

1 [Taxable and/or Tax Exempt Certificates of Participation--- Affordable Housing Projects – Not
2 to Exceed \$95,000,000]

3 **Ordinance authorizing the execution and delivery of Certificates of Participation in an**
4 **aggregate principal amount not to exceed \$95,000,000 to provide funds to assist in the**
5 **development, acquisition, construction or rehabilitation of affordable rental housing**
6 **projects; approving the form of a Supplemental Trust Agreement between the City and**
7 **County of San Francisco and the Trustee named therein (including certain indemnities**
8 **contained therein); approving the form of a Supplemental Property Lease between the**
9 **City, as lessor, and the Trustee, as lessee; approving the form of a Supplemental**
10 **Project Lease between the Trustee, as lessor, and the City, as lessee; approving the**
11 **form of an Official Notice of Sale and Notice of Intention to Sell for the Certificates of**
12 **Participation, if sold by competitive sale; authorizing certain actions relating to the**
13 **Certificates of Participation, if sold by negotiated sale, including approving the form of**
14 **a Purchase Contract between the City and the underwriter(s) selected in accordance**
15 **City policies; approving the form of an official statement in preliminary and final form;**
16 **approving the form of a Continuing Disclosure Certificate; granting general authority to**
17 **City officials to take necessary actions in connection with the authorization, issuance,**
18 **sale and delivery of the Certificates of Participation; approving modifications to**
19 **documents; and ratifying previous actions taken in connection therewith.**

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22 WHEREAS, the Board of Supervisors of the City and County of San Francisco (the
23 "Board of Supervisors" or the "Board"), desires to provide funds to assist in the development,
24 acquisition, construction or rehabilitation of affordable rental housing projects (collectively, the
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1 "Project"), and the City is authorized pursuant to its charter and the laws of the State to enter
2 into lease financings for such purpose; and

3 WHEREAS, the City and U.S. Bank National Association (the "Trustee") have
4 previously entered into a Property Lease, dated as of May 1, 2009 (the "Original Property
5 Lease"), pursuant to which the City has leased certain real property and all improvements
6 thereon (collectively, the "Leased Property") to the Trustee; and

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8 WHEREAS, pursuant to a Project Lease, dated as of May 1, 2009, by and between the
9 City and the Trustee (the "Original Project Lease"), the Trustee has leased the Leased
10 Property back to the City; and

11 WHEREAS, in order to provide funds for certain capital improvements of the City, the
12 Trustee executed and delivered certificates of participation captioned "\$163,335,000 City and
13 County of San Francisco Certificates of Participation, Series 2009A (Multiple Capital
14 Improvement Projects)" (the "2009A Certificates") under a Trust Agreement, dated as of May
15 1, 2009, between the City and the Trustee (the "Original Trust Agreement"); and

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17 WHEREAS, the 2009A Certificates were authorized by Resolution No. 351-08, passed
18 by the Board on July 29, 2008, and approved by the Mayor on August 5, 2008; and

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

21 WHEREAS, the Trust Agreement provides for the issuance of additional Certificates of
22 Participation to provide funds for additional capital projects of the City by the execution and
23 delivery of a supplement to the Trust Agreement, and authorizes the principal and interest
24 with respect to said Certificates of Participation to be secured by a supplement to the Property
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1 Lease and to be paid from amounts paid by the City under a supplement to the Project Lease;
2 and

3 WHEREAS, in order to provide funds for certain street improvements of the City, the
4 Trustee subsequently executed and delivered a series of certificates of participation captioned
5 "\$37,885,000 City and County of San Francisco Certificates of Participation, Series 2009B
6 (Multiple Capital Improvement Projects)" (the "2009B Certificates") under a First Supplement
7 to Trust Agreement, dated as of September 1, 2009 (the "First Supplement to Trust
8 Agreement"); and
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10 WHEREAS, in connection with the execution and delivery of the 2009B Certificates, the
11 City and the Trustee have previously entered into a First Supplement to Property Lease,
12 dated as of September 1, 2009 (the "First Supplement to Property Lease"), supplementing the
13 Original Property Lease to provide for additional rental to be paid by the Trustee in connection
14 with the financing of the 2009B Project and certain related matters; and
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16 WHEREAS, in connection therewith, the City and the Trustee simultaneously entered
17 into a First Supplement to Project Lease, dated as of September 1, 2009, by and between the
18 City and the Trustee (the "First Supplement to Project Lease"), supplementing the Original
19 Project Lease to provide for additional base rental to be paid by the City in connection with the
20 financing of the 2009B Project and certain related matters; and;

