

1 [Taxable and/or Tax Exempt Certificates of Participation - Affordable Housing Projects - Not to
2 Exceed \$95,000,000]

3 **Ordinance authorizing the execution and delivery of Certificates of Participation in an**
4 **aggregate principal amount not to exceed \$95,000,000 to provide funds to assist in the**
5 **development, acquisition, construction or rehabilitation of affordable rental housing**
6 **projects; approving the form of a Supplemental Trust Agreement between the City and**
7 **County of San Francisco and the Trustee named therein (including certain indemnities**
8 **contained therein); approving the form of a Supplemental Property Lease between the**
9 **City, as lessor, and the Trustee, as lessee; approving the form of a Supplemental**
10 **Project Lease between the Trustee, as lessor, and the City, as lessee; approving the**
11 **form of an Official Notice of Sale and Notice of Intention to Sell for the Certificates of**
12 **Participation, if sold by competitive sale; authorizing certain actions relating to the**
13 **Certificates of Participation, if sold by negotiated sale, including approving the form of**
14 **a Purchase Contract between the City and the underwriter(s) selected in accordance**
15 **City policies; approving the form of an official statement in preliminary and final form;**
16 **approving the form of a Continuing Disclosure Certificate; granting general authority to**
17 **City officials to take necessary actions in connection with the authorization, issuance,**
18 **sale and delivery of the Certificates of Participation; approving modifications to**
19 **documents; and ratifying previous actions taken in connection therewith.**

20
21 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
22 "Board of Supervisors" or the "Board"), desires to provide funds to assist in the development,
23 acquisition, construction or rehabilitation of affordable rental housing projects (collectively, the
24 "Project"), and the City is authorized pursuant to its charter and the laws of the State to enter
25 into lease financings for such purpose; and

1 WHEREAS, The City and U.S. Bank National Association (the "Trustee") have
2 previously entered into a Property Lease, dated as of May 1, 2009 (the "Original Property
3 Lease"), pursuant to which the City has leased certain real property and all improvements
4 thereon (collectively, the "Leased Property") to the Trustee; and

5 WHEREAS, Pursuant to a Project Lease, dated as of May 1, 2009, by and between the
6 City and the Trustee (the "Original Project Lease"), the Trustee has leased the Leased
7 Property back to the City; and

8 WHEREAS, In order to provide funds for certain capital improvements of the City, the
9 Trustee executed and delivered certificates of participation captioned "\$163,335,000 City and
10 County of San Francisco Certificates of Participation, Series 2009A (Multiple Capital
11 Improvement Projects)" (the "2009A Certificates") under a Trust Agreement, dated as of May
12 1, 2009, between the City and the Trustee (the "Original Trust Agreement"); and

13 WHEREAS, The 2009A Certificates were authorized by Resolution No. 351-08, passed
14 by the Board on July 29, 2008, and approved by the Mayor on August 5, 2008; and

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

17 WHEREAS, The Trust Agreement provides for the issuance of additional Certificates of
18 Participation to provide funds for additional capital projects of the City by the execution and
19 delivery of a supplement to the Trust Agreement, and authorizes the principal and interest
20 with respect to said Certificates of Participation to be secured by a supplement to the Property
21 Lease and to be paid from amounts paid by the City under a supplement to the Project Lease;
22 and

23 WHEREAS, In order to provide funds for certain street improvements of the City, the
24 Trustee subsequently executed and delivered a series of certificates of participation captioned
25 "\$37,885,000 City and County of San Francisco Certificates of Participation, Series 2009B

1 (Multiple Capital Improvement Projects)" (the "2009B Certificates") under a First Supplement
2 to Trust Agreement, dated as of September 1, 2009 (the "First Supplement to Trust
3 Agreement"); and

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

9 WHEREAS, In connection therewith, the City and the Trustee simultaneously entered
10 into a First Supplement to Project Lease, dated as of September 1, 2009, by and between the
11 City and the Trustee (the "First Supplement to Project Lease"), supplementing the Original
12 Project Lease to provide for additional base rental to be paid by the City in connection with the
13 financing of the 2009B Project and certain related matters; and

14 WHEREAS, The 2009B Certificates were authorized by Ordinance No.74-09, passed
15 by the Board on May 5, 2009, and approved by the Mayor on May 11, 2009; and

