

LEGISLATIVE DIGEST

[Authorizing Refunding Certificates of Participation - Multiple Capital Improvement Projects - Not to Exceed \$97,500,000]

Ordinance authorizing the execution and delivery of Certificates of Participation, in one or more series from time to time, evidencing and representing an aggregate principal amount of not to exceed \$97,500,000 (“Certificates”) to prepay certain certificates of participation that financed and refinanced various capital improvement projects; approving the form of a Fourth Supplement to Trust Agreement between the City and County of San Francisco (“City”) and U.S. Bank National Association, as trustee (“Trustee”) (including certain indemnities contained therein); approving respective forms of a Fourth Supplement to Property Lease and a Fourth Supplement to Project Lease, each between the City and the Trustee, for the lease and lease back of all or a portion of certain real property and improvements owned by the City and located at 375 Laguna Honda Boulevard within the City and at 1 Moreland Drive, San Bruno, California, or other property as determined by the Director of Public Finance; approving the form of Escrow Agreement (including certain indemnities contained therein), between the City and U.S. Bank National Association, as escrow agent (“Escrow Agent”); approving the form of an Official Notice of Sale and a Notice of Intention to Sell the Certificates; approving the form of an official statement in preliminary and final form; approving the form of a purchase contract between the City and one or more initial purchasers of the Certificates; 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; 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 Refunding Certificates of Participation (“COPs”) in an amount not to exceed \$97,500,000 to prepay certain certificates of participation (“Refunded Certificates”) that financed and refinanced various capital projects of the City. The proceeds of the Certificates will be used, together with other available funds of the City to (i) prepay the Refunded Certificates, including the payment of any interest accrued on the principal amounts thereof through the date of payment; (ii) fund a debt service or other similar reserve, as appropriate; and (iii) pay costs of issuance of the Certificates.

The Ordinance authorizes Certificates to be executed and delivered in an amount not to exceed \$97,500,000, and shall result in net debt service savings to the City of not less than

three percent (3%) calculated pursuant to the procedure set forth in Chapter 43, Article VIII of the Administrative Code or by any other method permitted by law or other ordinance of the Board of Supervisors.

The COPs will be executed and delivered under the terms of a Fourth Supplement to a Trust Agreement ("Trust Agreement"), originally dated May 1, 2009 between the City and the U.S. Bank National Association, as trustee ("Trustee"). In connection with the execution and delivery of the COPs, the City will also execute a Fourth Supplement to a Property Lease (originally dated 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 the Fourth Supplement to a 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.

In connection with the execution and delivery of the COPs, the City will enter into a continuing disclosure agreement which commits the City to annually provide financial and operating data to investors.

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 \$8,700,000 per fiscal year.