

1 [Authorizing Taxable and/or Tax-Exempt Certificates of Participation - HOPE SF - Not to  
2 Exceed \$83,600,000]

3 **Ordinance authorizing the execution and delivery of Certificates of Participation, in one**  
4 **or more series on a tax-exempt and/or taxable basis and from time to time, evidencing**  
5 **and representing an aggregate principal amount not to exceed \$83,600,000 to finance**  
6 **and refinance certain capital improvement projects, including but not limited to certain**  
7 **properties generally known as Hunters View, Sunnydale, and Potrero Terrace and**  
8 **Annex housing developments, approving the form of a Supplement to Trust Agreement**  
9 **between the City and County of San Francisco and U.S. Bank National Association, as**  
10 **trustee (“Trustee”) (including certain indemnities contained therein); approving**  
11 **respective forms of a Supplement to Property Lease and a Supplement to Project**  
12 **Lease, each between the City and the Trustee for the lease and lease back certain real**  
13 **property and improvements located at 375 Laguna Honda Boulevard or other property**  
14 **as determined by the Director of Public Finance; approving the form of an Official**  
15 **Notice of Sale and a Notice of Intention to Sell the Certificates of Participation;**  
16 **approving the form of an Official Statement in preliminary and final form; approving the**  
17 **form of a Continuing Disclosure Certificate; granting general authority to City officials**  
18 **to take necessary actions in connection with the authorization, sale, execution and**  
19 **delivery of the Certificates of Participation; approving modifications to documents; and**  
20 **ratifying previous actions taken in connection therewith, as defined herein.**

21  
22 **NOTE:** **Unchanged Code text and uncodified text** are in plain Arial font.  
23 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
24 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
25 **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.

1 Be it ordained by the People of the City and County of San Francisco:  
2

3 WHEREAS, The Board of Supervisors (“Board of Supervisors” or “Board”) of the  
4 City and County of San Francisco (“City”) desires to provide funds for the acquisition of  
5 certain real property located within the City for (i) the improvement and equipping of certain  
6 existing real property and improvements owned and maintained by the City, including but  
7 not limited to the improvement and equipping of the existing properties generally known as  
8 the Hunters View, Sunnyside and Potrero Terrace and Annex housing developments within  
9 the City and adjacent and related facilities, and (ii) the prepayment of certain commercial  
10 paper notes of the City issued for such purposes (collectively, the “Hope SF Project”), (iii)  
11 fund a debt service or other similar reserve for the Certificates, as appropriate; and (iv) pay  
12 costs of issuance of the Certificates, and the City is authorized pursuant to its charter  
13 (“Charter”) and the laws of the State to enter into lease financings for such purpose; and  
14

15 WHEREAS, The City and the Trustee have previously entered into a Property Lease,  
16 dated as of May 1, 2009 (“Original Property Lease”), pursuant to which the City has leased  
17 certain real property and all improvements thereon (collectively, the “Prior Leased Property”)  
18 to U.S. Bank National Association, as trustee (“Trustee”); and

19 WHEREAS, The Trustee and the City have previously entered into a Project Lease,  
20 dated as of May 1, 2009 (“Original Project Lease”), pursuant to which the Trustee has leased  
21 the Prior Leased Property back to the City; and

22 WHEREAS, The City previously caused the execution and delivery of the City and  
23 County of San Francisco Certificates of Participation, Series 2009A (Multiple Capital  
24 Improvement Projects) (“2009A Certificates”) pursuant to a Trust Agreement, dated as of May  
25 1, 2009, by and between the City and the Trustee (“Original Trust Agreement” and together

1 with the Original Property Lease and the Original Project Lease, the “Original Agreements”);  
2 and

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

5 WHEREAS, The Original Trust Agreement provides for the issuance of additional  
6 certificates of participation by the execution and delivery of a supplement to the Original Trust  
7 Agreement, and authorizes the principal and interest with respect to said certificates of  
8 participation to be secured by a supplement to the Original Property Lease and to be paid  
9 from amounts paid by the City under a supplement to the Original Project Lease; and

