

LEGISLATIVE DIGEST

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

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

Existing Law

This is new law.

Background Information

The proposed Ordinance authorizes the execution and delivery of taxable or tax-exempt Certificates of Participation (“COPs”) in an amount not to exceed \$83,600,000 to finance (i) the improvement and equipping of certain existing real property and improvements owned and maintained by the City, including but not limited to existing properties generally known as the Hunters View, Sunnydale and Potrero Terrace and Annex housing developments within the City and adjacent and related facilities, and (ii) the prepayment of certain commercial paper notes of the City issued for such purposes (collectively, the “Hope SF Project”), (iii) fund a debt service or other similar reserve for the Certificates, as appropriate; and (iv) pay costs of issuance of the Certificates.

The COPs will be delivered under the terms of on or more supplements to a trust agreement (the “Trust Agreement” herein), originally dated May 1, 2009 between the City and the U.S. Bank National Association as trustee (“Trustee”). In connection with the execution of the COPs the City will also execute one or more supplements to a Property Lease (originally dated

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May 1, 2009 as amended and supplemented to date), pursuant to which the City will lease to the Trustee certain real property and improvements (which represents the “Leased Property”). Under the terms of one or more supplements to the Project Lease (originally dated May 1, 2009, as amended and supplemented to date) the Trustee will lease the Leased Property back to the City. The payment of lease payments by the City under the Project Lease will be applied to the payment of principal and interest evidenced and represented by the COPs.

The proposed Ordinance establishes a maximum interest rate on the Certificates (12%) and also establishes a maximum Base Rental under the Project Lease of not to exceed \$7,400,000 per fiscal year.

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