

FILE NO.

RESOLUTION NO.

1 [Authorizing Lease Revenue Commercial Paper Certificates of Participation---Not to Exceed
2 \$260,000,000]

3 **Resolution Approving and Authorizing the Execution and Delivery from time to time of**
4 **Tax Exempt and Taxable Lease Revenue Commercial Paper Certificates of Participation**
5 **and Tax Exempt and/or Taxable Direct Placement Revolving Certificates of**
6 **Participation in a combined aggregate principal of amount of not to exceed**
7 **\$260,000,000 Relating to Phase 1 of the Transbay Center Project; approving and**
8 **authorizing execution of one or more trust agreements, site leases, subleases, a**
9 **leaseback, one or more letter of credit and reimbursement agreements and/or lines of**
10 **credit, and one or more certificate purchase agreements and related documents; and**
11 **Declaring the Official Intent of the City to Reimburse Itself from Proceeds of Tax-**
12 **Exempt Obligations in Accordance with the Internal Revenue Code of 1986, as**
13 **amended**

14
15 WHEREAS, The City and County of San Francisco (the "City"), the Alameda-Contra
16 Costa Transit District and the Peninsula Corridor Joint Powers Board have heretofore
17 executed a Joint Powers Agreement, dated as of April 4, 2001 (the "Joint Powers
18 Agreement"), which Joint Powers Agreement creates and establishes the Transbay Joint
19 Powers Authority (the "TJPA"); and

20 WHEREAS, The Joint Powers Agreement and state law charge TJPA with financing,
21 design, development, construction, and operation of the Transbay Transit Center Program
22 (the "Transbay Center Project"), which includes: (1) the design and construction of a
23 temporary terminal and then the permanent Transbay Transit Center, including open space on
24 the roof of the Transit Center, a bus ramp and a bus storage facility, and the train box
25 component of the rail extension ("Phase 1"); (2) the extension of Caltrain tracks from their

1 current San Francisco terminus at Fourth and Townsend Streets to a new underground
2 terminus beneath the Transbay Transit Center to accommodate Caltrain and California High
3 Speed Rail ("Phase 2"); and (3) activities related to implementation of the Redevelopment
4 Plan for the Transbay Redevelopment Project Area, in coordination with the Office of
5 Community Investment and Infrastructure; and

6 WHEREAS, The Transbay Center Project will be located within the geographic
7 boundaries of the City; and

8 WHEREAS, This Board of Supervisors (the "Board") has previously adopted Resolution
9 No. 350-14, establishing the Community Facilities District No. 2014-1 ("CFD") for the purpose
10 of financing certain public capital facilities, and pursuant to state law the City and the TJPA
11 have executed a Joint Community Facilities Agreement, which permits the City to provide
12 project management oversight with respect to facilities funded by the CFD in connection with
13 the Transbay Center Project; and

14 WHEREAS, The TJPA requires additional funding in an amount not to exceed
15 \$260,000,000 in order to fund the Phase 1 budget, including the contingency recommended
16 by the Metropolitan Transportation Commission ("MTC"); and

17 WHEREAS, Pursuant to Section 9.113(e) of the Charter, the Board has the power to
18 borrow money through commercial paper and other short-term indebtedness; and

19 WHEREAS, In order to provide additional funds for Phase 1, the City has determined to
20 cause to be executed and delivered tax exempt and taxable lease revenue commercial paper
21 certificates of participation (the "Commercial Paper Certificates") and tax exempt and taxable
22 direct placement revolving certificates of participation (the "Direct Placement Certificates" and,
23 together with the Commercial Paper Certificates, the "Short-Term Certificates) under and
24 pursuant to the provisions of the Trust Agreement and the Delivery and Paying Agent
25 Agreement (as such terms are defined herein); and

1 WHEREAS, Pursuant to a Site Lease—City Property (the "Site Lease—City Property"),
2 the City, as lessor, will lease the property described therein, including the improvements
3 located thereon (collectively, the "City Property") to the trustee (the "Trustee") named therein,
4 as lessee; and pursuant to a Site Lease—TJPA Property (the "Site Lease---TJPA Property"),
5 the TJPA, as lessor, will lease the property described therein (the "TJPA Property" and
6 together with the City Property, the "Property") to the Trustee, as lessee; and, in return and in
7 consideration of the lease of the Property pursuant to the Site Leases, the Trustee will apply,
8 or caused to be applied, a portion of the proceeds of the Short-Term Certificates to the
9 acquisition, construction and equipping of Phase 1 of the Transbay Center Project; and