16 WHEREAS, The 2009B Certificates evidence direct undivided interests in the lease
17 payments made by the City under the Original Project Lease, as supplemented by the First
18 Supplement to Project Lease, on a parity basis with the 2009A Certificates; and

19 WHEREAS, In order to provide funds for capital improvements to various City streets,
20 the Trustee subsequently executed and delivered a series of certificates of participation
21 captioned "\$42,835,000 City and County of San Francisco Certificates of Participation, Series
22 2012A (Multiple Capital Improvement Projects)" (the "2012A Certificates") under a Second
23 Supplement to Trust Agreement, dated as of June 1, 2012 (the "Second Supplement to Trust
24 Agreement"); and
25

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

6 WHEREAS, In connection with the execution and delivery of the 2012A Certificates,
7 the City and the Trustee simultaneously entered into a Second Supplement to Project Lease,
8 dated as of June 1, 2012 (the "Second Supplement to Project Lease"), supplementing the
9 Original Project Lease to provide for additional base rental to be paid by the City in connection
10 with the financing of the 2012A Project and certain related matters; and

11 WHEREAS, The 2012A Certificates were authorized by Ordinance No.264-10, passed
12 by the Board on October 26, 2010, and approved by the Mayor on November 5, 2010; and

13 WHEREAS, The 2012A Certificates evidence direct undivided interests in the lease
14 payments made by the City under the Original Project Lease, as supplemented by the First
15 Supplement to Project Lease and the Second Supplement to Project Lease, on a parity basis
16 with the 2009A Certificates and the 2009B Certificates; and

17 WHEREAS, The Board desires to finance the Project and to cause the execution and
18 delivery of one or more series of additional Certificates of Participation (as further defined
19 herein, the "Certificates") in an aggregate amount not to exceed \$95,000,000 therefor; and

20 WHEREAS, In connection with the execution and delivery of the Certificates, the City
21 and the Trustee will enter into one or more supplemental property leases (each, a
22 "Supplemental Property Lease"), supplementing the Original Property Lease to provide for
23 additional rental to be paid by the Trustee in connection with the financing of the Project and
24 certain related matters; and

25

1 WHEREAS, In connection therewith, the City and the Trustee will simultaneously enter
2 into one or more supplemental project leases, by and between the City and the Trustee (each,
3 a "Supplemental Project Lease"), supplementing the Original Project Lease to provide for
4 additional Base Rental to be paid by the City in connection with the financing of the Project
5 and certain related matters; and

6 WHEREAS, The Certificates will evidence direct undivided interests in the lease
7 payments made by the City under the Original Project Lease, as supplemented by the First
8 Supplement to Project Lease, the Second Supplement to Project Lease and one or more
9 Supplemental Project Leases, on a parity basis with the 2009A Certificates, the 2009B
10 Certificates and the 2012A Certificates; and

11 WHEREAS, Each series of Certificates may be sold by competitive sale pursuant to an
12 official notice of sale and a notice of intention to sell or, in accordance with certain procedures,
13 by negotiated sale; and

14 WHEREAS, In order to ensure a financially advantageous and orderly sale of the
15 Certificates, the Director of Public Finance of the City or her designee (collectively, the
16 "Director") will be authorized to determine whether to conduct a sale of each series of
17 Certificates on either a competitive or negotiated basis; and

18 WHEREAS, In order to conduct a negotiated sale, there has been presented to the
19 Board for approval of the form of a purchase contract relating to a negotiated sale of one or
20 more series of Certificates (the "Purchase Contract") with underwriters to be appointed in
21 accordance with City policies, if so determined by the Director; and

22 WHEREAS, The Board has been presented with the form of certain documents
23 referred to herein relating to the Certificates, including a Supplemental Trust Agreement, a
24 Supplemental Property Lease, a Supplemental Project Lease, a Purchase Contract, and a
25 Continuing Disclosure Certificate, and the Board has examined and is approving each

1 document and desires to authorize and direct the execution of such documents and the
2 consummation of such financing; and

3 WHEREAS, The adoption of this Ordinance shall constitute authorization of the
4 Certificates within the meaning of Section 864 of the California Code of Civil Procedure and
5 any Validation Act that is effective after this Ordinance takes effect; now, therefore, be it

6 ORDAINED by the People of the City and County of San Francisco, as follows:

7 Section 1. Recitals. All of the recitals herein are true and correct.

8 Section 2. File Documents. The documents presented to this Board and on file with the
9 Clerk of the Board or her designee (the "Clerk") are contained in File No. 151225.