21 WHEREAS, the 2009B Certificates were authorized by Ordinance No.74-09, passed by
22 the Board on May 5, 2009, and approved by the Mayor on May 11, 2009; and
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1 WHEREAS, the 2009B Certificates evidence direct undivided interests in the lease
2 payments made by the City under the Original Project Lease, as supplemented by the First
3 Supplement to Project Lease, on a parity basis with the 2009A Certificates; and

4 WHEREAS, in order to provide funds for capital improvements to various City streets,
5 the Trustee subsequently executed and delivered a series of certificates of participation
6 captioned "\$42,835,000 City and County of San Francisco Certificates of Participation, Series
7 2012A (Multiple Capital Improvement Projects)" (the "2012A Certificates") under a Second
8 Supplement to Trust Agreement, dated as of June 1, 2012 (the "Second Supplement to Trust
9 Agreement"); and
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11 WHEREAS, in connection with the execution and delivery of the 2012A Certificates, the
12 City and the Trustee have previously entered into a Second Supplement to Property Lease,
13 dated as of June 1, 2012 (the "Second Supplement to Property Lease"), supplementing the
14 Original Property Lease to provide for additional rental to be paid by the Trustee in connection
15 with the financing of the 2012A Project and certain related matters; and
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17 WHEREAS, in connection with the execution and delivery of the 2012A Certificates, the
18 City and the Trustee simultaneously entered into a Second Supplement to Project Lease,
19 dated as of June 1, 2012 (the "Second Supplement to Project Lease"), supplementing the
20 Original Project Lease to provide for additional base rental to be paid by the City in connection
21 with the financing of the 2012A Project and certain related matters; and
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23 WHEREAS, the 2012A Certificates were authorized by Ordinance No.264-10, passed
24 by the Board on October 26, 2010, and approved by the Mayor on November 5, 2010; and
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1 WHEREAS, the 2012A Certificates evidence direct undivided interests in the lease
2 payments made by the City under the Original Project Lease, as supplemented by the First
3 Supplement to Project Lease and the Second Supplement to Project Lease, on a parity basis
4 with the 2009A Certificates and the 2009B Certificates; and

5 WHEREAS, the Board desires to finance the Project and to cause the execution and
6 delivery of one or more series of additional Certificates of Participation (as further defined
7 herein, the "Certificates") in an aggregate amount not to exceed \$95,000,000 therefor; and

8 WHEREAS, in connection with the execution and delivery of the Certificates, the City
9 and the Trustee will enter into one or more supplemental property leases (each, a
10 "Supplemental Property Lease"), supplementing the Original Property Lease to provide for
11 additional rental to be paid by the Trustee in connection with the financing of the Project and
12 certain related matters; and

13 WHEREAS, in connection therewith, the City and the Trustee will simultaneously enter
14 into one or more supplemental project leases, by and between the City and the Trustee (each,
15 a "Supplemental Project Lease"), supplementing the Original Project Lease to provide for
16 additional Base Rental to be paid by the City in connection with the financing of the Project
17 and certain related matters; and

18 WHEREAS, the Certificates will evidence direct undivided interests in the lease
19 payments made by the City under the Original Project Lease, as supplemented by the First
20 Supplement to Project Lease, the Second Supplement to Project Lease and one or more
21 Supplemental Project Leases, on a parity basis with the 2009A Certificates, the 2009B
22 Certificates and the 2012A Certificates; and
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1 WHEREAS, each series of Certificates may be sold by competitive sale pursuant to an
2 official notice of sale and a notice of intention to sell or, in accordance with certain procedures,
3 by negotiated sale; and

4 WHEREAS, in order to ensure a financially advantageous and orderly sale of the
5 Certificates, the Director of Public Finance of the City or her designee (collectively, the
6 "Director") will be authorized to determine whether to conduct a sale of each series of
7 Certificates on either a competitive or negotiated basis; and

8 WHEREAS, in order to conduct a negotiated sale, there has been presented to the
9 Board for approval of the form of a purchase contract relating to a negotiated sale of one or
10 more series of Certificates (the "Purchase Contract") with underwriters to be appointed in
11 accordance with City policies, if so determined by the Director; and