10 WHEREAS, Pursuant to a Sublease—City Property (the "Sublease—City Property"),
11 the Trustee will lease-back the City Property to the City, as sublessee, and pursuant to a
12 Sublease—TJPA Property (the "Sublease---TJPA Property" and together with the Sublease-
13 City Property, the "Subleases") the Trustee will lease the TJPA Property to the City, as
14 sublease, and the City, pursuant to the Subleases, will pay to the Trustee base rental
15 lease payments (the "Base Rental Payments") for the use and occupancy of the Property,
16 which Base Rental Payments will be used to (i) reimburse the Banks (as hereinafter defined)
17 or other credit support provider for payments made by the Banks under Credit Facilities (as
18 hereinafter defined) with respect to the Commercial Paper Certificates, if any, (ii) if necessary,
19 make payments on the Commercial Paper Certificates, if any, and (iii) make payments on the
20 Direct Placement Certificates, if any; and

21 WHEREAS, The payment of principal of and interest on the Commercial Paper
22 Certificates, if utilized, will be supported by irrevocable direct pay letters of credit (the "Credit
23 Facilities") issued by a financial institution or institutions selected by the Director of Public
24 Finance (each, a "Bank") pursuant to the terms of letter of credit and reimbursement
25 agreements (collectively, the "Reimbursement Agreements") between the City, and the Bank,

1 including, if appropriate, the terms of fee agreements (the "Fee Agreements") related thereto;
2 and

3 WHEREAS, The Commercial Paper Certificates, if utilized, will be placed initially by one
4 or more investment banking firms (each, a "Dealer") selected or to be selected pursuant to the
5 terms of a request for qualifications issued by the Director of Public Finance; and

6 WHEREAS, The financial institutions and the other entities, which entities may include
7 Wells Fargo Bank, National Association ("Wells") and the Metropolitan Transportation
8 Commission (the "MTC"), purchasing the Direct Placement Certificates will each enter into a
9 certificate purchase agreement or similar agreement (each, a "Purchase Agreement") with the
10 City setting forth the terms and conditions pursuant to which such entities will purchase the
11 Direct Placement Certificates;

12 WHEREAS, Section 6586.5 of the Government Code, which is part of the Marks-Roos
13 Local Bond Pooling Act of 1985 (the "Bond Act"), requires the City, as the local agency within
14 whose boundaries a public capital improvement is located is required to hold a public hearing
15 prior to approving a financing and to make a finding of significant public benefit in accordance
16 with the criteria specified in Section 6586 of the Bond Act after holding a public hearing;

17 WHEREAS, In order to satisfy the requirements set forth in Section 6586.5 of the Bond
18 Act, the TJPA has requested that the Board of Supervisors: (i) cause a public hearing to be
19 held, after giving the notice required by the Bond Act; (ii) make a finding of significant public
20 benefit in accordance with the criteria specified in Section 6586 of the Bond Act; and (iii)
21 approve the TJPA's request for Interim Financing under the terms of the certain site lease and
22 sublease agreements (as further described below);

23 WHEREAS, The City caused a notice to be published on April __, 2016, in a
24 newspaper of general circulation in the City and County of San Francisco for the public
25 hearing required under Section 6586.5 of the Bond Act with respect to the execution and

1 delivery of the certificates of participation contemplated by this Resolution, and such hearing
2 was held by the Board sitting as a Committee of the Whole on _____, 2016;

3 WHEREAS, The City and/or the TJPA have paid, no earlier than 60 days prior to the
4 date hereof and will pay, on and after the date hereof, certain moneys (the "Expenditures") in
5 connection with the acquisition, construction and/or equipping of the Transbay Center Project,
6 including Phase 1 thereof; and

7 WHEREAS, The Board has determined that funds are required to pay Expenditures
8 related to Phase 1 on a short-term basis, and it will therefore be necessary to reimburse the
9 City and/or the TJPA for the Expenditures made either from the proceeds of the Short-Term
10 Certificates from the proceeds of one or more issuances of certificates of participation, tax-
11 exempt increment financing or tax-exempt special tax financing (the "Long-Term Obligations")
12 in the combined aggregate principal amount of not to exceed \$300 million;

13 WHEREAS, This Board has duly considered such transactions and wishes at this time
14 to approve said transactions in the public interests of the City; now, therefore, be it