10 Section 3. Conditions Precedent. All conditions, things and acts required by law to
11 exist, to happen and to be performed precedent to and in the execution and delivery of the
12 Certificates exist, have happened and have been performed in due time, form and manner in
13 accordance with applicable law, and the City is now authorized pursuant to its Charter and
14 applicable law to enter into the transactions described herein in the manner and form provided
15 in this Ordinance.

16 Section 4. Approval of Execution and Delivery of Certificates. The Board hereby
17 approves the execution and delivery of the Certificates designated as "City and County of San
18 Francisco Certificates of Participation (Affordable Housing Projects)," with such other
19 designations as to series and year of issuance as deemed appropriate by the Director. The
20 Certificates may be executed and delivered in one or more series and on one or more delivery
21 dates each pursuant to a Supplemental Trust Agreement, as referred to in Section 5 below
22 (the "Supplemental Trust Agreement"), as the same is finally executed and delivered. The
23 Trustee shall be authorized to cause the execution and delivery of Certificates in an aggregate
24 principal amount not greater than \$95,000,000, and which shall bear interest rates up to but
25 not exceeding 12 percent per annum. The proceeds of the Certificates will be used to (i) fund

1 the Project; (ii) fund one or more reserve funds or the costs of one or more reserve surety
2 policies, as the Controller or his designee shall determine; (iii) fund capitalized interest, as the
3 Controller or his designee shall determine; and (iv) pay costs of issuance of the Certificates.
4 Each series of the Certificates shall be subject to prepayment as set forth in the applicable
5 Supplemental Trust Agreement. To the extent deemed financially advantageous, the
6 Controller of the City (the "Controller") or the Director of Public Finance (the "Director") is
7 hereby authorized to procure credit enhancement for any of the Certificates, including, but not
8 limited to, municipal bond insurance or debt service reserve fund surety policies.
9 Notwithstanding Section 15 hereof, the documents authorized herein may be modified or
10 amended to permit the procurement of credit enhancement for the Certificates, to the extent
11 deemed necessary by the Controller or the Director, upon consultation with the City Attorney.

12 Section 5. Form of Supplemental Trust Agreement Approval. The form of Supplemental
13 Trust Agreement between the City and the Trustee, as presented to this Board, a copy of
14 which is on file with the Clerk of the Board, is hereby approved. The Mayor of the City or his
15 designee (collectively, the "Mayor") or the Controller is hereby authorized to execute one or
16 more Supplemental Trust Agreements, and the Clerk of the Board or her designee
17 (collectively, the "Clerk of the Board"), is hereby authorized to attest to and affix the seal of the
18 City, as applicable, on such Supplemental Trust Agreements, with such changes, additions
19 and modifications as the Mayor or the Controller may make or approve in accordance with
20 Section 15 hereof.

21 Section 6. Form of Supplemental Property Lease Approval. The form of Supplemental
22 Property Lease providing for the payment of additional rental by the Trustee in connection
23 with the issuance of Certificates, as presented to this Board, a copy of which is on file with the
24 Clerk of the Board, is hereby approved. The term of any Supplemental Property Lease shall
25 not extend beyond forty-one (41) years from the date of execution and delivery of the

1 applicable Certificates. The Mayor or the Controller is hereby authorized to execute one or
2 more Supplemental Property Leases, and the Clerk of the Board is hereby authorized to attest
3 and to affix the seal, as applicable, of the City on such Supplemental Property Leases with
4 such changes, additions and modifications as the Mayor or the Controller may make or
5 approve in accordance with Section 15 hereof.

