

FILE NO.

RESOLUTION NO.

[Issuance of General Obligation Bonds (Transportation and Road Improvement Bonds, 2014)
- Not to Exceed \$500,000,000]

Resolution providing for the issuance of not to exceed \$500,000,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Transportation and Road Improvement Bonds, 2014); authorizing the execution, authentication, and registration of said 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 said bonds; providing for the establishment of accounts related thereto; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds.

WHEREAS, By Resolution No. 228-14 adopted by the Board of Supervisors (the "Board") of the City and County of San Francisco (the "City") on July 8, 2014 and signed by the Mayor of the City (the "Mayor") on July 18, 2014, it was determined and declared that public interest and necessity demands the acquisition, construction and improvement of street, transportation and related infrastructure therein described (the "Project"); and,

WHEREAS, By Ordinance No. 148-14 passed by the Board on July 15, 2014, and signed by the Mayor on July 24, 2014 (the "Bond Ordinance"), the Board duly called a special election to be held on November 4, 2014 (the "Bond Election"), for the purpose of submitting to the electors of the City a proposition to incur bonded indebtedness in the amount of \$500,000,000 to finance the Project; and

WHEREAS, A special election was held in the City on November 4, 2014 for the purpose of submitting to the qualified voters of the City said proposition, designated as Proposition A (“2014 Proposition A”) as follows:

“SAN FRANCISCO TRANSPORTATION AND ROAD IMPROVEMENT BOND. To construct, redesign and rebuild streets and sidewalks and to make infrastructure repairs and improvements that increase MUNI service reliability, ease traffic congestion, reduce vehicle travel times, enhance pedestrian and bicycle safety, and improve disable access, shall the City and County of San Francisco issue \$500 million in general obligation bonds, subject to independent citizen oversight and regular audits?”, and such proposition was approved by not less than a two-thirds vote of the qualified electors of the City voting on such proposition; and

WHEREAS, This Board has determined, and does hereby declare that it is necessary and desirable that all of said bonds designated generally as “City and County of San Francisco General Obligation Bonds (Transportation and Road Improvements Bonds, 2014)” (the “Bonds”) (each series of such Bonds to bear such additional or other designation as may be necessary or appropriate to distinguish such series from every other series and from other bonds issued by the City) in the aggregate principal amount of \$500,000,000, be issued and sold in series, from time to time, for the purposes authorized and on the conditions set forth in this Resolution; and,

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

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

WHEREAS, Pursuant to Section 9.106 of the Charter, there shall be delivered a certificate of a duly authorized officer of the City, concurrently with the issuance of each series

of Bonds, except for any series of Bonds issued to refund any bond anticipation notes issued in anticipation of the issuance of such series of Bonds, stating that the outstanding general obligation bond indebtedness of the City, including all series of the Bonds issued and to be issued and outstanding on the date of delivery of such series, will not exceed three percent of the assessed value of all taxable real and personal property located within the City.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the City and County of San Francisco, as follows:

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

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

Section 3. Issuance of the Bonds. The Board hereby authorizes the issuance and sale of \$500,000,000 aggregate principal amount of the Bonds. The Bonds may be sold in one or more series (each series of such Bonds to bear such additional or other designation as may be necessary or appropriate to distinguish such series from every other series and from other bonds issued by the City), as the Board shall determine, and shall be sold in accordance with law, as such law may from time to time be amended, supplemented or revised, and on the terms and conditions approved by the Board in this Resolution, as supplemented by such other resolution or resolutions relating to such series of Bonds and as provided in the resolution of the Board authorizing and directing the sale of each series of the Bonds (each, a "Sale Resolution"). The offering and sale of the Bonds may be aggregated with the offering

and sale of other general obligation bonds being issued by the City, as authorized from time to time by the Board.

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

The Bonds shall be signed by the Mayor of the City and countersigned by the Clerk of the Board. All signatures hereinbefore referred to may be facsimile or manual. The Treasurer of the City (the "City Treasurer") shall authenticate the Bonds by manual signature, and when so executed and authenticated, the Clerk of the Board shall deliver the Bonds to or for the account of the purchasers in exchange for the purchase price thereof.

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

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

Section 6. General Redemption Provisions. The terms of redemption (whether optional redemption or mandatory redemption), if any, of any series of Bonds and the manner prescribed for notice of any redemption of such series of Bonds shall be set forth in the Sale Resolution authorizing the sale of the Bonds to be redeemed.