15 RESOLVED, by the Board of Supervisors of the City and County of San Francisco, as
16 follows:

17 Section 1. Delivery of Short-Term Certificates: Approval of Trust Agreement; Approval
18 of Delivery and Paying Agent Agreement. The Board hereby authorizes the execution and
19 delivery of taxable and tax-exempt Short-Term Certificates, including both Commercial Paper
20 Certificates and Direct Placement Certificates, from time to time, in an aggregate total
21 principal amount of not to exceed \$260,000,000 hereunder for the purpose of providing
22 moneys which will be sufficient, together with other funds (i) to pay costs of Phase 1; (ii) to
23 fund capitalized interest with respect to the Short-Term Certificates; (iii) to fund capitalized
24 fees and expenses; and (iv) to pay costs incurred in connection with the sale and delivery of
25

1 the Short-Term Certificates; provided, however, that the interest rate on any Short-Term
2 Certificate shall not exceed the maximum rate permitted by law, the Commercial Paper
3 Certificates shall mature not later than 270 days from the date of execution and delivery
4 although each certificate may be marketed for a subsequent period(s) also not to exceed 270
5 days from the date of execution and delivery and provided further the Direct Placement
6 Certificates shall not be outstanding for a period not to exceed 15 years from their date of
7 initial execution and delivery. The Short-Term Certificates shall be executed and delivered
8 pursuant to one or more Trust Agreement(s) (the "Trust Agreement") between the City and
9 the Trustee, and, if applicable, one or more Delivery and Paying Agent Agreement (s) (the
10 "Delivery and Paying Agent Agreement") between the City and the Trustee, acting as delivery
11 and paying agent. This Board hereby approves the Trust Agreement and the Delivery and
12 Paying Agent Agreement in the forms on file with the Clerk of the Board, together with such
13 additions thereto and changes therein as the Controller shall deem necessary, desirable or
14 appropriate upon consultation with the City Attorney, the execution of which by the City shall
15 be conclusive evidence of the approval of any such additions and changes. The Controller
16 and the Director of the Office of Public Finance (each, a "Designated Officer"), each acting
17 alone, are hereby authorized to execute the final form of the Trust Agreement and the final
18 form of the Delivery and Paying Agent Agreement for and in the name and on behalf of the
19 City. This Board hereby authorizes the performance by the City of its obligations under the
20 Trust Agreement and the Delivery and Paying Agent Agreement.

21 Section 2. Approval of Leases. This Board hereby approves the form of the
22 Sublease—City Property, the form of Sublease—TJPA Property and the form of the Site
23 Lease---City Property, in each case in the form on file with the Clerk of the Board, together
24 with such additions thereto and changes therein as the Controller shall deem necessary,
25 desirable or appropriate upon consultation with the City Attorney, the execution of which by

1 the City shall be conclusive evidence of the approval of any such additions and changes. The
2 properties that may be leased under the Sublease—City Property and the Site Lease—City
3 Property include, but are not limited to, a portion of the campus of Zuckerberg San Francisco
4 General Hospital and a portion of the campus of the Laguna Honda Hospital. The properties
5 that may be leased under the Sublease—TJPA Property include, but are not limited to,
6 TJPA's train box (the "Train Box"). The Designated Officers, each acting alone, are hereby
7 authorized to execute the final form of the Sublease-City Property, the final form of
8 Sublease—TJPA Property and the final form of the Site Lease—City Property for and in the
9 name of and on behalf of the City. This Board hereby authorizes the performance by the City
10 of its obligations under the Sublease—City Property, the Sublease—TJPA Property and the
11 Site Lease—City Property.

12 Section 3. Approval of Reimbursement Agreements, Fee Agreements and Purchase
13 Agreements. This Board hereby approves the form of the Reimbursement Agreement, the
14 form of the Fee Agreement and the form of Purchase Agreement, in the forms on file with the
15 Clerk of the Board, together with such additions thereto and changes therein as the Controller
16 shall deem necessary, desirable or appropriate upon consultation with the City Attorney, the
17 execution of which by the City shall be conclusive evidence of the approval of any such
18 additions and changes. The Designated Officers, each acting alone, are hereby authorized to
19 execute the Reimbursement Agreements, Fee Agreements and Purchase Agreements with
20 the Banks, for and in the name of and on behalf of the City. This Board hereby authorizes the
21 performance by the City of its obligations under the Reimbursement Agreements, the Fee
22 Agreements and the Purchase Agreements. Notwithstanding anything herein to the contrary,
23 the term of the Credit Facilities shall not be less than one year, the interest on any
24 unreimbursed draws on the Credit Facility shall not exceed 12%, and the fees paid for any
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1 Credit Facilities shall not exceed 1.50% per year of the commitment available under the Credit
2 Facilities and the Reimbursement Agreements.