6 Section 7. Form of Supplemental Project Lease Approval. The form of Supplemental
7 Project Lease providing for the financing of all or a portion of the Project, as presented to this
8 Board, a copy of which is on file with the Clerk of the Board, is hereby approved. The Mayor
9 or the Controller is hereby authorized to execute one or more Supplemental Project Leases,
10 and the Clerk of the Board is hereby authorized to attest and to affix the seal of the City, as
11 applicable, on such Supplemental Project Leases with such changes, additions and
12 modifications as the Mayor or the Controller may make or approve in accordance with Section
13 15 hereof, provided however, that the maximum Base Rental (as defined in the Project Lease)
14 scheduled to be paid under all Supplemental Project Leases authorized hereunder in any
15 fiscal year shall not exceed \$12,350,000 and the term of any Supplemental Project Lease
16 shall not extend beyond forty-one (41) years from the date of execution and delivery of the
17 applicable Certificates.

18 Section 8. Competitive Sale and Award of Certificates. If the Director determines to sell
19 Certificates by competitive sale, the Director, on behalf of the Controller, is hereby authorized
20 and directed to receive bids for the purchase of such Certificates, and the Controller, the
21 Deputy Controller, and the Director are each hereby authorized and directed to award such
22 Certificates to the bidder whose bid represents the lowest true interest cost to the City, and
23 whose bid otherwise conforms to the terms of the Notice of Sale (as defined herein) for the
24 Certificates .

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1 Section 9. Form of Official Notice of Sale Approval. The form of an official notice of sale
2 relating to the Certificates (the "Official Notice of Sale"), as presented to this Board, a copy of
3 which is on file with the Clerk of the Board, is hereby approved. The Controller or the Director
4 is hereby authorized to approve the distribution of one or more Official Notices of Sale for any
5 Certificates determined to be sold by competitive sale, with such changes, additions,
6 modifications or deletions as the Controller or the Director may approve upon consultation
7 with the City Attorney; such approval to be conclusively evidenced by the distribution of the
8 applicable Official Notice of Sale to potential bidders for or purchasers of such Certificates.

9 Section 10. Notice of Intention to Sell Approval. The form of a notice of intention to sell
10 relating to the Certificates (the "Notice of intention to Sell"), as presented to this Board, a copy
11 of which is on file with the Clerk of the Board, is hereby approved. The Controller or the
12 Director is hereby authorized to approve the publication of the Notice of Intention to Sell
13 relating to any Certificates determined to be sold by competitive sale, with such changes,
14 additions, modifications or deletions as the Controller or the Director may approve upon
15 consultation with the City Attorney; such approval to be conclusively evidenced by the
16 publication of the applicable Notice of Intention to Sell relating to such Certificates.

17 Section 11. Authorization for Sale of Certificates – Negotiated Sale; Authorization to
18 Select Underwriters; Form of Purchase Contract Approval. The Controller, in consultation with
19 the Director, is hereby authorized to conduct the sale of any Certificates by negotiated sale
20 pursuant to one or more Purchase Contracts, each by and between the City and the
21 underwriter(s) named therein (the "Underwriters"), if the Controller determines that such
22 manner of sale is in the best financial interest of the City, each such determination to be
23 conclusively evidenced by the execution and delivery of the applicable Purchase Contract as
24 hereinafter approved. The form of such Purchase Contract as presented to this Board, a copy
25 of which is on file with the Clerk of the Board, is hereby approved. The Controller or the

1 Director is hereby authorized to execute each such Purchase Contract with such changes,
2 additions and modifications as the Controller or the Director may make or approve in
3 accordance with Section 15 hereof; provided however, that the Underwriters' discount under
4 any such Purchase Contract shall not exceed 2.00% [why 2 here and 1 under other DF
5 Ordinance? of the principal amount of the applicable Certificates. In order to facilitate the sale
6 of any Certificates by negotiated sale, the Controller or the Directors hereby authorized and
7 directed to appoint one or more financial institutions to act as underwriter for such Certificates
8 in accordance with City policies and procedures, including, but not limited to, the City's policy
9 to provide locally disadvantaged minority business enterprises and women enterprises an
10 equal opportunity to participate in the performance of all City contracts.

