 1, 2046] or

(b) at such earlier date as the Certificates and all other amounts due hereunder and under the Trust Agreement have been paid or provision for their payment have been made in accordance with Section 11.01 of the Trust Agreement, or

(c) the date of termination of the Project Lease due to casualty or condemnation in accordance with the terms of Section 5 or 6 of the Project Lease;

provided, however, that, to the extent permitted by law, if Base Rental has been abated in any year in accordance with Section 3.5 of the Project Lease or has otherwise gone unpaid in whole or in part, the term of the Project Lease shall end on the earlier of the date falling 10 years after the date set forth in subparagraph (a) above, or [April 1, 2056], or the date on which no Certificates remain Outstanding and all Additional Rental has been paid.

Section 3. Original Project Lease Still in Effect. This [Third] Supplement to Project Lease and all the terms and provisions herein contained shall form part of the Original Project Lease, as supplemented by the First Supplement to Project Lease and the Second Supplement to Project Lease, as fully and with the same effect as if all such terms and provisions had been set forth in the Original Project Lease. The Original Project Lease, as supplemented by the First Supplement to Project Lease and the Second Supplement to Project Lease, is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

Section 4. Insurance. A new Section 4.3(f) is hereby added to Section 4.3 of the Original Project Lease as follows:

(f) The City shall deliver to the Trustee, on the date of execution and delivery of the 20___ Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required), in an amount at least equal to the initial aggregate principal amount of the 20___ Certificates, showing a leasehold interest in the Leased Property in the name of the Trustee and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the 20___ Certificates.

Section 5. Governing Law. This [Third] Supplement to Project Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 6. Counterparts. This [Third] Supplement to Project Lease may be signed in several counterparts, each of which will constitute an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this [Third] Supplement to Project Lease as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Mayor

ATTEST:

By: _____
Clerk of the Board of Supervisors

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Deputy City Attorney

CERTIFICATE OF ACCEPTANCE BY CITY AND COUNTY OF SAN FRANCISCO

This is to certify that the interest in real property conveyed by the [Third] Supplement to Project Lease, dated as of March 1, 2016, from U.S. Bank National Association to the City and County of San Francisco, a charter city and county and municipal corporation, is hereby accepted by the undersigned on behalf of the Board of Supervisors pursuant to authority conferred by ordinance of the Board of Supervisors adopted by the Board of Supervisors on _____, 2015, and the grantee consents to recordation thereof.

Dated: _____, 2016

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Edwin M. Lee
Mayor

ATTEST:

By: _____
Clerk of the Board of Supervisors

APPROVED AS TO FORM:

DENNIS J. HERRERA
CITY ATTORNEY

By: _____
Deputy City Attorney

EXHIBIT A

BASE RENTAL SCHEDULE
20__ Project

<u>Payment Date*</u>	<u>Principal</u>	<u>Interest</u>	<u>Semi-Annual Base Rental</u>	<u>Annual Base Rental</u>
Oct. 1, 2016				
April 1, 2017				
Oct. 1, 2017				
April 1, 2018				
Oct. 1, 2018				
April 1, 2019				
Oct. 1, 2019				
April 1, 2020				
Oct. 1, 2020				
April 1, 2021				
Oct. 1, 2021				
April 1, 2022				
Oct. 1, 2022				
April 1, 2023				
Oct. 1, 2023				
April 1, 2024				
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April 1, 2025				
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April 1, 2026				
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April 1, 2028				
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April 1, 2029				
Oct. 1, 2029				
April 1, 2030				
Oct. 1, 2030				
April 1, 2031				
Oct. 1, 2031				
April 1, 2032				
Oct. 1, 2032				
April 1, 2033				
Oct. 1, 2033				
April 1, 2034				
Oct. 1, 2034				
April 1, 2035				
Oct. 1, 2035				
April 1, 2036				
Oct. 1, 2036				

Payment Date*	Principal	Interest	Semi-Annual Base Rental	Annual Base Rental
April 1, 2037				
Oct. 1, 2037				
April 1, 2038				
Oct. 1, 2038				
April 1, 2039				
Oct. 1, 2039				
April 1, 2040				
Oct. 1, 2040				
April 1, 2041				
Oct. 1, 2041				
April 1, 2042				
Oct. 1, 2042				
April 1, 2043				
Oct. 1, 2043				
April 1, 2044				
Oct. 1, 2044				
April 1, 2045				
Oct. 1, 2045				
April 1, 2046				
Oct. 1, 2046				
April 1, 2047				
Total:				

*Base Rental is payable on each September 25th and March 25th prior to the Payment Date as provided under the Project Lease.

LEGAL DESCRIPTION

[Insert Legal Description]