10 WHEREAS, The City subsequently caused the execution and delivery of the City and  
11 County of San Francisco Certificates of Participation, Series 2009B (Multiple Capital  
12 Improvement Projects) (the “2009B Certificates”) pursuant to a First Supplement to Trust  
13 Agreement, dated as of September 1, 2009 (“First Supplement to Trust Agreement”),  
14 supplementing the Original Trust Agreement; and

15 WHEREAS, In connection therewith, the City and the Trustee have previously entered  
16 into a First Supplement to Property Lease, dated as of September 1, 2009 (“First Supplement  
17 to Property Lease”), supplementing the Original Property Lease; and

18 WHEREAS, In connection therewith, the City and the Trustee have previously entered  
19 into a First Supplement to Project Lease, dated as of September 1, 2009 (“First Supplement  
20 to Project Lease”), supplementing the Original Project Lease; and

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

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1           WHEREAS, The City subsequently caused the execution and delivery of the City and  
2 County of San Francisco Certificates of Participation, Series 2012A (Multiple Capital  
3 Improvement Projects) (“2012A Certificates”) pursuant to a Second Supplement to Trust  
4 Agreement, dated as of June 1, 2012 (“Second Supplement to Trust Agreement”),  
5 supplementing the Original Trust Agreement; and

6           WHEREAS, In connection therewith, the City and the Trustee have previously entered  
7 into a Second Supplement to Property Lease, dated as of June 1, 2012 (“Second Supplement  
8 to Property Lease”), supplementing the Original Property Lease; and

9           WHEREAS, In connection therewith, the City and the Trustee have previously entered  
10 into a Second Supplement to Project Lease, dated as of June 1, 2012 (“Second Supplement  
11 to Project Lease”), supplementing the Original Project Lease; and

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

16           WHEREAS, The Board desires to finance the Hope SF Project and to cause the  
17 execution and delivery of one or more additional series of certificates of participation (as  
18 further defined herein, the “Certificates”) in an aggregate principal amount not to exceed  
19 \$83,600,000; and

20           WHEREAS, The Certificates will be executed and delivered in one or more series, on a  
21 tax-exempt and/or taxable basis and from time to time, pursuant to one or more supplements  
22 to the Original Trust Agreement (each, a Supplement to Trust Agreement”), by and between  
23 the City and the Trustee, supplementing the Original Trust Agreement; and

24           WHEREAS, In connection with the execution and delivery of the Certificates, this Board  
25 desires to cause the execution of one or more supplements to the Original Property Lease

1 (each, a "Supplement to Property Lease"), supplementing and amending the Original Property  
2 Lease to provide for additional rental to be paid by the Trustee in connection with the  
3 financing of the Project and certain related matters and pursuant to which the City intends to  
4 lease to the Trustee the Prior Leased Property and such other property specified in the  
5 Supplement to Property Lease (collectively, the "Leased Property"), one or more supplements  
6 to the Original Project Lease (each, a "Supplement to Project Lease"), supplementing and  
7 amending the Original Project Lease to provide for the leasing of the Leased Property back to  
8 the City and additional Base Rental to be paid by the City in connection with the financing of  
9 the Hope SF Project and certain related matters, with such additional changes to the  
10 Supplement to Property Lease and Supplement to Project Lease as shall be determined and  
11 made in accordance with Section 21 hereof; a Continuing Disclosure Certificate and certain  
12 other related documents; and

13 WHEREAS, The Certificates, when issued, will evidence direct undivided interests in  
14 the lease payments made by the City under the Original Project Lease, as previously  
15 supplemented and amended and as supplemented and amended by the Supplement to  
16 Project Lease, on a parity basis with the outstanding 2009A Certificates, 2009B Certificates  
17 and 2012A Certificates and any other certificates of participation of the City authorized and  
18 issued pursuant to additional, respective, executed and delivered supplements to the Original  
19 Agreements, prior to the issuance of the Certificates; and

