

File No. 201294

Committee Item No. 1

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date January 13, 2021

Board of Supervisors Meeting

Date January 26, 2021

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
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Completed by: Linda Wong

Date January 8, 2021

Completed by: Linda Wong

Date January 15, 2021

1 [Issuance of General Obligation Bonds (Earthquake Safety and Emergency Response, 2020)
2 - Not to Exceed \$628,500,000]

3 **Resolution providing for the issuance of not to exceed \$628,500,000 aggregate**
4 **principal amount of City and County of San Francisco General Obligation Bonds**
5 **(Earthquake Safety and Emergency Response, 2020); authorizing the issuance and sale**
6 **of such bonds; providing for the levy of a tax to pay the principal and interest thereof;**
7 **providing for the appointment of depositories and other agents for such bonds;**
8 **providing for the establishment of accounts related thereto; adopting findings under**
9 **the California Environmental Quality Act (“CEQA”), the CEQA Guidelines and San**
10 **Francisco Administrative Code, Chapter 31; finding that the proposed project is in**
11 **conformity with the priority policies of Planning Code, Section 101.1, and with the**
12 **General Plan consistency requirement of Charter, Section 4.105, and Administrative**
13 **Code, Section 2A.53; ratifying certain actions previously taken, as defined herein; and**
14 **granting general authority to City officials to take necessary actions in connection with**
15 **the issuance and sale of such bonds, as defined herein.**

16
17 WHEREAS, By Resolution No. 280-19, adopted by the Board of Supervisors (the
18 “Board of Supervisors”) of the City and County of San Francisco (the “City”) on June 11, 2019,
19 and signed by the Mayor (the “Mayor”) on June 21, 2019, it was determined and declared that
20 public interest and necessity demand the construction, acquisition, improvement, renovation,
21 and seismic retrofitting of the Emergency Firefighting Water System, firefighting facilities and
22 infrastructure, police facilities and facilities and infrastructure, facilities for the Department of
23 Emergency Management’s 911 Call Center, and other disaster response facilities and

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1 infrastructure for earthquake and public safety, and related costs necessary or convenient for
2 the foregoing purposes (the “Project”); and

3 WHEREAS, By Ordinance No. 159-19 passed by the Board of Supervisors on July 9,
4 2019, and signed by the Mayor on July 11, 2019 (the “Bond Ordinance”), the Board of
5 Supervisors duly called a special election to be held on March 3, 2020 (the “Bond Election”),
6 for the purpose of submitting to the qualified voters of the City such proposition to incur
7 bonded indebtedness of the City in the amount of \$628,500,000 to finance the Project, and
8 such proposition was approved by two-thirds of the qualified voters of the City voting on such
9 proposition; and

10 WHEREAS, A special election was held in the City on March 3, 2020, for the purpose
11 of submitting to the qualified voters of the City such proposition, denominated as Proposition
12 B (“Proposition B”), as follows:

13 “SAN FRANCISCO EARTHQUAKE SAFETY AND EMERGENCY RESPONSE BOND,
14 2020. To improve fire, earthquake, and emergency response by improving,
15 constructing, and/or replacing: deteriorating cisterns, pipes, and tunnels, and related
16 facilities to ensure firefighters a reliable water supply for fires and disasters;
17 neighborhood fire and police stations and supporting facilities; the City’s 911 Call
18 Center; and other disaster response and public safety facilities, and to pay related
19 costs, shall the City and County of San Francisco issue \$628,500,000 in general
20 obligation bonds, with a duration up to 30 years from the time of issuance, an
21 estimated average tax rate of \$0.015/\$100 of assessed property value, and projected
22 average annual revenues of \$40,000,000, subject to citizen oversight and regular
23 audits?;” and

24 WHEREAS, On April 7, 2020, by Resolution No. 150-20, which was approved by the
25 Mayor on April 17, 2020, the Board of Supervisors declared the results of the March 3, 2020,

1 special election finding that, as certified by the Director of Elections of the City, the requisite
2 two-thirds of all voters voting on the proposition approved such proposition; and

3 WHEREAS, This Board of Supervisors has determined, and does hereby declare, that
4 it is necessary and desirable that all of such bonds designated generally as “City and County
5 of San Francisco General Obligation Bonds (Earthquake Safety and Emergency Response,
6 2020)” (the “Bonds”) in the aggregate principal amount not to exceed \$628,500,000,
7 representing the total amount authorized, be issued and sold in one or more series or
8 subseries from time to time on a tax-exempt or taxable basis, for the purposes authorized and
9 on the conditions set forth in this Resolution; and

10 WHEREAS, The Bonds will be payable from proceeds of the annual tax levy, as
11 provided herein; and

12 WHEREAS, The Bonds are being issued pursuant to (i) this Resolution duly adopted
13 by the Board of Supervisors, (ii) Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the
14 California Government Code, (iii) the Charter of the City (the “Charter”), (iv) the Bond
15 Ordinances, and (v) a duly held election; and

16 WHEREAS, There shall be delivered a certificate of a duly authorized officer of the
17 City, concurrently with the issuance of each series or subseries of Bonds, except for any
18 Bonds issued to refund any bond anticipation notes issued in anticipation of the issuance of
19 such Bonds, stating that the outstanding general obligation bond indebtedness of the City,
20 including all series or subseries of the Bonds issued and to be issued and outstanding on the
21 date of delivery of such series, will not exceed three percent of the assessed value of all
22 taxable real and personal property located within the City in compliance with Section 9.106 of
23 the Charter; now, therefore, be it

24 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
25 follows:

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

2 Section 2. Conditions Precedent. All conditions, things and acts required by law to
3 exist, to happen and to be performed precedent to the adoption of this Resolution authorizing
4 the issuance of the Bonds exist, have happened and have been performed in due time, form
5 and manner in accordance with applicable law, and the City is now authorized pursuant to the
6 Charter and applicable law to incur indebtedness in the manner and form provided in this
7 Resolution.

8 Section 3. Issuance of the Bonds. The Board of Supervisors hereby authorizes the
9 issuance and sale of \$628,500,000 aggregate principal amount of Bonds, designated
10 generally as “City and County of San Francisco General Obligation Bonds (Earthquake Safety
11 and Emergency Response, 2020).” The Director of Public Finance is hereby authorized to
12 modify the general designation of the Bonds if in her sole discretion a different designation is
13 in the best interest of the City for administrative, marketing or descriptive purposes. The
14 Bonds may be sold in one or more series or subseries on a tax-exempt or taxable basis as the
15 Board of Supervisors shall determine, and shall be sold in accordance with law, as such law
16 may from time to time be amended, supplemented or revised, and on the terms and
17 conditions approved by the Board of Supervisors in this Resolution, as supplemented by such
18 other resolution or resolutions relating to such Bonds and as provided in the resolution of the
19 Board of Supervisors authorizing and directing the sale of each series or subseries of Bonds
20 (each, a “Sale Resolution”). Each series of such Bonds may bear such additional or other
21 designation as may be necessary or appropriate to distinguish such series or subseries from
22 every other series or subseries and from other bonds issued by the City, or to identify the tax
23 treatment of interest, interest rate determination methodology or other characteristics of such
24 Bonds, in each case as set forth in the applicable Sale Resolution or as may be determined
25 by the Director of Public Finance in her sole discretion. The offering and sale of the Bonds

1 may be aggregated with the offering and sale of other general obligation bonds being issued
2 by the City, as authorized from time to time by the Board of Supervisors. The Bonds may
3 bear interest at fixed or variable rates, in each case as provided in the applicable Sale
4 Resolution.

