



[Appropriation - Refunding Certificates of Participation - \$160,000,000 - Deappropriation - Series 2009A and 2009B - \$16,500,000 - Re-Appropriation - Series 2019-R1 - \$176,500,000 - FY2019-2020]

**Ordinance appropriating \$160,000,000 of one or more series of Refunding Certificates of Participation proceeds, de-appropriating Series 2009A and 2009B Certificates of Participation of prior reserve funds of \$16,500,000 and re-appropriating Refunding Certificates of Participation Series 2019-R1 of \$176,500,000 and placing these funds on Controller's Reserve pending the sale of the Certificates of Participation for FY2019-2020.**

Note: Additions are single-underline italics Times New Roman; deletions are ~~strikethrough italics Times New Roman~~. Board amendment additions are double underlined. Board amendment deletions are ~~strikethrough normal~~.

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

Section 1. The sources of funding outlined below are herein appropriated to reflect the funding available in Fiscal Year 2019-2020.

**SOURCES Appropriation**

Fund/Department ID	Project & Activity/ Authority	Account	Description	Amount
21941 Laguna	10029674 HL	480121	Proceeds from	\$122,500,000
Honda Hospital	5LDSFCOP – 0004	Proceeds from	Refunding of Bonds	
Refunding COP-	5LDSFCOP /	Refunding of Bonds		
DSF/ 251865 HLH				
FN Administration	10000 - Operating			
Public Health				

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17471 DSCOP					
REFDG COP-ST	10026734 -	480121	Proceeds from		\$37,500,000
COP ST IMP 2019-	General City		Proceeds from	Refunding of Bonds	
R1/	Services - 0001/		Refunding of Bonds		
230018 General	10000 Operating				
City Responsibility					
<b>Total Sources Appropriation</b>					<b>\$ 160,000,000</b>

**USES De-Appropriation**

Fund/ Department ID	Project & Activity/ Authority	Account	Description	Amount
21940	10029674 HL	570000	Prior Debt Service	\$13,530,000
LHH-COP Series A	5LDSFCOP - 0004		Reserve	
- DSF / 251865	5LDSFCOP/ 10000			
HLH FN	- Operating			
Administration				
Public Health				

1	17360	10026734 – General	570000	Prior Debt Service	\$2,970,000
2	DSCOP STREET	City Services –		Reserve	
3	IMPROVMT	0001/ 10000			
4	S2009B / 230018	Operating			
5	General City				
6	Responsibility				

9	<b>Total Uses De-appropriation</b>				<b>\$16,500,000</b>
11	<b>Total Sources and Uses De-appropriation</b>				<b>\$176,500,000</b>

Section 2. The uses of funding outlined below are herein appropriated in FY 2019-2020 and reflect the projected uses of funding for the Refunding Certificates of Participation.

**USES Appropriation**

Fund/ Department ID	Project & Activity/ Authority	Account	Description	Amount
21941 Laguna	10029674 – HL	508010	Refund of	\$115,521,404
Honda Hospital	5LDSFCOP/ 10000		Certificates of	
Refunding COP-	- Operating		Participation Series	
DSF/ 251865 HLH			2009A	
FN Administration				
Public Health				