12 WHEREAS, the Board has been presented with the form of certain documents referred
13 to herein relating to the Certificates, including a Supplemental Trust Agreement, a
14 Supplemental Property Lease, a Supplemental Project Lease, a Purchase Contract, and a
15 Continuing Disclosure Certificate, and the Board has examined and is approving each
16 document and desires to authorize and direct the execution of such documents and the
17 consummation of such financing; and

18 WHEREAS, the adoption of this Ordinance shall constitute authorization of the
19 Certificates within the meaning of Section 864 of the California Code of Civil Procedure and
20 any Validation Act that is effective after this Ordinance takes effect;

21 NOW, THEREFORE, BE IT ORDAINED by the People of the City and County of San
22 Francisco, as follows:

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

24 Section 2. File Documents. The documents presented to this Board and on file with the
25 Clerk of the Board or her designee (the "Clerk") are contained in File No. _____.

1 Section 3. Conditions Precedent. All conditions, things and acts required by law to
2 exist, to happen and to be performed precedent to and in the execution and delivery of the
3 Certificates exist, have happened and have been performed in due time, form and manner in
4 accordance with applicable law, and the City is now authorized pursuant to its Charter and
5 applicable law to enter into the transactions described herein in the manner and form provided
6 in this Ordinance.

7 Section 4. Approval of Execution and Delivery of Certificates. The Board hereby
8 approves the execution and delivery of the Certificates designated as "City and County of San
9 Francisco Certificates of Participation (Affordable Housing Projects)," with such other
10 designations as to series and year of issuance as deemed appropriate by the Director. The
11 Certificates may be executed and delivered in one or more series and on one or more delivery
12 dates each pursuant to a Supplemental Trust Agreement, as referred to in Section 5 below
13 (the "Supplemental Trust Agreement"), as the same is finally executed and delivered. The
14 Trustee shall be authorized to cause the execution and delivery of Certificates in an aggregate
15 principal amount not greater than \$95,000,000, and which shall bear interest rates up to but
16 not exceeding 12 percent per annum. The proceeds of the Certificates will be used to (i) fund
17 the Project; (ii) fund one or more reserve funds or the costs of one or more reserve surety
18 policies, as the Controller or his designee shall determine; (iii) fund capitalized interest, as the
19 Controller or his designee shall determine; and (iv) pay costs of issuance of the Certificates.
20 Each series of the Certificates shall be subject to prepayment as set forth in the applicable
21 Supplemental Trust Agreement. To the extent deemed financially advantageous, the
22 Controller of the City (the "Controller") or the Director of Public Finance (the "Director") is
23 hereby authorized to procure credit enhancement for any of the Certificates, including, but not
24 limited to, municipal bond insurance or debt service reserve fund surety policies.
25 Notwithstanding Section 15 hereof, the documents authorized herein may be modified or

1 amended to permit the procurement of credit enhancement for the Certificates, to the extent
2 deemed necessary by the Controller or the Director, upon consultation with the City Attorney.

3 Section 5. Form of Supplemental Trust Agreement Approval. The form of Supplemental
4 Trust Agreement between the City and the Trustee, as presented to this Board, a copy of
5 which is on file with the Clerk of the Board, is hereby approved. The Mayor of the City or his
6 designee (collectively, the "Mayor") or the Controller is hereby authorized to execute one or
7 more Supplemental Trust Agreements, and the Clerk of the Board or her designee
8 (collectively, the "Clerk of the Board"), is hereby authorized to attest to and affix the seal of the
9 City, as applicable, on such Supplemental Trust Agreements, with such changes, additions
10 and modifications as the Mayor or the Controller may make or approve in accordance with
11 Section 15 hereof.

12 Section 6. Form of Supplemental Property Lease Approval. The form of Supplemental
13 Property Lease providing for the payment of additional rental by the Trustee in connection
14 with the issuance of Certificates, as presented to this Board, a copy of which is on file with the
15 Clerk of the Board, is hereby approved. The term of any Supplemental Property Lease shall
16 not extend beyond forty-one (41) years from the date of execution and delivery of the
17 applicable Certificates. The Mayor or the Controller is hereby authorized to execute one or
18 more Supplemental Property Leases, and the Clerk of the Board is hereby authorized to attest
19 and to affix the seal, as applicable, of the City on such Supplemental Property Leases with
20 such changes, additions and modifications as the Mayor or the Controller may make or
21 approve in accordance with Section 15 hereof.