5 Section 4. Authentication and Registration. The Sale Resolution for each series or
6 subseries of Bonds shall set forth the form of Bond for such series or subseries, with such
7 necessary or appropriate variations, omissions and insertions as may be permitted by
8 resolution. "CUSIP" identification numbers may be imprinted on Bonds, but such numbers
9 shall not constitute a part of the contract evidenced by the Bonds and any error or omission
10 with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery
11 of and to pay for the Bonds. In addition, failure on the part of the City to use such CUSIP
12 numbers in any notice to owners of the Bonds shall not constitute an event of default or any
13 violation of the City's contract with such owners and shall not impair the effectiveness of any
14 such notice.

15 The Bonds shall be signed by the Mayor of the City (the "Mayor") and countersigned by
16 the Clerk of the Board of Supervisors. The signature of the Mayor may be facsimile or manual.
17 The signature of the Clerk of the Board of Supervisors shall be manual. The Treasurer of the
18 City (the "City Treasurer") shall authenticate the Bonds by facsimile or manual signature and,
19 when so authenticated, shall deliver the Bonds to or for the account of the purchasers in
20 exchange for the purchase price thereof.

21 In case such officer(s) whose signature(s) or countersignature(s) appear(s) on a Bond
22 shall cease to be such officer(s) before the delivery of such Bond to the purchaser, such
23 signature(s) or countersignature(s) shall nevertheless be valid and sufficient for all purposes
24 as if the officer(s) had remained in office until the delivery of such Bond.

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1 Section 5. Transfer or Exchange and Registration of Bonds. Any Bond may be
2 transferred or exchanged in accordance with its terms and the applicable Sale Resolution.
3 Each Bond shall be registered in accordance with the applicable Sale Resolution.

4 Section 6. General Redemption Provisions. The terms of redemption (whether optional
5 or mandatory redemption), if any, of any Bonds and the manner prescribed for notice of any
6 redemption of Bonds shall be set forth in the applicable Sale Resolution.

7 Each Sale Resolution shall provide that the Controller of the City (the “Controller”) shall
8 establish a redemption account for such series or subseries of Bonds. The City Treasurer
9 shall provide for the deposit and application of moneys in such redemption account.

10 Section 7. Tax Levy; Pledge of Bond Account.

11 (a) Tax Levy. For the purpose of paying the principal of and interest on the Bonds,
12 the Board of Supervisors at the time of fixing the general tax levy shall fix, and in the manner
13 provided for such general tax levy, levy and collect annually until the Bonds are paid, or until
14 there shall be a sum set apart for that purpose in the treasury of the City sufficient to meet all
15 sums coming due for payment of principal of and interest on the Bonds, a tax sufficient to pay
16 the annual interest on the Bonds as the same becomes due and also such part of the principal
17 thereof as shall become due before the proceeds of a tax levied at the time for making the
18 next general tax levy can be made available for the payment of such interest or principal;
19 provided, however, that in fixing such tax levy for each fiscal year, the Board of Supervisors
20 shall take into account amounts then on deposit in the Tax Revenues Subaccount pursuant to
21 this subsection (a), if such amounts will be available to pay debt service on the Bonds.

22 Such tax shall be in addition to all other taxes levied for City purposes, shall be
23 collected at the time and in the same manner as other taxes of the City are collected, and
24 shall be used only for the payment of the Bonds and the interest thereon.

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1 All taxes collected pursuant to this Section 7(a) shall be deposited forthwith in a special
2 subaccount to be designated as the “Tax Revenues Subaccount,” which shall be a
3 subaccount within a special account to be designated as the “General Obligation Bonds
4 (Earthquake Safety and Emergency Response, 2020) Bond Account” (the “Bond Account”).
5 The Bond Account and all subaccounts therein shall be administered by the City Treasurer
6 with all disbursements of funds therefrom subject to authorization of the Controller. The Bond
7 Account shall be kept separate and apart from all other accounts, and each subaccount
8 therein shall be kept separate and apart from all other subaccounts. Pursuant to the
9 applicable Sale Resolution, the Controller may establish such additional accounts and
10 subaccounts within the Bond Account or with any agent, including but not limited to any
11 paying agent or fiscal agent, as may be necessary or convenient in connection with the
12 administration of any Bonds, to provide for the payment of principal and interest on such
13 Bonds.

14 The City Treasurer shall deposit in the Bond Account from the proceeds of sale of the
15 Bonds, any moneys received on account of original issue premium and interest accrued on
16 the Bonds to the date of payment of the purchase price thereof, and such other moneys, if
17 any, as may be specified in the applicable Sale Resolution. So long as any of the Bonds are
18 outstanding, moneys in the Bond Account shall be used and applied by the City Treasurer
19 solely for the purpose of paying the principal of and interest on the Bonds as such principal
20 and interest shall become due and payable, or for purchase of Bonds if permitted by the
21 applicable Sale Resolution; provided, however, that when all of the principal of and interest on
22 the Bonds have been paid, any moneys then remaining in such Bond Account shall be
23 transferred to the City for any legally permitted purpose. The Board of Supervisors shall take
24 such actions annually as are necessary or appropriate to cause the debt service on the Bonds
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1 due in any fiscal year to be included in the budget for such fiscal year and to make the
2 necessary appropriations therefor.

3 (b) Pledge. The Bond Account and all subaccounts and amounts on deposit therein
4 are hereby pledged for the payment of the principal of and interest on the Bonds when and as
5 the same become due, including the principal of any term Bonds required to be paid upon the
6 mandatory sinking fund redemption thereof. In addition, the payment of such principal and
7 interest shall be secured by the statutory lien of California Government Code, Section 53515,
8 to the extent applicable to the amounts on deposit in the Bond Account. Each and every
9 Bond issued under this Resolution shall be equally and ratably secured by the pledge of this
10 subsection (c), the foregoing statutory lien, and the taxes collected pursuant to this Section 7.

11 Section 8. Administration and Disbursements From Bond Account.

12 (a) Interest. On or before June 15 and December 15 in each year that any of the
13 Bonds are outstanding (or, for any Bonds bearing interest at variable rates, on such other
14 dates as may be provided by the applicable Sale Resolution), the City Treasurer shall set
15 aside in the Bond Account and the appropriate subaccounts therein relating to each series or
16 subseries of the Bonds an amount which, when added to the amount contained in the Bond
17 Account and subaccounts therein on that date, if any, will be equal to the aggregate amount of
18 the interest becoming due and payable on each the Bonds outstanding on such interest
19 payment date.