1	17471	10026734 – General	508010	Refund of	\$30,148,246
2	DSCOP REFDG	City Services -		Certificates of	
3	COP-ST IMP 2019-	0001/ 10000		Participation Series	
4	R1 /	Operating		2009B	
5	230018 General				
6	City Responsibility				
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9	21941 Laguna	10029674 – HL	570000	Debt Service	\$ 11,237,000
10	Honda Hospital	5LDSFCOP/ 10000		Reserve	
11	Refunding COP-	- Operating			
12	DSF/ 251865 HLH				
13	FN Administration				
14	Public Health				
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16	17471	10026734 –	570000	Debt Service	\$ 2,563,500
17	DSCOP REFDG	General City		Reserve	
18	COP-ST IMP 2019-	Services- 0001/			
19	R1 / 230018	10000 Operating			
20	General City				
21	Responsibility				
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1	17102	10034764 PW	584030	Street Resurfacing	\$2,750,000
2	CPSIF COP ST IMP	Street Resurfacing			
3	2019 / 207954	Budget/ 0002-			
4	Public Works	Reserve Project /			
5		20866 - PW Street			
6		Resurfacing FY20			
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8	17102 CPSIF COP	10034764 PW	581130	0.2% CSA	\$5,500
9	ST IMP 2019 /	Street Resurfacing	GF-CON-Internal	Allocation - GF-	
10	207954	Budget/ 0002-	Audit	Con-Internal Audits	
11	Public Works	Reserve Project /			
12		20866 - PW Street			
13		Resurfacing FY20			
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16	21941 Laguna	10029674 - HL	573110	Costs of Issuance	\$778,946
17	Honda Hospital	5LDSFCOP/ 10000		Bond Issuance Cost.	
18	Refunding COP-	- Operating	- Unamortized		
19	DSF/ 251865 HLH				
20	FN Administration				
21	Public Health				
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1	21941 Laguna	10029674 – HL	573110	Underwriter's	\$992,650
2	Honda Hospital	5LDSFCOP/ 10000	Bond Issuance Cost	Discount	
3	Refunding COP-	- Operating	- Unamortized		
4	DSF/ 251865 HLH				
5	FN Administration				
6	Public Health				
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8	17471	10026734 - General	573110	Costs of Issuance	\$221,054
9	DSCOP REFDG	City Services -	Bond Issuance Cost		
10	COP-ST IMP 2019-	0001/ 10000	- Unamortized		
11	R1 / 230018	Operating			
12	General City				
13	Responsibility				
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15	17471	10026734 –	573110	Underwriter's	\$281,700
16	DSCOP REFDG	General City	Bond Issuance Cost	Discount	
17	COP-ST IMP 2019-	Services – 0001/	- Unamortized		
18	R1 / 230018	10000 Operating			
19	General City				
20	Responsibility				
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1	21941 Laguna	10029674 – HL	573110	Reserve for Market	\$7,500,000
2	Honda Hospital	5LDSFCOP/ 10000	Bond Issuance Cost	Uncertainty	
3	Refunding COP-	- Operating	- Unamortized		
4	DSF/ 251865 HLH				
5	FN Administration				
6	Public Health				
7					
8	17471	10026734 –	573110	Reserve for Market	\$4,500,000
9	DSCOP STREET	General City	Bond Issuance Cost	Uncertainty	
10	REFDG COP-ST	Services- 0001/	- Unamortized		
11	COP IMP 2019-R1	10000 Operating			
12	/ 230018				
13	General City				
14	Responsibility				
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18	<b>Total Uses Appropriation</b>				<b>\$ 176,500,000</b>

Section 3. The uses of funding outlined above for \$176,500,000 are herein placed on Controller's Reserve pending sale of the Refunding Certificates of Participation in one or more series.

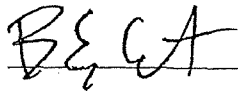


1 Section 4. The Controller is authorized to record transfers between funds and adjust the  
2 accounting treatment of sources and uses appropriated in this ordinance as necessary to  
3 conform with Generally Accepted Accounting Principles.  
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8 APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

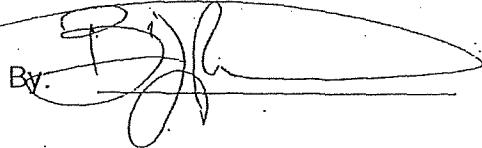
FUNDS AVAILABLE  
Ben Rosenfield, Controller

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Deputy City Attorney

By:



OFFICE OF THE MAYOR  
SAN FRANCISCO



LONDON N. BREED  
MAYOR

To: Angela Calvillo, Clerk of the Board of Supervisors  
From: Kelly Kirkpatrick, Mayor's Budget Director  
Date: May 31, 2019  
Re: Mayor's FY 2019-20 and FY 2020-21 Budget Submission

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Madam Clerk,

In accordance with City and County of San Francisco Charter, Article IX, Section 9.100, the Mayor's Office hereby submits the Mayor's proposed budget by June 1<sup>st</sup>, corresponding legislation, and related materials for Fiscal Year 2019-20 and Fiscal Year 2020-21.