Each Sale Resolution authorizing the sale of each series of Bonds shall provide that the City Treasurer shall establish a Redemption Account for such series of Bonds and shall further provide for the deposit and application of moneys in such Redemption Account.

Section 7. Tax Levy. For the purpose of paying the principal of and interest on the Bonds, the Board at the time of fixing the general tax levy shall fix, and in the manner provided for such general tax levy, levy and collect annually until the Bonds are paid, or until there shall be a sum set apart for that purpose in the treasury of the City sufficient to meet all sums coming due for payment of principal of and interest on the Bonds, a tax sufficient to pay the annual interest on the Bonds as the same becomes due and also such part of the principal thereof as shall become due before the proceeds of a tax levied at the time for making the next general tax levy can be made available for the payment of such interest or principal.

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

All taxes collected pursuant to this Section 7 shall be deposited forthwith in a special account to be designated as the "General Obligation Bonds (Transportation and Road Improvement Bonds, 2014) Bond Account" (the "Bond Account") and each and every series of Bonds issued under this Resolution shall be equally and ratably secured by the taxes collected pursuant to this Section 7. The Bond Account shall be administered by the City Treasurer and kept separate and apart from all other accounts. Pursuant to the Sale Resolution authorizing the sale of any series of the Bonds, the City Treasurer may establish

such additional accounts and subaccounts within the Bond Account or with any agent, including but not limited to any paying agent or fiscal agent, as may be necessary or convenient in connection with the administration of any series of the Bonds. The Sale Resolution authorizing the sale of any series of the Bonds shall establish subaccounts within the Bond Account for each series of the Bonds to provide for the payment of principal and interest on such series of Bonds.

The City Treasurer shall also deposit in the Bond Account from the proceeds of sale of a series of the Bonds, any moneys received on account of original issue premium and interest accrued on the Bonds to the date of payment of the purchase price thereof, and such other moneys, if any, as may be specified in the Sale Resolution authorizing the sale of such series of Bonds. So long as any of the Bonds are outstanding, moneys in the Bond Account shall be used and applied by the City Treasurer solely for the purpose of paying the principal of and interest on the Bonds as such principal and interest shall become due and payable, or for purchase of Bonds if permitted by the Sale Resolution authorizing the sale of such series of Bonds; provided, however, that when all of the principal of and interest on the Bonds have been paid, any moneys then remaining in the Bond Account shall be transferred to the General Fund of the City. The Board shall take such actions annually as are necessary or appropriate to cause the debt service on the Bonds due in any fiscal year to be included in the budget for such fiscal year and to make the necessary appropriations therefor.

Section 8. Administration and Disbursements From Bond Account.

(a) Interest. On or before June 15 and December 15 in each year that any of the Bonds are outstanding, the City Treasurer shall set aside in the Bond Account and the appropriate subaccounts therein relating to each series of the Bonds an amount which, when added to the amount contained in the Bond Account and subaccounts therein on that date, if

any, will be equal to the aggregate amount of the interest becoming due and payable on each series of the Bonds outstanding on such interest payment date.

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

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

Section 9. Appointment of Depositories and Other Agents. The City Treasurer is hereby authorized and directed to appoint one or more depositories as he or she may deem desirable and may authorize such depository to perform, under the supervision of the City

Treasurer, any of the City Treasurer's duties and responsibilities under this Resolution and each Sale Resolution, to the extent permitted by applicable law.

The City Treasurer is hereby also authorized and directed to appoint one or more agents as he or she may deem necessary or desirable. To the extent permitted by applicable law and under the supervision of the City Treasurer, such agents may serve as paying agent, fiscal agent, rebate calculation agent, escrow agent or registrar for the Bonds or may assist the City Treasurer in performing any or all of such functions and such other duties as the City Treasurer shall determine including such duties and responsibilities of the City Treasurer provided for in this Resolution. Such agents shall serve under such terms and conditions as the City Treasurer shall determine. The City Treasurer may remove or replace agents appointed pursuant to this paragraph at any time.

Section 10. Project Account. There is hereby established a project account to be designated as the "General Obligation Bonds (Transportation and Road Improvement Bonds, 2014) Project Account" (the "Project Account"). The Project Account shall be maintained by the City Treasurer, as a separate account, segregated and distinct from all other accounts. The City Treasurer may establish such accounts and subaccounts within the Project Account as may be necessary or convenient in connection with the administration of the Project or the Bonds.