20 WHEREAS, The Board has been presented with the forms of certain documents and  
21 agreements referred to herein relating to the Certificates, and the Board has examined and is  
22 approving each such document and agreement and desires to authorize the execution of such  
23 documents and agreements and the consummation of such financing; and

24 WHEREAS, Upon the effectiveness of this Ordinance, all conditions, things and acts  
25 required by law to exist, to happen and to be performed precedent to and as a condition of the

1 execution and delivery of the Supplement to Property Lease, the Supplement to Project  
2 Lease, the Supplement to Trust Agreement, the Continuing Disclosure Certificate, the Official  
3 Statement (as defined herein) and the Certificates will exist, have happened and have been  
4 performed in due time, form and manner in accordance with applicable law, and the City shall  
5 be authorized pursuant to its Charter and other applicable law to execute and deliver the  
6 Supplement to Property Lease, the Supplement to Project Lease, the Continuing Disclosure  
7 Certificate, the Supplement to Trust Agreement and the Official Statement and to cause the  
8 execution and delivery of the Certificates in the manner and form provided in this Ordinance;  
9 and

10 WHEREAS, The City has paid and expects to pay certain expenditures in connection  
11 with the Hope SF Project to be financed by the Certificates prior to the execution and delivery  
12 of the Certificates, and the City intends to reimburse itself and to pay third parties for such  
13 prior expenditures from the proceeds of the Certificates; and

14 WHEREAS, Section 1.150-2 of the Treasury Regulations promulgated under the  
15 Internal Revenue Code of 1986, as amended (“Reimbursement Regulations”) requires the  
16 City to declare its reasonable official intent to reimburse prior expenditures with the proceeds  
17 of a subsequent borrowing; and

18 WHEREAS, The Reimbursement Regulations require that any reimbursement  
19 allocation of proceeds of the Certificates to be made with respect to expenditures incurred  
20 prior to the execution and delivery of the Certificates will occur not later than eighteen (18)  
21 months after the later of (i) the date on which the expenditure is paid or (ii) the date on which  
22 the facilities are placed in service, but in no event later than three (3) years after the  
23 expenditure is paid; and

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

4           Ordained by the People of the City and County of San Francisco, as follows:

5           Findings. The Board hereby finds and determines that the recitals set forth above are  
6 true and correct.

7           Conditions Precedent. All conditions, things and acts required by law to exist, to  
8 happen and to be performed precedent to the execution and delivery of the Certificates exist,  
9 have happened and have been performed in due time, form and manner in accordance with  
10 applicable law, and the City is now authorized pursuant to its Charter and applicable law to  
11 incur indebtedness in the manner and form provided in this Ordinance.

12           File Documents. The documents presented to the Board and on file with the Clerk of  
13 the Board of Supervisors or her designee (collectively, the “Clerk”) are contained in File No.  
14 191014.

15           Authorization of the Certificates. The Board hereby authorizes and approves the  
16 execution and delivery of the Certificates in one or more series on a tax-exempt and/or  
17 taxable basis and on one or more delivery dates in accordance with the applicable  
18 Supplement to Trust Agreement, and the terms of Section 5 below. The proceeds of the  
19 Certificates will be used to (i) finance and/or refinance the Hope SF Project, including the  
20 prepayment of certain commercial paper notes of the City issued therefore; (ii) fund a debt  
21 service or other similar reserve, as appropriate; and (iii) pay costs of issuance of the  
22 Certificates. The Certificates shall be designated as “City and County of San Francisco  
23 Certificates of Participation, (Hope SF)” with such other designations as to series, taxability  
24 and the year of execution and delivery, as determined by the Controller’s Director of Public  
25 Finance (“Director of Public Finance”) or her designee.

1 Certain Terms of the Certificates. The Certificates shall evidence an aggregate  
2 principal amount of not to exceed Eighty-Three Million Six Hundred Thousand Dollars  
3 (\$83,600,000), and shall evidence interest at a true interest cost up to but not to exceed  
4 twelve percent (12%) per annum. The Certificates shall be subject to prepayment as set forth  
5 in the applicable Supplement to Project Lease and Supplement to Trust Agreement. The  
6 Director of Public Finance is hereby authorized, to the extent such officer deems it necessary  
7 or advisable and financially advantageous to the City, to procure credit enhancement for the  
8 Certificates, including but not limited to municipal bond insurance or a debt service reserve  
9 fund surety policy.