In addition to the Annual Appropriation Ordinance, Annual Salary Ordinance, and Mayor's Proposed FY 2019-20 and FY 2020-21 Budget Book, the following items are included in the Mayor's submission:

- The budget for the Office of Community Investment and Infrastructure for FY 2019-20
- 18 separate pieces of legislation (see list attached)
- A Transfer of Function letter detailing the transfer of positions from one City department to another. See letter for more details.
- An Interim Exception letter
- A letter addressing funding levels for nonprofit corporations or public entities for the coming two fiscal years

If you have any questions, please contact me at (415) 554-6125.

Sincerely,

A handwritten signature in black ink, appearing to read "Kelly Kirkpatrick".

Kelly Kirkpatrick  
Mayor's Budget Director

cc: Members of the Board of Supervisors  
Harvey Rose  
Controller

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2019 MAY 31 AM 11:07  
BY [Signature]

<p><b>Items 7 and 8</b>  <b>Files 19-0624 and 19-0626</b></p>	<p><b>Departments:</b>                  Office of Public Finance                  Public Works</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p>	
<p><b>File 19-0624</b> is an ordinance authorizing the issuance of Certificates of Participation in one or more series, on a taxable or tax-exempt basis, in an amount not to exceed \$160,000,000 to refinance the COPs issued in 2009.</p>	
<p><b>File 19-0626</b> is an ordinance appropriating \$160,000,000 in the Refunding COPs proceeds and \$16,500,000 in prior reserve funds, totaling \$176,500,000 to refinance the Series 2009A and 2009B COPs, and other uses.</p>	
<p style="text-align: center;"><b>Key Points</b></p>	
<ul style="list-style-type: none"> <li>• The Board of Supervisors approved the issuance of up to \$227 million in COPs in 2008 and 2009 to construct the new Laguna Honda Hospital, as well as the acquisition, construction and installation of certain street improvements. The Office of Public Finance recommends refunding the COPs (Series 2009A and 2009B) to achieve interest and debt service savings.</li> <li>• According to the Office of Public Finance June 3, 2019 memorandum to the Board of Supervisors, the City expects to issue approximately \$148,000,000 in Refunding COPs and re-appropriate reserve funds (see File 19-0626), to refund \$112,395,000 of outstanding 2009A COPs and \$28,905,000 of outstanding 2009B COPs.</li> <li>• Of the \$176,500,000 appropriation, \$2,750,000 is allocated to street resurfacing projects. Public Works identified \$70,308,872 in street resurfacing projects in FY 2019-20, funded by a variety of sources, including the \$2,750,000 in proceeds from the Refunding COPs.</li> </ul>	
<p style="text-align: center;"><b>Fiscal Impact</b></p>	
<ul style="list-style-type: none"> <li>• According to the Office of Public Finance, the estimated net present value of savings from refunding the 2009A and 2009B COPs are \$13,200,000, equal to 9.4 percent of the outstanding par amount of the 2009A and 2009B COPs to be refunded. The estimated net present value of savings exceeds the 3 percent savings set by City policy.</li> </ul>	
<p style="text-align: center;"><b>Recommendation</b></p>	
<ul style="list-style-type: none"> <li>• Approve the proposed legislation.</li> </ul>	

## MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

City Administrative Code Section 10.62(b) states that the Board of Supervisors may authorize the issuance of Certificates of Participation (COPs) and other lease financing debt to fund capital projects provided the annual debt service cost of such outstanding indebtedness does not exceed 3.25% of discretionary revenue as determined by the Controller and Director of Public Finance. Administrative Code Section 10.62(c) states that the Director of Public Finance may issue tax-exempt and taxable commercial paper notes to provide interim funds to finance the acquisition, construction and rehabilitation of capital improvements and capital equipment, subject to the project's and financing plan's approval by the Board of Supervisors and Mayor.