20 (b) Principal. On or before June 15 in each year that any of the Bonds are
21 outstanding, the City Treasurer shall set aside in the Bond Account and the appropriate
22 subaccounts therein relating to each series or subseries of the Bonds an amount which will be
23 equal to the principal on each series or subseries of the Bonds outstanding that will become
24 due and payable on such June 15, including those Bonds subject to mandatory redemption on
25 such date pursuant to the provisions of the applicable Sale Resolution.

1 All moneys in the Bond Account shall be used and withdrawn by the City Treasurer
2 solely for the purpose of paying the principal of and interest on the Bonds as the same shall
3 become due and payable. On June 15 and December 15 in each year that any Bond is
4 outstanding, the City Treasurer shall allocate, transfer and apply to the various subaccounts in
5 the Bond Account created pursuant to the applicable Sale Resolution, on such date on which
6 payment of principal or interest on any Bonds is due, from moneys on deposit in the Bond
7 Account, an amount equal to the amount of principal of, premium, if any, or interest due on
8 such date with respect to each of the Bonds then outstanding. Unless other provision shall
9 have been made pursuant to this Resolution for the payment of any Bond, all amounts held in
10 the various subaccounts of the Bond Account created pursuant to a Sale Resolution shall be
11 used and applied by the City Treasurer to pay principal of, premium, if any, and interest due
12 on the Bonds to which such subaccount relates, as and when due.

13 Section 9. Appointment of Depositories and Other Agents. The City Treasurer is
14 hereby authorized and directed to appoint one or more depositories as he or she may deem
15 desirable and may authorize such depository to perform, under the supervision of the City
16 Treasurer, any of the City Treasurer's duties and responsibilities under this Resolution, to the
17 extent permitted by applicable law.

18 The City Treasurer is hereby also authorized and directed to appoint one or more
19 agents as he or she may deem necessary or desirable. To the extent permitted by applicable
20 law and under the supervision of the City Treasurer, such agents may serve as paying agent,
21 fiscal agent, escrow agent or registrar for the Bonds or may assist the City Treasurer in
22 performing any or all of such functions and such other duties as the City Treasurer shall
23 determine including such duties and responsibilities of the City Treasurer provided for in this
24 Resolution. Such agents shall serve under such terms and conditions as the City Treasurer
25 ///

1 shall determine. The City Treasurer may remove or replace agents appointed pursuant to this
2 paragraph at any time.

3 Section 10. Project Account. There is hereby established a project account to be
4 designated as the “General Obligation Bonds (Earthquake Safety and Emergency Response,
5 2020) Project Account” (the “Project Account”). The Project Account shall be maintained by
6 the City Treasurer, as a separate account, segregated and distinct from all other accounts.
7 The City Treasurer may establish such accounts and subaccounts within the Project Account
8 as may be necessary or convenient in connection with the administration of the Project or the
9 Bonds.

10 All of the proceeds of the sale of the Bonds (excluding any premium and accrued
11 interest received thereon, unless otherwise determined by the Director of Public Finance)
12 shall be deposited by the City Treasurer to the credit of the Project Account and shall be
13 applied exclusively to the objects and purposes of the Project. When such objects and
14 purposes have been accomplished, any moneys remaining in such account shall be
15 transferred to the Bond Account established pursuant to Section 7 hereof and applied to the
16 payment of the principal of and interest on any series or subseries of Bonds to which such
17 Bond Account relates. Amounts in the Project Account may be applied to the payment of
18 costs of issuance of the Bonds, including, without limitation, bond and financial printing
19 expenses, mailing and publication expenses, rating agency fees, and the fees and expenses
20 of paying agents, registrars, financial consultants, bond counsel and disclosure counsel.

21 Section 11. Defeasance Provisions. A Sale Resolution may provide for the
22 defeasance of such Bonds authorized therein. Any Bonds which have been deemed paid in
23 accordance with the defeasance provisions of the applicable Sale Resolution shall no longer
24 be deemed outstanding under this Resolution.

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1 Section 12. Tax Covenants. The Bonds may be issued as bonds the interest on which
2 is excluded from gross income for federal or state income tax purposes or as bonds the
3 interest on which is included in gross income for federal or state income tax purposes. With
4 respect to any Bonds the interest on which is excluded from gross income for federal or state
5 income tax purposes, the City may make such covenants and representations as are
6 necessary to comply with applicable laws and regulations.

7 Section 13. Other Terms and Provisions Relating To the Bonds. The Sale Resolution
8 for any series or subseries of Bonds may provide for (a) the purchase of bond insurance or
9 other credit enhancement relating to all or a portion of such Bonds and to the establishment of
10 such additional terms and procedures as may be necessary to provide for the application of
11 such bond insurance or other credit enhancement for the benefit of the bondholders; (b) the
12 investment of moneys held in any fund or account relating to the Bonds in specific categories
13 or types of investments, so long as such investments are legal investments for the City and in
14 compliance with any policy or guideline of the City applicable thereto; and (c) the adoption of
15 any supplemental resolutions relating solely to such series or subseries of Bonds.

16 Section 14. Supplemental Resolutions. For any one or more of the following purposes
17 and at any time or from time to time, a supplemental resolution of the City may be adopted,
18 which, without the requirement of consent of the owners of the Bonds, shall be fully effective
19 in accordance with its terms:

20 (a) To add to the covenants and agreements of the City in this Resolution or any
21 Sale Resolution, other covenants and agreements to be observed by the City which are not
22 contrary to or inconsistent with this Resolution or any Sale Resolution as theretofore in effect;

23 (b) To add to the limitations and restrictions in this Resolution or any Sale
24 Resolution, other limitations and restrictions to be observed by the City which are not contrary
25 to or inconsistent with this Resolution or any Sale Resolution as theretofore in effect;

1 (c) To confirm, as further assurance, any pledge under, and the subjection to any
2 lien or pledge created or to be created by this Resolution or any Sale Resolution as then in
3 effect, of any moneys, securities or funds, or to establish any additional funds or accounts to
4 be held under this Resolution or any Sale Resolution;

5 (d) To cure any ambiguity, supply any omission, or cure or correct any defect or
6 inconsistent provision in this Resolution or any Sale Resolution; or

7 (e) To make such additions, deletions or modifications as shall not be materially
8 adverse to the owners of the Bonds.

9 Any modification or amendment of this Resolution or any Sale Resolution and of the
10 rights and obligations of the City and of the owners of the Bonds, in any particular, may be
11 made by a supplemental resolution, with the written consent of the owners of at least a
12 majority in aggregate principal amount of the Bonds outstanding at the time such consent is
13 given (except as provided in the preceding paragraph). No such modification or amendment
14 shall permit a change in the terms or maturity of the principal of any outstanding Bonds or of
15 any interest payable thereon or a reduction in the principal amount thereof or in the rate of
16 interest thereon, or shall reduce the percentage of Bonds the consent of the owners of which
17 is required to effect any such modification or amendment, or shall reduce the amount of
18 moneys for the repayment of the Bonds, without the consent of all the owners of such affected
19 Bonds.