22 Section 7. Form of Supplemental Project Lease Approval. The form of Supplemental
23 Project Lease providing for the financing of all or a portion of the Project, as presented to this
24 Board, a copy of which is on file with the Clerk of the Board, is hereby approved. The Mayor
25 or the Controller is hereby authorized to execute one or more Supplemental Project Leases,

1 and the Clerk of the Board is hereby authorized to attest and to affix the seal of the City, as
2 applicable, on such Supplemental Project Leases with such changes, additions and
3 modifications as the Mayor or the Controller may make or approve in accordance with Section
4 15 hereof, provided however, that the maximum Base Rental (as defined in the Project Lease)
5 scheduled to be paid under all Supplemental Project Leases authorized hereunder in any
6 fiscal year shall not exceed \$12,350,000 and the term of any Supplemental Project Lease
7 shall not extend beyond forty-one (41) years from the date of execution and delivery of the
8 applicable Certificates.

9 Section 8. Competitive Sale and Award of Certificates. If the Director determines to sell
10 Certificates by competitive sale, the Director, on behalf of the Controller, is hereby authorized
11 and directed to receive bids for the purchase of such Certificates, and the Controller, the
12 Deputy Controller, and the Director are each hereby authorized and directed to award such
13 Certificates to the bidder whose bid represents the lowest true interest cost to the City, and
14 whose bid otherwise conforms to the terms of the Notice of Sale (as defined herein) for the
15 Certificates .

16 Section 9. Form of Official Notice of Sale Approval. The form of an official notice of sale
17 relating to the Certificates (the "Official Notice of Sale"), as presented to this Board, a copy of
18 which is on file with the Clerk of the Board, is hereby approved. The Controller or the Director
19 is hereby authorized to approve the distribution of one or more Official Notices of Sale for any
20 Certificates determined to be sold by competitive sale, with such changes, additions,
21 modifications or deletions as the Controller or the Director may approve upon consultation
22 with the City Attorney; such approval to be conclusively evidenced by the distribution of the
23 applicable Official Notice of Sale to potential bidders for or purchasers of such Certificates.

24 Section 10. Notice of Intention to Sell Approval. The form of a notice of intention to sell
25 relating to the Certificates (the "Notice of intention to Sell"), as presented to this Board, a copy

1 of which is on file with the Clerk of the Board, is hereby approved. The Controller or the
2 Director is hereby authorized to approve the publication of the Notice of Intention to Sell
3 relating to any Certificates determined to be sold by competitive sale, with such changes,
4 additions, modifications or deletions as the Controller or the Director may approve upon
5 consultation with the City Attorney; such approval to be conclusively evidenced by the
6 publication of the applicable Notice of Intention to Sell relating to such Certificates.

7 Section 11. Authorization for Sale of Certificates – Negotiated Sale; Authorization to
8 Select Underwriters; Form of Purchase Contract Approval. The Controller, in consultation with
9 the Director, is hereby authorized to conduct the sale of any Certificates by negotiated sale
10 pursuant to one or more Purchase Contracts, each by and between the City and the
11 underwriter(s) named therein (the "Underwriters"), if the Controller determines that such
12 manner of sale is in the best financial interest of the City, each such determination to be
13 conclusively evidenced by the execution and delivery of the applicable Purchase Contract as
14 hereinafter approved. The form of such Purchase Contract as presented to this Board, a copy
15 of which is on file with the Clerk of the Board, is hereby approved. The Controller or the
16 Director is hereby authorized to execute each such Purchase Contract with such changes,
17 additions and modifications as the Controller or the Director may make or approve in
18 accordance with Section 15 hereof; provided however, that the Underwriters' discount under
19 any such Purchase Contract shall not exceed 2.00% [why 2 here and 1 under other DF
20 Ordinance? of the principal amount of the applicable Certificates. In order to facilitate the sale
21 of any Certificates by negotiated sale, the Controller or the Directors hereby authorized and
22 directed to appoint one or more financial institutions to act as underwriter for such Certificates
23 in accordance with City policies and procedures, including, but not limited to, the City's policy
24 to provide locally disadvantaged minority business enterprises and women enterprises an
25 equal opportunity to participate in the performance of all City contracts.