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

## BACKGROUND

The Board of Supervisors approved the issuance of up to \$227 million in COPs in 2008 and 2009 to construct the new Laguna Honda Hospital, as well as the acquisition, construction and installation of certain street improvements. The Office of Public Finance recommends refunding the COPs (Series 2009A and 2009B) to achieve interest and debt service savings.

## DETAILS OF PROPOSED LEGISLATION

**File 19-0624** is an ordinance authorizing the issuance of Certificates of Participation in one or more series, on a taxable or tax-exempt basis, in an amount not to exceed \$160,000,000 to refinance the COPs issued in 2009.

**File 19-0626** is an ordinance appropriating \$160,000,000 in the Refunding COPs proceeds and \$16,500,000 in prior reserve funds, totaling \$176,500,000 to refinance the Series 2009A and 2009B COPs, and other uses.

### Issuance of Refunding Certificates of Participation (File 19-0624)

Under the proposed ordinance, the Board of Supervisors is approving:

- Issuance of Refunding COPs in an amount up to \$160 million to refinance the Series 2009A and 2009B COPs;
- The Third Supplement to the Trust Agreement between the City and U.S. Bank National Association, as trustees;
- The Third Supplement to the Property Lease and the Third Supplement to the Project Lease between the City and U.S. Bank National Association for 375 Laguna Honda Boulevard;

- The form of two Escrow Agreements between the City and U.S. Bank National Association, as the escrow agent;
- Participation;
- The form of the Bond Purchase Contract;
- The form of an Official Statement in preliminary and final form; and
- The form of a Continuing Disclosure Certificate.

According to the proposed ordinance, the Board of Supervisors (a) gives City officials the authority to take the necessary actions to issue the Refunding COPs, (b) approves modifications to the documents; and ratifies previous actions. The parameters set by the proposed ordinance for the issuance of the COPs include (a) maximum interest rate of 12 percent, (b) maximum term of 20 years, and (c) maximum debt service (“base rental payment”) of \$15,381,705.

According to the Office of Public Finance June 3, 2019 memorandum to the Board of Supervisors, the City expects to issue approximately \$148,000,000 in Refunding COPs and re-appropriate reserve funds (see File 19-0626), to refund \$112,395,000 of outstanding 2009A COPs and \$28,905,000 of outstanding 2009B COPs.

Appropriation (File 19-0626)

The proposed ordinance appropriates \$160,000,000 in Refunding COPs, and re-appropriates \$16,500,000 in 2009A and 2009B COPs reserves as follows:

**Sources**

Refunding Certificates of Participation Proceeds	\$160,000,000
De-appropriation prior Debt Service Reserve	<u>16,500,000</u>
Total Sources	\$176,500,000

**Uses**

Refund of 2009A and 2009B Certificates of Participation	\$145,669,650
Debt Service Reserve	13,800,500
City Services Auditor	5,500
Costs of Issuance	1,000,000
Underwriters Discount	1,274,350
Reserve for Market Uncertainty	<u>12,000,000</u>
Total Refunding and Associated Costs	\$173,750,000
Street Projects	<u>2,750,000</u>
Total Uses	\$176,500,000

The Office of Public Finance anticipates issuing \$148,000,000 in Refunding COPs; the total authorized amount of \$160,000,000 includes \$12,000,000 as a reserve for market uncertainty (such as an increase in interest rates).

Of the \$176,500,000 appropriation, \$2,750,000 is allocated to street resurfacing projects. Public Works identified \$70,308,872 in street resurfacing projects in FY 2019-20, funded by a variety of sources, including the \$2,750,000 in proceeds from the Refunding COPs.