20 Section 15. Citizens' Oversight Committee. The Bonds are subject to, and incorporate
21 by reference, the applicable provisions of San Francisco Administrative Code, Section 5.30 –
22 5.36 (the "Admin. Code"). Under Section 5.31 of the Admin. Code, to the extent permitted by
23 law, one-tenth of one percent (0.1%) of the gross proceeds of each series or subseries of the
24 Bonds shall be deposited in the fund established by the Controller's Office and appropriated
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1 by the Board of Supervisors at the direction of the Citizens' General Obligation Bond
2 Oversight Committee to cover the costs of such Committee.

3 Section 16. CEQA Determinations. The Board of Supervisors hereby reaffirms and
4 incorporates by reference the CEQA findings and determinations set forth in the Bond
5 Ordinances as if set forth in full herein. The use of bond proceeds to finance any identified
6 project or portion of any identified project with bond proceeds will be subject, as necessary, to
7 approval of the Board of Supervisors upon completion of any planning and any further
8 required environmental review under CEQA for the individual facilities and projects.

9 Section 18. Ratification. All actions heretofore taken by officials, employees and
10 agents of the City with respect to the sale and issuance of the Bonds consistent with any
11 documents presented and this Resolution are hereby approved, confirmed and ratified.

12 Section 19. General Authority. The Clerk of the Board of Supervisors, the Finance
13 Committee of the Board of Supervisors, the Mayor, the City Treasurer, the City Administrator,
14 the City Attorney, the Director of Public Finance and the Controller are each hereby
15 authorized and directed in the name and on behalf of the City to take any and all steps and to
16 issue and deliver any and all certificates, requisitions, agreements, notices, consents, and
17 other documents, including but not limited to, letters of representations to any depository or
18 depositories, which they or any of them might deem necessary or appropriate in order to
19 consummate the lawful issuance, sale and delivery of the Bonds and otherwise to give effect
20 to this Resolution. Any such actions are solely intended to further the purposes of this
21 Resolution, and are subject in all respects to the terms of this Resolution. No such actions
22 shall increase the risk to the City or require the City to spend any resources not otherwise
23 granted herein. Final versions of any such documents shall be provided to the Clerk of the

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

3 APPROVED AS TO FORM:

4 DENNIS J. HERRERA City Attorney

5

6 By: /s/ KENNETH D. ROUX
7 KENNETH D. ROUX
8 Deputy City Attorney

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<p>Items 1, 2 and 3 Files 20-1259, 20-1294, 20-1295</p>	<p>Departments: Office of Public Finance Department of Public Works (DPW) San Francisco Public Utilities Commission (SFPUC) Recreation and Parks Department (RPD)</p>
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EXECUTIVE SUMMARY

Legislative Objectives

Files 20-1294 and 20-1295: The proposed resolutions would authorize the issuance of \$628,500,000 aggregate principal amount of 2020 Earthquake Safety and Emergency Response General Obligation Bonds and the sale of \$85,000,000 of the Bonds.

File 20-1295: The proposed ordinance would appropriate \$85,000,000 of the Series 2021A Earthquake Safety and Emergency Response General Obligation Bond proceeds to the Department of Public Works, San Francisco Public Utilities Commission, and Recreation and Parks Department in FY2020-21 for upgrade, replacement, improvement, rehabilitation, and seismic strengthening of City-owned fire, police, emergency, and disaster response facilities, as well as improvements to the City's Emergency Firefighting Water System.

Key Points

- The proposed first bond sale of up to \$85,000,000 of the total \$628,500,000 is expected to occur in February 2021 upon Board of Supervisors approval of the bond issuance (File 20-1295). The projects to be funded through the proposed \$628,500,000 bond program include: (1) the Emergency Firefighting Water System; (2) neighborhood fire stations and support facilities; (3) district police stations and support facilities; (4) disaster response facilities – Kezar Pavilion; and (5) the City's 9-1-1 Emergency Call Center.

Fiscal Impact

- Based upon an estimated market interest rate of 3.11 percent for GO bonds, the Office of Public Finance projects an average annual debt service cost of approximately \$5,500,000. The total debt service over the anticipated 20-year life of the bonds is projected to be approximately \$107,520,000. Of this, \$81,430,000 represents the estimated par and the remainder of \$26,090,000 represents estimated interest. Repayment of the annual debt service will be recovered through increases in the annual Property Tax rate, which is estimated to average \$0.00184 per \$100 of assessed value or \$1.84 per \$100,000 of assessed value over the anticipated 20-year term of the bonds.

Policy Consideration

- The Office of Public Finance does not expect significant challenges to the sale and closing of the Series 2021A Bond transaction despite the impact of the Covid-19 pandemic on underlying economic conditions.

Recommendation

Approve the proposed resolutions (File 20-1294 and File 20-1295) and the proposed ordinance (File 20-1259).

MANDATE STATEMENT

City Charter Section 9.106 states that the Board of Supervisors is authorized to provide for the issuance of general obligation bonds in accordance with the Constitution of the State of California. General obligation bonds may be issued and sold in accordance with state law or any local procedure adopted by ordinance. There shall be a limit on outstanding general obligation bond indebtedness of three percent of the assessed value of all taxable real and personal property, located within the City and County.

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

On March 3, 2020, a two-thirds majority of voters of the City approved Proposition B, the Earthquake Safety and Response General Obligation (GO) Bond. Proposition B authorizes the City to issue \$628,500,000 in GO bonds to improve fire, earthquake, and emergency response by improving, constructing, and/or replacing the following: deteriorating cisterns, pipes, and tunnels, and related facilities to ensure firefighters a reliable water supply for fires and disasters; neighborhood fire and police stations and supporting facilities; the City's 911 Call Center; and other disaster response and public safety facilities, and to pay related costs.

The proposed first bond sale of up to \$85,000,000 of the total \$628,500,000 is expected to occur in February 2021 upon Board of Supervisors approval of the bond issuance (File 20-1295). The projects to be funded through the proposed \$628,500,000 bond program include: (1) renovation, expansion and seismic upgrading of the City's Emergency Firefighting Water System; (2) improvement and rehabilitation of neighborhood fire stations and replacement of the firefighter training facility currently located on Treasure Island; (3) seismic, safety and operations improvements to district police stations and City-owned Police Department support facilities; (4) upgrading or replacement of critical City-owned disaster response facilities; and (5) expansion of the City's 9-1-1 Emergency Call Center. Specific project activities to be funded through the proposed first bond sale of \$85,000,000 include the following:

- **Emergency Firefighting Water System (SFPUC):** planning, design, bid process, and partial construction;
- **Neighborhood Fire Stations and Support Facilities (DPW):** planning and pre-design;
- **District Police Stations and Support Facilities (DPW):** planning, design, bid process, and partial construction;
- **Disaster Response Facilities - Kezar Pavilion (RPD):** investigative studies, concept development planning, design, permits, and bid process; and
- **9-1-1 Call Center (DPW):** planning, design, bid process, and construction

DETAILS OF PROPOSED LEGISLATION

File 20-1294: The proposed resolution would:

1. Provide for the issuance of not-to-exceed \$628,500,000 aggregate principal amount of 2020 Earthquake Safety and Emergency Response General Obligation Bonds;
2. Authorize the issuance and sale of the bonds;
3. Provide for the levy of a tax to pay the principal and interest;
4. Provide for the appointment of depositories and other agents for the bonds;
5. Provide for the establishment of accounts related to the bonds;
6. Adopt findings under the California Environmental Quality Act (CEQA), the CEQA Guidelines and Administrative Code, Chapter 31;
7. Find that the proposed project is in conformity with the priority policies of Planning Code, Section 101.1 and with the General Plan consistency requirement of Charter, Section 4.105, and Administrative Code, Section 2A.53;
8. Ratify certain actions previously taken; and
9. Grant general authority to City officials to take necessary actions in connection with the issuance and sale of the bonds.