All of the proceeds of the sale of the Bonds (excluding any original issue premium and accrued interest received thereon, unless otherwise determined by the Director of Public Finance) shall be deposited by the City Treasurer to the credit of the Project Account and shall be applied exclusively to the objects and purposes specified in 2014 Proposition A, including but not limited to the acquisition, construction and improvement of the Project. When such objects and purposes have been accomplished, any moneys remaining in the Project Account shall be transferred to the Bond Account established pursuant to Section 7 hereof

and applied, subject to the tax covenants, if any, set forth in the Sale Resolutions authorizing the sale of each series of bond, to the payment of the principal of and interest on any series of Bonds. Amounts in the Project Account may be applied to the payment of costs of issuance of the Bonds, including, without limitation, bond and financial printing expenses, mailing and publication expenses, rating agency fees, the fees and expenses of paying agents, registrars, financial consultants, disclosure counsel and co-bond counsel and the reimbursement of departmental expenses in connection with the issuance of the Bonds.

Section 11. Defeasance Provisions. The Sale Resolution authorizing the sale of any series of Bonds may provide for the defeasance of such series of Bonds. Any Bonds which have been deemed paid in accordance with the defeasance provisions of the Sale Resolution authorizing their sale shall no longer be deemed outstanding under this Resolution.

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

Section 13. Other Terms and Provisions Relating to the Bonds. The Sale Resolution providing for the sale of any series of Bonds may provide for (a) the purchase of bond insurance or other credit enhancement relating to such series of Bonds and to the establishment of such additional terms and procedures as may be necessary to provide for the application of such bond insurance or other credit enhancement for the benefit of such Bondholders; (b) the investment of moneys held in any fund, account or subaccount relating to such series of the Bonds in specific categories or types of investments, so long as such investments are legal investments for the City and in compliance with any policy or guideline

of the City applicable thereto; and (c) the adoption of any supplemental resolutions relating solely to such series of Bonds.

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

(a) To add to the covenants and agreements of the City in this Resolution or any Sale Resolution authorizing the sale of any series of Bonds, other covenants and agreements to be observed by the City which are not contrary to or inconsistent with this Resolution or any Sale Resolution as then in effect;

(b) To add to the limitations and restrictions in this Resolution or any Sale Resolution authorizing the sale of any series of Bonds, other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with this Resolution or any Sale Resolution as then in effect;

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

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

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

In addition, any modification or amendment of this Resolution or any Sale Resolution authorizing the sale of any series of Bonds and of the rights and obligations of the City and of

the owners of the Bonds, in any particular, may be made by a supplemental resolution, with the written consent of the owners of at least a majority in aggregate principal amount of the Bonds outstanding at the time such consent is given (except as provided in the preceding paragraph). No such modification or amendment shall permit a change in the terms or maturity of the principal of any outstanding Bonds or of any interest payable thereon or a reduction in the principal amount thereof or in the rate of interest thereon, or shall reduce the percentage of Bonds the consent of the owners of which is required to effect any such modification or amendment, or shall reduce the amount of moneys for the repayment of the Bonds, without the consent of all the owners of such affected Bonds.

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

Section 16. Planning Code. The Board hereby adopts and incorporates by reference the findings and declarations relative to (a) the conformance of the Bonds to the priority policies of Section 101.1(b) of the San Francisco Planning Code; (b) the conformance of the Bonds to Section 4.105 of the San Francisco Charter and Section 2A.53(f) of the San Francisco Administrative Code; and (c) the consistency with the City's General Plan, all as more fully set forth in Resolution No. 228-14, adopted by this Board on July 8, 2014.

Section 17. Ratification. All actions heretofore taken by officials, employees and agents of the City with respect to the sale and issuance of the Bonds are hereby approved, confirmed and ratified.

Section 18. General Authority. The Clerk of the Board, the Finance Committee of the Board, the Mayor, the City Treasurer, the City Administrator, the City Attorney, the Director of Public Finance of the City and the Controller are each hereby authorized and directed, in the name and on behalf of the City, to take any and all steps and to issue and deliver any and all certificates, requisitions, agreements, notices, consents, and other documents, including but not limited to, letters of representations to any securities depository or depositories, which they or any of them might deem necessary or appropriate in order to consummate the lawful issuance, sale and delivery of the Bonds and otherwise to give effect to this Resolution.

APPROVED AS TO FORM:
DENNIS J. HERRERA
City Attorney

By: _____
KENNETH DAVID ROUX
Deputy City Attorney

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