10 Tax Status of the Certificates. The Director of Public Finance is hereby authorized, to  
11 the extent such officer deems it necessary or advisable and in the interests of the City, to  
12 cause the execution and delivery of the Certificates (i) with interest with respect thereto being  
13 exempt or not exempt from federal income tax, and (ii) under any federal tax law provisions  
14 which provide for federal grants or credits to the City or to investors in lieu of the exemption of  
15 interest from federal income tax.

16 Approval of the Supplement to Trust Agreement. The form of a Supplement to Trust  
17 Agreement between the City and the Trustee, as presented to the Board, a copy of which is  
18 on file with the Clerk, is hereby approved. The Mayor of the City ("Mayor") or the City's  
19 Controller ("Controller") or designees thereof are hereby authorized to execute and deliver  
20 one or more Supplements to Trust Agreement in the form hereby approved, and the Clerk is  
21 hereby authorized to attest to and affix the seal of the City on such Supplements to Trust  
22 Agreement, with such changes, additions and modifications as the Mayor or the Controller  
23 may make or approve in accordance with Section 21 hereof.

24 Approval of the Supplement to Property Lease. The form of a Supplement to Property  
25 Lease between the City and the Trustee, as presented to the Board, a copy of which is on file



1 with the Clerk, is hereby approved. The Mayor or the Controller is hereby authorized to  
2 execute and deliver one or more Supplements to Property Lease in the form hereby  
3 approved, and the Clerk is hereby authorized to attest to and affix the seal of the City on such  
4 Supplements to Property Lease, with such changes, additions and modifications as the Mayor  
5 or the Controller may make or approve in accordance with Section 21 hereof.

6 Approval of the Supplement to Project Lease. The form of the Supplement to Project  
7 Lease between the City and the Trustee, as presented to the Board, a copy of which is on file  
8 with the Clerk, is hereby approved. The Mayor or the Controller is hereby authorized to  
9 execute and deliver one or more Supplements to Project Lease in the form hereby approved,  
10 and the Clerk is hereby authorized to attest to and affix the seal of the City on such  
11 Supplements to Project Lease with such changes, additions and modifications as the Mayor  
12 or Controller may make or approve in accordance with Section 21 hereof; provided, however,  
13 that the maximum Base Rental (as defined in the Project Lease) to be paid under such  
14 Supplements to Project Lease relative to the Hope SF Project in any fiscal year shall not  
15 exceed Seven Million Four Hundred Thousand Dollars (\$7,400,000) and the term of any  
16 Supplement to Project Lease shall not extend beyond the 35<sup>th</sup> year following its date of  
17 execution, as such initial term may be extended in accordance with the Project Lease.

18 Approval of the Leased Property and the Base Rental Payments. The Board hereby  
19 approves the leasing, pursuant to the terms of the Supplement to Property Lease and the  
20 Supplement to Project Lease, of all or a portion of the Leased Property. The Board also  
21 hereby approves the payment by the City of the Base Rental with respect thereto.

22 Sale and Award of Certificates by Competitive Sale. In the event the Director of Public  
23 Finance determines to sell the Certificates by competitive sale, the Director of Public Finance,  
24 on behalf of the Controller, is hereby authorized and directed to receive bids for the purchase  
25 of the Certificates, and the Controller is hereby authorized and directed to award the

1 Certificates to the bidder whose bid represents the lowest true interest cost to the City, all in  
2 accordance with the procedures described in the Official Notice of Sale (as defined herein).

3 Approval of Form of Official Notice of Sale. The form of an official notice of sale relating  
4 to the Certificates (“Official Notice of Sale”), as presented to this Board, a copy of which is on  
5 file with the Clerk, is hereby approved. The Controller or the Director of Public Finance is  
6 authorized to approve the distribution of an Official Notice of Sale for the Certificates, with  
7 such changes, additions and modifications as such official may make or approve in  
8 accordance with Section 21 hereof.