File 20-1295: The proposed resolution would:

1. Authorize the sale of not-to-exceed \$85,000,000 aggregate principal amount of 2020 Earthquake Safety and Emergency Response General Obligation Bonds (Series 2021A);
2. Prescribe the form and terms of the bonds;
3. Provide for the appointment of depositories and other agents for the bonds;
4. Provide for the establishment of accounts related to the bonds;
5. Provide for the manner of sale of the bonds by competitive or negotiated sale;
6. Approve the forms of Official Notice of Sale and Notice of Intention to Sell Bonds;
7. Direct the publication of the Notice of Intention to Sell Bonds;
8. Approve the form of the Purchase Contract;
9. Approve the form of the Preliminary Official Statement and the execution of the Official Statement relating to the sale of the bonds;
10. Approve the form of the Continuing Disclosure Certificate;
11. Authorize and approve modifications to such documents;

- 12. Waive the deadline for submission of Bond Accountability Reports;
- 13. Ratify certain actions previously taken; and
- 14. Grant authority to City officials to take necessary actions for the authorization, issuance, sale, and delivery of the bonds.

File 20-0516: The proposed ordinance would appropriate \$85,000,000 of the Series 2021A Earthquake Safety and Emergency Response General Obligation Bond proceeds to the Department of Public Works, San Francisco Public Utilities Commission, and Recreation and Parks Department in FY2020-21 for upgrade, replacement, improvement, rehabilitation, and seismic strengthening of City-owned fire, police, emergency, and disaster response facilities, as well as improvements to the City's Emergency Firefighting Water System. The \$85,000,000 appropriation would be placed on Controller’s Reserve pending sale of the bonds.

The proposed resolution (File 20-1295) waives the deadline for submission of accountability reports required under Administrative Code Section 2.71(a). According to Mr. Vishal Trivedi, Financial Analyst in the Office of Public Finance, the waiver was to ensure that the sale would not be delayed if the bond accountability report was not submitted 60 days prior to appropriation of the bond proceeds. Pursuant to Administrative Code Section 2.71, DPW submitted the Earthquake Safety & Emergency Response 2020 GO Bond Sale Accountability Report to the Board of Supervisors on November 12, 2020.

Table 1 below outlines anticipated sources and uses for the Series 2021A bonds.

Table 1: Sources and Uses of Series 2021A Bond Proceeds

Estimated Sources:	
Par Amount	\$81,430,000
Reserve for Market Uncertainty	\$3,570,000
<hr/>	
Total Estimated Sources:	\$85,000,000
<hr/>	
Estimated Uses:	
<i>Administrative Costs</i>	
Costs of Issuance	\$733,644
Controller’s Audit Fund	\$159,283
Underwriter's Discount	\$814,300
Citizens’ GO Bond Oversight Committee Fee	\$81,430
Reserve for Market Uncertainty	\$3,570,000
Administrative Costs Subtotal	\$5,358,657
<i>Project Costs</i>	
Emergency Firefighting Water System ¹	\$20,000,000
Neighborhood Fire Stations & Support Facilities	\$2,900,000

¹ The \$628.5 million Earthquake Safety and Emergency Response General Obligation Bond includes \$153.5 million for Emergency Firefighting Water System projects, of which \$20 million is appropriated in this ordinance (see Table 2 below). The initial appropriation of \$20 million will be used for planning, design, bid, and partial construction of the Westside Phase I system project.

District Police Stations & Support Facilities	\$32,022,200
Disaster Response Facilities	\$15,855,705
9-1-1 Response Facilities	\$8,863,438
Project Costs Subtotal	\$79,641,343
Total Estimated Uses:	\$85,000,000

Source: Office of Public Finance and Department of Public Works

As shown in Table 2 below, with the proposed \$85,000,000 appropriation in Series 2021A GO bond proceeds, \$543,500,000 of the total \$628,500,000 in 2020 Earthquake Safety and Emergency Response GO Bonds will be issued in amounts to be determined at a later date. The Attachment shows the specific project activities to be funded by the proposed Series 2021A GO bond issuance.

Table 2: 2020 Earthquake Safety and Emergency Response General Obligation Bonds Funds Allocation

Projects	Proposed Bond Authorization	Proposed Bond Budget	Proposed 1st Bond Issuance (Series 2021A)	Remainder to be Allocated
Emergency Firefighting Water System (SFPUC)	\$153,500,000	\$151,170,852	\$20,000,000	\$131,170,852
Neighborhood Fire Stations & Support Facilities (DPW)	275,000,000	270,827,260	2,900,000	267,927,260
District Police Stations & Support Facilities (DPW)	121,000,000	119,163,994	32,022,200	87,141,794
Disaster Response Facilities (RPD)	70,000,000	68,937,848	15,855,705	53,082,143
9-1-1 Response Facilities (DPW)	9,000,000	8,863,438	8,863,438	0
Project Subtotal	\$628,500,000	\$618,963,392	\$79,641,343	\$539,322,050
Cost of Issuance/Oversight/Underwriter's Discount/Audit Fund	-	5,966,608	1,788,657	4,177,951
Reserve for Market Uncertainty	-	3,570,000	3,570,000	-
Administrative Subtotal	-	\$9,536,608	\$5,358,657	\$4,177,951
Total	\$628,500,000	\$628,500,000	\$85,000,000	\$543,500,000²

Source: Office of Public Finance and Department of Public Works

² Figure may not add due to rounding.

Citizens' General Obligation Bond Oversight Committee Annual Report

Under the proposed resolution (File 20-1295), the Citizens' General Obligation Bond Oversight Committee shall conduct an annual review of bond spending and shall provide an annual report on the management of the program to the Mayor and the Board of Supervisors.

FISCAL IMPACT**Annual Debt Service**

As shown above in Table 1, the Office of Public Finance expects to sell \$81,430,000 in par value Series 2021A Bonds. The proposed resolution (File 20-1295) authorizes the Director of Public Finance to determine the sale date, interest rates, principal amount, and maturity dates of the bonds, subject to the following conditions: (1) the true interest cost shall not exceed 12 percent; and (2) the Series 2021A Bonds shall have a final maturity date no later than 30 years after the date of issuance.