1 Section 12. Official Statement Approval in Preliminary and Final Form. The form of an
2 official statement relating to the first sale of Certificates (the "Official Statement"), as
3 presented to this Board, a copy of which is on file in preliminary form with the Clerk, is hereby
4 approved. The Controller or the Director is hereby authorized to approve the distribution of
5 such preliminary Official Statement in substantially said form, with such changes, additions,
6 modifications or deletions as the Director may approve upon consultation with the City
7 Attorney; such approval to be conclusively evidenced by the distribution of such preliminary
8 Official Statement to potential bidders for or purchasers in the first sale of Certificates. The
9 Controller or the Director is hereby authorized to cause the distribution of such Preliminary
10 Official Statement, deemed final for purposes of Rule 15c2-12 of the Securities and Exchange
11 Act of 1934, as amended, and to execute a certificate to that effect. The Controller or the
12 Director is hereby further authorized and directed to sign the Official Statement for the first
13 sale of Certificates in final form. The Controller or the Director are hereby authorized to direct
14 the Co-Financial Advisors to cause to be printed and mailed, or distributed electronically, to
15 prospective bidders, copies of the Preliminary Official Statement and the final Official
16 Statement for the first sale of Certificates. The preliminary official statement for any future sale
17 of Certificates authorized hereunder shall be approved by resolution or ordinance of this
18 Board prior to such sale.

19 Section 13. Continuing Disclosure Certificate Approval. The form of a Continuing
20 Disclosure Certificate of the City, as presented to this Board, a copy of which is on file with the
21 Clerk of the Board, is hereby approved. The Controller or the Director is hereby authorized to
22 execute a Continuing Disclosure Certificate for each sale of Certificates, with such changes,
23 additions, modifications or deletions as the Controller or the Director may approve upon
24 consultation with the City Attorney; such approval to be conclusively evidenced by the
25 execution and delivery of the applicable Continuing Disclosure Certificate.

1 Section 14. General Authority. The Mayor, the City Attorney, the Controller, the City
2 Administrator, the Director, the Clerk of the Board and other officers of the City and their duly
3 authorized deputies and agents are hereby authorized and directed, jointly and severally, to
4 take such actions and to execute and deliver such certificates, agreements, requests or other
5 documents as they may deem necessary or desirable to accomplish the proposed financing
6 through the execution and delivery of the Certificates, and one or more Official Statements,
7 Continuing Disclosure Certificates, Supplemental Trust Agreements, Supplemental Property
8 Leases, Supplemental Project Leases and Purchase Contracts, to facilitate the execution and
9 delivery of the Certificates, to obtain bond insurance or other credit enhancements with
10 respect to the financing of the Project, to obtain title insurance, clear any encumbrances to
11 title, survey property and carry out other title work and otherwise to carry out the provisions of
12 this Ordinance. Any such actions are solely intended to further the purposes of this
13 Resolution, and are subject in all respects to the terms of this Resolution. No such actions
14 shall increase the risk to the City or require the City to spend any resources not otherwise
15 granted herein. Final versions of any such documents shall be provided to the Clerk of the
16 Board of Supervisors for inclusion in the official file within 30 days of execution (or as soon
17 thereafter as final documents are available) by all parties.

18 Section 15. Modifications, Changes and Additions. The Mayor and Controller is each
19 hereby authorized to approve and make such modifications, changes or additions to the forms
20 of Supplemental Trust Agreement, Supplemental Property Lease, Supplemental Project
21 Lease, Continuing Disclosure Certificate or Purchase Contract, upon consultation with the City
22 Attorney, as may be necessary or desirable in the interests of the City, and which changes do
23 not materially increase the obligations of the City under any Supplemental Trust Agreement,
24 Supplemental Property Lease, Supplemental Project Lease, Continuing Disclosure Certificate
25 or Purchase Contract. The Mayor's or Controller's approval of such modifications, changes or

1 additions shall be conclusively evidenced by the execution and delivery by the Mayor and the
2 Clerk of the Board or the Controller, as the case may be, of the applicable Supplemental Trust
3 Agreement, Supplemental Property Lease, Supplemental Project Lease, Continuing
4 Disclosure Certificate or Purchase Contract.

5 Section 16. Ratification. All actions authorized and directed by this Ordinance,
6 consistent with any documents presented herein, and heretofore taken are hereby ratified,
7 approved and confirmed by this Board.

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

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13 By: _____

14 Mark D. Blake
Deputy City Attorney

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