9 Approval of Notice of Intention to Sell Relating to the Certificates. The form of a notice  
10 of intention to sell relating to the Certificates (“Notice of Intention to Sell”), as presented to this  
11 Board, a copy of which is on file with the Clerk, is hereby approved. The Controller or the  
12 Director of Public Finance is hereby authorized to approve the publication of the Notice of  
13 Intention to Sell relating to the Certificates, with such changes, additions and modifications as  
14 such official may make or approve in accordance with Section 21 hereof.

15 Sale of Certificates by Negotiated Sale. If the Controller or the Director of Public  
16 Finance determines to sell the Certificates by negotiated sale, the Controller or the Director of  
17 Public Finance is hereby authorized to sell the Certificates by negotiated sale pursuant to one  
18 or more purchase contracts (each, a “Purchase Contract”) by and between the City and the  
19 underwriters named therein; provided, however, that the underwriters’ discount under any  
20 such Purchase Contract shall not exceed one percent (1.0%) of the principal amount of the  
21 Certificates. The form of Purchase Contract, as presented to the Board, a copy of which is on  
22 file with the Clerk, is hereby approved.

23 Authorization to Appoint Underwriters. To accomplish the sale of the Certificates by  
24 negotiated sale, if applicable, the Controller or the Director of Public Finance is hereby  
25 authorized to appoint one or more financial institutions to act as underwriter(s) for the

1 Certificates in accordance with City policies and procedures, including but not limited to the  
2 City’s policy to provide locally disadvantaged business enterprises an equal opportunity to  
3 participate in the performance of all City contracts.

4 Approval of the Official Statement in Preliminary and Final Form. The form of an official  
5 statement relating to the Certificates (“Official Statement”), as presented to this Board, a copy  
6 of which is on file in preliminary form with the Clerk, is hereby approved. The Controller is  
7 hereby authorized to approve the preliminary Official Statement in substantially said form, with  
8 such changes, additions, modifications (including but not limited to the inclusion of the most  
9 current City financial information) or deletions as such official may make or approve in  
10 accordance with Section 21 hereof, and to deem the preliminary Official Statement final for  
11 purposes of the Rule 15c2-12 of the Securities and Exchange Act of 1934, as amended, to  
12 execute a certificate to that effect, and to cause the preliminary Official Statement to be  
13 delivered, in printed or electronic form, to potential purchasers of the Certificates, such  
14 approval to be conclusively evidenced by the delivery of said deemed-final certificate. The  
15 Controller is hereby further authorized and directed to sign and deliver the Official Statement  
16 in final form to purchasers of the Certificates.

17 Approval of the Continuing Disclosure Certificate. The form of a Continuing Disclosure  
18 Certificate of the City relating to the Certificates, as presented to the Board, a copy of which is  
19 on file with the Clerk, is hereby approved. The Controller or the Director of Public Finance is  
20 hereby authorized to execute the Continuing Disclosure Certificate, with such changes,  
21 additions, modifications or deletions as the Controller or the Director of Public Finance may  
22 approve upon consultation with the City Attorney; such approval to be conclusively evidenced  
23 by the execution and delivery of the Continuing Disclosure Certificate.

24 Reimbursement. The City declares its official intent to reimburse prior expenditures of  
25 the City incurred prior to the execution and delivery of the Certificates in connection with the

1 Hope SF Project or portions thereof with the proceeds of the Certificates. The Board of  
2 Supervisors declares the City's intent to reimburse the City with the proceeds of the  
3 Certificates for the expenditures with respect to the Hope SF Project (the "Expenditures" and  
4 each an "Expenditure") made on and after that date that is no more than 60 days prior to  
5 adoption of this Ordinance. The City reasonably expects on the date of adoption of this  
6 Ordinance that it will reimburse the Expenditures with the proceeds of the Certificates.