Based upon an estimated market interest rate of 3.11 percent for GO bonds, the Office of Public Finance projects an average annual debt service cost of approximately \$5,500,000. The total debt service over the anticipated 20-year life of the bonds is projected to be approximately \$107,520,000. Of this, \$81,430,000 represents the estimated par and the remainder of \$26,090,000 represents estimated interest.

According to Mr. Trivedi, the Office of Public Finance anticipates issuing the Series 2021A Bonds via competitive sale based on the recommendations of the City's municipal advisors. In a competitive sale, the bonds will be awarded to the bidder providing the lowest true interest cost to the City and that meets the terms as specified in the Official Notice of Sale. However, Mr. Trivedi states that if tax-exempt municipal market conditions deteriorate significantly or other credit considerations change, the Director of the Office of Public Finance, in consultation with the Controller and the City's municipal advisors, may choose to pursue a negotiated sale through the City's Underwriting Pool³, which was selected via a competitive Request for Qualifications process. As a negotiated sale, the City and its finance team will review comparable sales of financings recently sold with comparable ratings and par amount size to the Series 2021A Bonds. The City and the financial advisor will negotiate the final interest rates with the underwriting team to achieve the lowest true interest cost to the City based on recent comparable sales, orders received during the order period and overall conditions of the market at the time of sale.

³ According to Mr. Trivedi, the City maintains a pre-qualified pool of underwriters. If the City were to pursue a negotiated transaction, the underwriter selection would be based on a holistic evaluation of written proposals submitted by underwriters in the pool. The pre-qualified underwriter pool was established in accordance with the City's contracting procedures through a competitive Request for Qualifications process, with an evaluation panel reviewing and scoring the submittals based on approved guidelines and overseen by the Contract Monitoring Division.

Debt Limit

Section 9.106 of the City Charter limits the amount of GO bonds the City can have outstanding at any given time to 3 percent of the total assessed value of property in San Francisco. The City calculates its debt limit on the basis of total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City's general obligation debt limit for FY 2020-21 is approximately \$9.04 billion, based on a net assessed valuation of approximately \$301.4 billion. This net assessed valuation is based on the Controller's Certificate of Assessed Valuation, as of August 1, 2020.

As of December 31, 2020, the City had outstanding approximately \$2.50 billion in aggregate principal amount of GO bonds, which equals approximately 0.83 percent of the net assessed valuation for FY 2020-21. If all of the City's voter-authorized and unissued GO bonds were issued, the total debt burden would be 1.44 percent of the net assessed value of property in the City. If the Board of Supervisors approves the issuance of the Bonds, the debt ratio would increase by approximately 0.03 percent, to 0.86 percent, which is within the 3 percent legal debt limit.

Property Tax Rates

For Series 2021A, repayment of the annual debt service will be recovered through increases in the annual Property Tax rate, which is estimated to average \$0.00184 per \$100 of assessed value or \$1.84 per \$100,000 of assessed value over the anticipated 20-year term of the bonds. The owner of a residence with an assessed value of \$600,000, assuming a homeowner's exemption of \$7,000, would pay average additional property taxes to the City of approximately \$10.90 per year if the anticipated amount of \$81,430,000 of Bonds are sold.

Capital Plan

The Capital Planning Committee approved a financial constraint regarding the City's planned use of GO bonds such that debt service on approved and issued GO bonds would not increase property owners' long-term property tax rates above FY 2005-06 levels. The FY 2005-06 property tax rate for the GO bond fund was \$0.1201 per \$100 of assessed value. If the Board of Supervisors approves the issuance of the Series 2021A GO Bonds, the property tax rate for GO bonds for FY 2020-21 would be maintained at or below the FY 2005-06 rate and within the Capital Planning Committee's approved financial constraint.

POLICY CONSIDERATION

According to Mr. Trivedi, the Covid-19 pandemic is continuing to impact underlying economic conditions which inform the municipal bond market and interest rates, and it may have some impact on the timeline for completion of the Earthquake Safety & Emergency Response bond projects. Mr. Trivedi states that current protocols also create minor logistical challenges for closing the bond transaction, but based on prior experiences with bond sales during the

pandemic, the Office of Public Finance does not expect significant challenges to the sale and closing of the Series 2021A Bond transaction.

RECOMMENDATION

Approve the proposed resolutions (File 20-1294 and File 20-1295) and the proposed ordinance (File 20-1259).

Attachment – Files 20-1294 and 20-1295

Projects	Proposed 1st Bond Sale (Series 2021A)	Expenditures (pre-bond)	Balance	Future Bond Issuance(s)	Total Bond Issuances Combined
Emergency Firefighting Water System (SFPUC)	\$20,000,000	-	\$20,000,000	\$131,170,852	\$151,170,852
Planning, Design, Bid/Award	5,200,000	-	5,200,000	6,400,000	11,600,000
Construction, Close out ⁴	14,800,000	-	14,800,000	124,770,852	139,570,852
Neighborhood Fire Stations & Support Facilities (DPW)	2,900,000	1,043,581	1,856,419	267,927,260	270,827,260
Planning, Pre-design	2,900,000	1,043,581	1,856,419	-	2,900,000
Design, Bid/Award, Construction, Close out	-	-	-	267,927,260	267,927,260
District Police Stations & Support Facilities (DPW)	32,022,200	1,382,612	30,639,588	87,141,794	119,163,994
Surge Facility #1	4,240,000	-	4,240,000	-	4,240,000
Ingleside Station	11,027,200	-	11,027,200	66,422,800	77,450,000
Taraval Station	6,000,000	-	6,000,000	-	6,000,000
Lake Merced Range	5,280,000	-	5,280,000	18,720,000	24,000,000
Focused Scope – Mission Station	970,000	-	970,000	-	970,000
Pre-bond Efforts & Component Reserve ⁵	4,505,000	1,382,612	3,122,388	1,998,994	6,503,994
Disaster Response Facilities (RPD)	15,855,705	500,000	15,355,705	53,082,143	68,937,848
Planning, Design, Bid/Award	15,855,705	500,000	15,355,705	2,092,756	17,948,461
Construction, Close out	-	-	-	50,989,387	50,989,387
9-1-1 Response Facilities (DPW)	8,863,438	500,000	8,363,438	-	8,863,438
Planning, Design, Bid/Award	852,316	500,000	352,316	-	852,316
Construction, Close out	8,011,122	-	8,011,122	-	8,011,122
Subtotal	\$79,641,343	\$3,426,193	\$76,215,150	\$539,322,050	\$618,963,392
Cost of Issuance/Oversight/Underwriter's Discount/Audit Fund	1,788,657	-	1,788,657	4,177,951	5,966,608
Reserve for Market Uncertainty	3,570,000	-	3,570,000	-	3,570,000
Total	\$85,000,000	\$3,426,193	\$81,573,807	\$543,500,001	\$628,500,000

Source: Office of Public Finance and Department of Public Works

⁴ The Emergency Firefighting Water System's 1st bond issuance for construction planned to fund the following project(s): Potable Emergency Firefighting Water System pipeline and/or fireboat manifold projects

⁵ This is a pre-bond reimbursement and component reserve (set aside for project costs yet to be identified at this time).