11 Section 12. Official Statement Approval in Preliminary and Final Form. The form of an
12 official statement relating to the first sale of Certificates (the "Official Statement"), as
13 presented to this Board, a copy of which is on file in preliminary form with the Clerk, is hereby
14 approved. The Controller or the Director is hereby authorized to approve the distribution of
15 such preliminary Official Statement in substantially said form, with such changes, additions,
16 modifications or deletions as the Director may approve upon consultation with the City
17 Attorney; such approval to be conclusively evidenced by the distribution of such preliminary
18 Official Statement to potential bidders for or purchasers in the first sale of Certificates. The
19 Controller or the Director is hereby authorized to cause the distribution of such Preliminary
20 Official Statement, deemed final for purposes of Rule 15c2-12 of the Securities and Exchange
21 Act of 1934, as amended, and to execute a certificate to that effect. The Controller or the
22 Director is hereby further authorized and directed to sign the Official Statement for the first
23 sale of Certificates in final form. The Controller or the Director are hereby authorized to direct
24 the Co-Financial Advisors to cause to be printed and mailed, or distributed electronically, to
25 prospective bidders, copies of the Preliminary Official Statement and the final Official

1 Statement for the first sale of Certificates. The preliminary official statement for any future sale
2 of Certificates authorized hereunder shall be approved by resolution or ordinance of this
3 Board prior to such sale.

4 Section 13. Continuing Disclosure Certificate Approval. The form of a Continuing
5 Disclosure Certificate of the City, as presented to this Board, a copy of which is on file with the
6 Clerk of the Board, is hereby approved. The Controller or the Director is hereby authorized to
7 execute a Continuing Disclosure Certificate for each sale of Certificates, with such changes,
8 additions, modifications or deletions as the Controller or the Director may approve upon
9 consultation with the City Attorney; such approval to be conclusively evidenced by the
10 execution and delivery of the applicable Continuing Disclosure Certificate.

11 Section 14. General Authority. The Mayor, the City Attorney, the Controller, the City
12 Administrator, the Director, the Clerk of the Board and other officers of the City and their duly
13 authorized deputies and agents are hereby authorized and directed, jointly and severally, to
14 take such actions and to execute and deliver such certificates, agreements, requests or other
15 documents as they may deem necessary or desirable to accomplish the proposed financing
16 through the execution and delivery of the Certificates, and one or more Official Statements,
17 Continuing Disclosure Certificates, Supplemental Trust Agreements, Supplemental Property
18 Leases, Supplemental Project Leases and Purchase Contracts, to facilitate the execution and
19 delivery of the Certificates, to obtain bond insurance or other credit enhancements with
20 respect to the financing of the Project, to obtain title insurance, clear any encumbrances to
21 title, survey property and carry out other title work and otherwise to carry out the provisions of
22 this Ordinance. Any such actions are solely intended to further the purposes of this
23 Resolution, and are subject in all respects to the terms of this Resolution. No such actions
24 shall increase the risk to the City or require the City to spend any resources not otherwise
25 granted herein. Final versions of any such documents shall be provided to the Clerk of the

1 Board of Supervisors for inclusion in the official file within 30 days of execution (or as soon
2 thereafter as final documents are available) by all parties.

3 Section 15. Modifications, Changes and Additions. The Mayor and Controller is each
4 hereby authorized to approve and make such modifications, changes or additions to the forms
5 of Supplemental Trust Agreement, Supplemental Property Lease, Supplemental Project
6 Lease, Continuing Disclosure Certificate or Purchase Contract, upon consultation with the City
7 Attorney, as may be necessary or desirable in the interests of the City, and which changes do
8 not materially increase the obligations of the City under any Supplemental Trust Agreement,
9 Supplemental Property Lease, Supplemental Project Lease, Continuing Disclosure Certificate
10 or Purchase Contract. The Mayor's or Controller's approval of such modifications, changes or
11 additions shall be conclusively evidenced by the execution and delivery by the Mayor and the
12 Clerk of the Board or the Controller, as the case may be, of the applicable Supplemental Trust
13 Agreement, Supplemental Property Lease, Supplemental Project Lease, Continuing
14 Disclosure Certificate or Purchase Contract.

15 Section 16. Ratification. All actions authorized and directed by this Ordinance,
16 consistent with any documents presented herein, and heretofore taken are hereby ratified,
17 approved and confirmed by this Board.

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

21
22
23 By: _____
24 Mark D. Blake
25 Deputy City Attorney

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