**FISCAL IMPACT**

According to the Office of Public Finance, the estimated net present value of savings from refunding the 2009A and 2009B COPs are \$13,200,000, equal to 9.4 percent of the outstanding par amount of the 2009A and 2009B COPs to be refunded. The estimated net present value of savings exceeds the 3 percent savings set by City policy.

**RECOMMENDATION**

Approve the proposed legislation.

DEPT	Budget & Finance Committee Calendar Date	Description or Title of Legislation	Type of Legislation
CON	12-Jun	Neighborhood Beautification and Graffiti Clean-up Fund Tax Designation Ceiling	Ordinance
CON	12-Jun	Resolution Adjusting the Access Line Tax with the Consumer Price Index of 2019	Resolution
CON	12-Jun	Proposition J Contract Certification Specified Contracted- Out Services Previously Approved	Resolution
CON	12-Jun	Ordinance Authorizing Refunding Certificates of Participation, Series 2019-R1 (Multiple Capital Improvement Projects) - Not to Exceed \$160,000,000	Ordinance
OCII	12-Jun	Office of Community Investment and Infrastructure, operating as Successor Agency to the San Francisco Redevelopment Agency, Fiscal Year 2019-20 Interim budget	Resolution
OCII	12-Jun	Office of Community Investment and Infrastructure, operating as Successor Agency to the San Francisco Redevelopment Agency, Fiscal Year 2019-20 Budget - Bond Issuance Not to Exceed \$40,714,400	Resolution
PUC, PRT, AIR	12-Jun	Appropriating \$12,218,229 in the San Francisco Public Utilities Commission, and De-Appropriation and Re-Appropriation - Expenditures of \$2,431,505 in the Port Commission and Airport Commission - FY2019-2020	Ordinance
CON	13-Jun	Appropriation - City and County of San Francisco Refunding Certificates of Participation of \$160,000,000 and Deappropriating \$16,500,000 - FY 2019-20	Ordinance
DPW	13-Jun	Accept and Expend Grants - State Transportation Development Act, Article 2 - Pedestrian and Bicycle Projects - \$972,338	Resolution
FIR	13-Jun	Fire Code - SFFD Fee Amendment	Ordinance
REC	13-Jun	Park Code - Marina Guest Docking Fees	Ordinance
REC	13-Jun	Park Code - Non-Resident Fees at Certain Specialty Attractions	Ordinance
REC	13-Jun	Park Code - Temporary Surcharge at Japanese Tea Garden	Ordinance
CPC	14-Jun	Resolution to Apply for, Accept, and Expend \$625,000 in California SB 2 Planning Grant Program funds	Resolution
DPH	14-Jun	Accept and Expend Grants - Recurring State Grant Funds - Department of Public Health - FY2019-2020	Resolution
HOM	14-Jun	Homelessness and Supportive Housing Fund - FYs 2019-20 and 2020-21 Expenditure Plans	Resolution
LIB	14-Jun	Accept and Expend Grant - Friends of San Francisco Public Library - Annual Grant Award, 2019-20 - Up to \$807,820 of In-kind Gifts, Services and Cash Monies	Resolution
LIB	14-Jun	Administrative Code - Eliminating Fines for Overdue Library Materials	Ordinance

OFFICE OF THE MAYOR  
SAN FRANCISCO



LONDON N. BREED  
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Sophia Kittler  
RE: Appropriation - City and County of San Francisco Refunding Certificates  
of Participation of \$160,000,000 and Deappropriating \$16,500,000 -  
FY2019-20  
DATE: May 31, 2019

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**Ordinance appropriating \$160,000,000 of one or more series of Refunding Certificates of Participation proceeds, de-appropriating Series 2009A and 2009B Certificates of Participation of prior reserve funds of \$16,500,000 and re-appropriating Refunding Certificates of Participation Series 2019-R1 of \$176,500,000, and placing these funds on Controller's Reserve pending the sale of the Certificates of Participation.**

Should you have any questions, please contact Sophia Kittler at 415-554-6153.

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