7 Terms of Reimbursement. Each Expenditure was and will be either (a) of a type  
8 properly chargeable to a capital account under general federal income tax principles  
9 (determined in each case as of the date of the Expenditure), (b) a cost of issuance with  
10 respect to the Certificates, (c) a nonrecurring item that is not customarily payable from current  
11 revenues, or (d) a grant to a party that is not related to or an agent of the City so long as such  
12 grant does not impose any obligation or condition (directly or indirectly) to repay any amount  
13 to or for the benefit of the City. The maximum aggregate principal amount of the Certificates  
14 expected to be executed and delivered for the Hope SF Project is \$83,600,000. The City shall  
15 make a reimbursement allocation, which is a written allocation by the City that evidences the  
16 City's use of proceeds of the Certificates to reimburse an Expenditure, no later than 18  
17 months after the later of the date on which the Expenditure is paid or the Hope SF Project is  
18 placed in service or abandoned, but in no event more than three years after the date on which  
19 the Expenditure is paid. The City recognizes that exceptions are available for certain  
20 "preliminary expenditures," costs of issuance, certain de minimis amounts, expenditures by  
21 "small issuers" (based on the year of issuance and not the year of expenditure) and  
22 expenditures for construction projects of at least five (5) years.

23 General Authority. The Mayor, the Treasurer, the City Attorney, the Controller, the City  
24 Administrator, the Director of Public Finance, the Clerk and other officers of the City and their  
25 duly authorized deputies, designees and agents are hereby authorized and directed, jointly

1 and severally, to take such actions and to execute and deliver such certificates, agreements,  
2 requests or other documents as they may deem necessary or desirable to accomplish the  
3 purposes of this Ordinance, including but not limited to the execution and delivery of any  
4 Supplement to Property Lease, any Supplement to Project Lease, any Supplement to Trust  
5 Agreement, the Official Statement, the Continuing Disclosure Certificate and the Certificates,  
6 to obtain bond insurance or other credit enhancements or a surety policy with respect to the  
7 Certificates, to obtain title insurance, to clear any encumbrances to title and to carry out other  
8 title work. Any such actions are solely intended to further the purposes of this Ordinance, and  
9 are subject in all respects to the terms of this Ordinance. No such actions shall increase the  
10 risk to the City or require the City to spend any resources not otherwise granted herein. Final  
11 versions of any such documents shall be provided to the Clerk for inclusion in the official file  
12 within 30 days of execution (or as soon thereafter as final documents are available) by all  
13 parties.

14           Modifications, Changes and Additions. The Mayor, the Treasurer, the Controller and  
15 the Director of Public Finance each are hereby authorized to make such modifications,  
16 changes and additions to the documents and agreements approved hereby, upon consultation  
17 with the City Attorney, as may be necessary or desirable and in the interests of the City, and  
18 which changes do not materially increase the City's obligations or reduce its rights thereunder  
19 or hereunder. The respective official's approval of such modifications, changes and additions  
20 shall be conclusively evidenced by the execution and delivery by such official and the Clerk of  
21 the applicable Supplement to Property Lease, Supplement to Project Lease, and Supplement  
22 to Trust Agreement or any of the other documents approved in this Ordinance. Any such  
23 actions are solely intended to further the purposes of this Ordinance and are subject in all  
24 respects to the terms of this Ordinance. No such actions shall increase the risk to the City or  
25 require the City to spend any resources not otherwise granted herein. Final versions of any

1 such documents shall be provided to the Clerk for inclusion in the official file within 30 days (or  
2 as soon thereafter as final documents are available) of execution by all parties.

3 Partial Invalidity. Any provision of this Ordinance found to be prohibited by law shall be  
4 ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this  
5 Ordinance.

6 Effective Date. This Ordinance shall take effect immediately.

7 Ratification of Prior Actions. All actions authorized consistent with any documents  
8 presented herein and approved by this Ordinance but heretofore taken are hereby ratified,  
9 approved and confirmed by the Board.

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11 APPROVED AS TO FORM:  
12 DENNIS J. HERRERA, City Attorney

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15 By: \_\_\_\_\_  
16 Mark D. Blake  
17 Deputy City Attorney  
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