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller
Todd Rydstrom
Deputy Controller
Anna Van Degna
Director of Public Finance

MEMORANDUM

TO: Honorable Members, Board of Supervisors

FROM: Anna Van Degna, Director of the Office of Public Finance
Vishal Trivedi, Office of Public Finance
Bridget Katz, Office of Public Finance

DATE: Monday, November 9, 2020

SUBJECT: Resolution Providing for the Issuance of General Obligation Bonds in an amount not to exceed \$628,500,000

Resolution Authorizing the Issuance and Sale of General Obligation Bonds (Earthquake Safety and Emergency Response, 2020) Series 2021A in an amount not to exceed \$85,000,000

Ordinance Appropriating \$85,000,000 of the Series 2021A Earthquake Safety and Emergency Response General Obligation Bond Proceeds

We respectfully request that the Board of Supervisors (the “Board”) consider for review and adoption the resolutions authorizing the issuance and approving the sale of general obligation bonds for the 2020 Earthquake Safety and Emergency Response (ESER) bond program in a total bond authorization amount of \$628,500,000 and a first issuance amount not to exceed \$85,000,000 (“Bonds” or the “2021A Bonds”).

In connection with this request, legislation authorizing issuance of bonds from the ESER program, approving the sale of this first series of bonds, a supplemental appropriation ordinance to appropriate the bond proceeds, and related supporting documents are expected to be introduced at the Board of Supervisors meeting on Tuesday, November 10, 2020. We respectfully request that the items be heard at the scheduled Budget and Finance Committee meeting on December 9, 2020.

Background

On March 3, 2020, a two-thirds majority of voters of the City approved Proposition B (“2020 Proposition B”), the San Francisco Earthquake Safety and Response General Obligation Bond. 2020 Proposition B authorizes the City and County of San Francisco to issue \$628,500,000 in general obligation bonds to improve fire, earthquake, and emergency response by improving, constructing, and/or replacing: deteriorating cisterns, pipes, and tunnels, and related facilities to ensure firefighters a reliable water supply

for fires and disasters; neighborhood fire and police stations and supporting facilities; the City’s 911 Call Center; and other disaster response and public safety facilities, and to pay related costs. The projects to be funded through the proposed bond program include: (i) renovation, expansion and seismic upgrading of the City’s Emergency Firefighting Water System; (ii) improvement and rehabilitation of neighborhood fire stations and replacement of the firefighter training facility currently located on Treasure Island; (iii) seismic, safety and operations improvements to district police stations and City-owned Police Department support facilities; (iv) upgrading or replacement of critical City-owned disaster response facilities; and (v) expansion of the City’s 9-1-1 Emergency Call Center. This proposed first issuance of bonds would account for up to \$85,000,000 of the total \$628,500,000 2020 Proposition B authorization.

Financing Parameters

The proposed legislation will approve the issuance and sale of the first series of bonds under 2020 Proposition B, and appropriate of the bond proceeds from the sale. Table 1 below outlines the sources and uses for the Bonds, based on an estimate provided by Urban Futures, Inc., a municipal advisory firm registered with the Municipal Securities Rulemaking Board (MSRB). The information below is intended to advise the Board of Supervisors regarding the proposed financing in accordance with Section 5852.1 of the California Government Code.

Table 1: Estimated Sources and Uses from the Bonds

	<u>2021A</u>
Maximum Not to Exceed Amount:	85,000,000.00
<i>Reserve for Market Uncertainty</i>	<i>3,570,000.00</i>
Estimated Sources:	
Par Amount	<u>81,430,000.00</u>
Total Estimated Sources:	85,000,000.00
Estimated Uses:	
Project Fund Deposits:	
Project Fund	79,641,343.00
CSA Audit Fee	<u>159,282.69</u>
Total Project Fund Deposits:	79,800,625.69
Cost of Issuance	733,644.31
Underwriter's Discount	814,300.00
CGOBOC Fee	<u>81,430.00</u>
Total Delivery Expense:	1,629,374.31
<i>Reserve for Market Uncertainty</i>	<i>3,570,000.00</i>
Total Estimated Uses:	85,000,000.00

3 | Resolutions Authorizing the Issuance and Sale of General Obligation Bonds (Earthquake Safety and Emergency Response, 2020)

Source: Urban Futures, Inc.

Based upon an estimated market interest rate of 3.11% for general obligation bonds, the Office of Public Finance estimates that this would result in an average annual debt service cost of about \$5,500,000. The anticipated par amount of \$81,430,000 is estimated to generate about \$26,100,000 in interest payments, resulting in approximately \$107,500,000 in total debt service over the anticipated 20- to 25-year term of the bonds.

Detailed descriptions of the projects to be financed with proceeds of the Bonds are included in the Bond Reports to be prepared by the Department of Public Works. In addition, a portion of the Bond proceeds will be used to pay certain expenses incurred in connection with the issuance and delivery of the Bonds, and the periodic oversight and review of the Projects by City Services Auditor ("CSA Audit") and the Citizens' General Obligation Bond Oversight Committee ("CGOBOC").

Property Tax Impact

Repayment of annual debt service on the 2021A Bonds will be recovered through increases in the annual property tax rate, which is estimated to average \$0.00184 per \$100 of assessed value or \$1.84 per \$100,000 of assessed value over the anticipated 20-year term of the bonds. The owner of a residence with an assessed value of \$600,000, assuming a homeowner's exemption of \$7,000, would pay average additional property taxes to the City of approximately \$10.90 per year if the anticipated amount of \$81,430,000 of Bonds are sold.

Debt Limit

The City Charter imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. That limit is 3.00% of the assessed value of property in the City. For purposes of this provision of the Charter, the City calculates its debt limit on the basis of total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City's general obligation debt limit for fiscal year 2020-21 is approximately \$9.04 billion, based on a net assessed valuation of approximately \$301.4 billion. As of November 5, 2020, the City had outstanding approximately \$2.42 billion in aggregate principal amount of general obligation bonds, which equals approximately 0.80% of the net assessed valuation for fiscal year 2020-21. If all of the City's voter-authorized and unissued general obligation bonds were issued, the total debt burden would be 1.44% of the net assessed value of property in the City. If the Board of Supervisors approves the issuance of the Bonds, the debt ratio would increase by approximately 0.027%, to 0.83% — within the 3.00% legal debt limit.

Capital Plan

The Capital Planning Committee approved a financial constraint regarding the City's planned use of general obligation bonds such that debt service on approved and issued general obligation bonds would not increase property owners' long-term property tax rates above fiscal year 2006 levels. The fiscal year 2006 property tax rate for the general obligation bond fund was \$0.1201 per \$100 of assessed value. If the Board of Supervisors approves the issuance of the Bonds, the property tax rate for general obligation bonds for fiscal year 2020-21 would be maintained below the fiscal year 2006 rate and within the Capital Planning Committee's approved financial constraint.

Additional Information

The ordinance was introduced at the Board of Supervisors meeting on Tuesday, November 3, 2020. The resolutions are expected to be introduced at the Board of Supervisors meeting on Tuesday, November 10,

4 | *Resolutions Authorizing the Issuance and Sale of General Obligation Bonds
(Earthquake Safety and Emergency Response, 2020)*

2020. The forms of the related financing documents — including the Bond Purchase Agreement, Preliminary Official Statement, Appendix A, the Continuing Disclosure Certificate and related documents — will also be submitted at that time.

Bond Purchase Agreement: The City intends to pursue a competitive sale of the 2021A Bonds; however, should bond market conditions indicate the preferability of a negotiated transaction, the Bond Purchase Contract details the terms, covenants, and conditions for the sale of the Bonds through selected underwriter(s), as well as agreements regarding expenses, closing and disclosure documents.

Official Notice of Sale: The Official Notice of Sale announces the date and time for a competitive bond sale, including the terms relating to sale of the Bonds; form of bids, and delivery of bids; and closing procedures and documents.

Exhibit A to the Official Notice of Sale is the form of the official bid for the purchase of the Bonds. Pursuant to the Resolutions, in a competitive sale the Controller's Office is authorized to award the Bonds to the bidder whose bid represents the lowest true interest cost to the City in accordance with the procedures described in the Official Notice of Sale.

Notice of Intention to Sell: The Notice of Intention to Sell provides legal notice to prospective bidders of the City's intention to sell the 2021A Bonds. Such Notice of Intention to Sell would be published once in "The Bond Buyer" or another financial publication generally circulated throughout the State of California.

Official Statement: The Official Statement provides information for prospective bidders and investors in connection with the public offering by the City of the Bonds. The Official Statement describes the Bonds, including sources and uses of funds; security for the Bonds; risk factors; and tax and other legal matters, among other information. The Official Statement also includes the City's Appendix A, the most recent Comprehensive Annual Financial Report of the City, the City's Investment Policy, and other forms of legal documents for the benefit of investors, holders and owners of the Bonds.

A *Preliminary Official Statement* is distributed to prospective bidders prior to the sale of the Bonds and within seven days of the public offering, the *Final Official Statement* (adding certain sale results including the offering prices, interest rates, selling compensation, principal amounts, and aggregate principal amounts) is distributed to the initial purchasers of the Bonds.

Prior to the distribution of the Preliminary and Final Official Statements, the documents will be thoroughly and critically reviewed by City staff (in consultation with the City's professional advisors, including the City's co-disclosure counsel) to provide the most current material financial and other material information available.

Board members have a responsibility under federal securities laws to ensure that staff is aware of information that Board members may have unique in their capacity as board members that would have a material bearing of the capacity of the City to repay the bonds. Board members cannot approve a Preliminary Official Statement if they are aware that it contains material misstatements or omissions. The Board of Supervisors and the Mayor, in adopting and approving the Resolutions, approve and authorize the use and distribution of the Official Statement by the co-financial advisors with respect to the Bonds. For purposes of the Securities and Exchange Act of 1934, the Controller certifies, on behalf of the City, that the Preliminary and Final Official Statements are final as of their dates.

Appendix A: The City prepares the Appendix A: "City and County of San Francisco—Organization and Finances"

5 | Resolutions Authorizing the Issuance and Sale of General Obligation Bonds
(Earthquake Safety and Emergency Response, 2020)

(the “Appendix A”) for inclusion in the Official Statement. The Appendix A describes the City’s government and organization, the budget, property taxation, other City tax revenues and other revenue sources, general fund programs and expenditures, employment costs and post-retirement obligations, investment of City funds, capital financing and bonds, constitutional and statutory limitations on taxes and expenditures, and litigation and risk management. Pursuant to the Resolution, City staff will revise the Official Statement, including the Appendix A.

Continuing Disclosure Certificate: The City covenants to provide certain financial information and operating data relating to the City (the “Annual Report”) not later than 270 days after the end of the fiscal year and to provide notices of the occurrence of certain enumerated events, if material. The Continuing Disclosure Certificate describes the nature of the information to be contained in the Annual Report or the notices of material events. These covenants have been made in order to assist initial purchasers of the Bonds in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5).

Financing Timeline

Milestones:

Board of Supervisors (BoS) Introduction of Supplemental Appropriation Ordinance
Capital Planning Committee Hearing of Resolutions
BoS Introduction of Resolutions
Budget & Finance Committee Hearing
BoS Consideration of Resolutions and First Reading of Ordinance
BoS Second Reading of Ordinance
Estimated Sale & Closing

Dates*:

November 3
November 9
November 10
December 9
December 15
January 5, 2021
January 2021

*Please note that dates are preliminary and may change.

Your consideration of this matter is greatly appreciated. Please contact Anna Van Degna at 415-554-5956 (anna.vandegna@sfgov.org), Vishal Trivedi at 415-554-4862 (vishal.trivedi@sfgov.org) or Bridget Katz at 415-554-6240 (bridget.katz@sfgov.org) if you have any questions.

CC: Angela Calvillo, Clerk of the Board
Harvey Rose, Budget and Legislative Analyst’s Office
Severin Campbell, Budget and Legislative Analyst Office
Ben Rosenfield, Controller
Ashley Groffenberger, Mayor’s Office
Sophia Kittler, Mayor’s Office
Lillian Patil, Mayor’s Office
Charles Higuera, Project Manager, San Francisco Public Works
David Myerson, Project Manager, San Francisco Public Utilities Commission
Antonio Guerra, Recreation and Parks Department
Ken Roux, City Attorney’s Office

From: [Peacock, Rebecca \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#); [ROUX, KENNETH \(CAT\)](#)
Cc: [Kittler, Sophia \(MYR\)](#); [Trivedi, Vishal \(CON\)](#); [Katz, Bridget \(CON\)](#); [Patil, Lillian \(MYR\)](#)
Subject: Mayor -- [Resolution] -- [Issuance of General Obligation Bonds (Earthquake Safety and Emergency Response, 2020) - Not to Exceed \$628,500,000]
Date: Tuesday, November 10, 2020 4:00:41 PM
Attachments: [\(2\) Reso_CON_ESER BOND Master.zip](#)

Attached for introduction to the Board of Supervisors is a **resolution providing for the issuance of not to exceed \$628,500,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Earthquake Safety and Emergency Response, 2020); authorizing the issuance and sale of such bonds; providing for the levy of a tax to pay the principal and interest thereof; providing for the appointment of depositories and other agents for such bonds; providing for the establishment of accounts related thereto; adopting findings under the California Environmental Quality Act ("CEQA"), the CEQA Guidelines and San Francisco Administrative Code Chapter 31; finding that the proposed project is in conformity with the priority policies of Planning Code Section 101.1 and with the general plan consistency requirement of Charter Section 4.105 and Administrative Code Section 2A.53; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the issuance and sale of such bonds.**

[@ROUX, KENNETH \(CAT\)](#), can you please reply-all to this email to indicate your approval? Thanks!

Please let me know if you have any questions.

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