3 Section 4. Dealer Agreement. This Board hereby authorizes and directs the Designated
4 Officers to negotiate dealer agreements (each, a "Dealer Agreement" with one or more
5 Dealers on such terms on such terms as the Controller and the Director of the Office of Public
6 Finance shall deem necessary, advisable or appropriate upon consultation with the City
7 Attorney.

8 Section 5. Extension of Credit Facilities. The Board hereby delegates the authority to
9 the Designated Officers, each acting alone, to execute and deliver one or more extensions to
10 the Credit Facilities or the commitment available under the Credit Facilities and the
11 Reimbursement Agreement for any duration of time that they deem necessary, advisable or
12 prudent, provided that no such extension shall, without approval of this Board, (i) increase the
13 principal amount of Short-Term Certificates authorized hereunder, or (ii) require an annual fee
14 in excess of 1.50% per year of the commitment available under the Reimbursement
15 Agreement. In connection with obtaining such extension, the Designated Officers shall be
16 authorized to execute such amendments or modifications as are necessary or advisable to
17 obtain such extensions, provided that such amendments or modifications reflect customary
18 provisions in letter of credit and reimbursement agreements being executed at the time the
19 extension is obtained.

20 Section 6. Extension of Direct Placement Certificates. The Board hereby delegates the
21 authority to the Designated Officers, each acting alone, to execute and deliver one or more
22 extensions to the Purchase Agreements or the commitment available under the Purchase
23 Agreements for any duration of time that they deem necessary, advisable or prudent, provided
24 that no such extension shall, without approval of this Board, (i) increase the principal amount
25 of Short-Term Certificates authorized hereunder, or (ii) require an annual fee in excess of

1 1.00% per year of the commitment available under the Purchase Agreement. In connection
2 with obtaining such extension, the Designated Officers shall be authorized to execute such
3 amendments or modifications as are necessary or advisable to obtain such extensions,
4 provided that such amendments or modifications reflect customary provisions in direct
5 placement certificate of participation agreements being executed at the time the extension is
6 obtained.

7 Section 7. Reimbursement. The Board hereby declares the City's intent to reimburse
8 the City and/or the TJPA, in whole or in part, with the proceeds of tax-exempt contemplated
9 hereby for the Expenditures with respect to Phase 1 made on and after a date is no more than
10 60 days prior to the date hereof. The City reasonably expects on the date hereof that it will
11 reimburse the Expenditures, in whole or in part, with proceeds of tax exempt obligations, and
12 that each Expenditure was and will be either (a) of a type properly chargeable to a capital
13 account under general federal income tax principles (determined in each case as of the date
14 of the Expenditure), (b) a cost of issuance with respect to the Short-Term Certificates, (c) a
15 nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a
16 party that is not related to or an agent of the City and/or the TJPA, so long as such grant does
17 not impose any obligation or condition (directly or indirectly) to repay any amount to or for the
18 benefit of the City and/or the TJPA. The City or the TJPA, as applicable, will make a
19 reimbursement allocation, which is a written allocation by the City that evidences the City's
20 use of proceeds of the Short-Term Certificates or the Long-Term Obligations to reimburse an
21 Expenditure, no later than 18 months after the later of the date on which the Expenditure is
22 paid or Phase 1 is placed in service or abandoned, but in no event more than three years after
23 the date on which the Expenditure is paid. The City recognizes that exceptions are available
24 for certain "preliminary expenditures," costs of issuance, certain *de minimis* amounts, and
25 expenditures for construction projects of at least 5 years.

1 Section 8. Approval of Leaseback or other Form of Pledge Agreement. This Board
2 hereby approves the form of Train Box Leaseback, between the City, as sublessor, and the
3 TJPA, as sublessee (the "Train Box Leaseback"), in the form on file with the Clerk of the
4 Board, together with such additions thereto and changes therein as the Controller shall deem
5 necessary, desirable or appropriate upon consultation with the City Attorney, the execution of
6 which by the City shall be conclusive evidence of the approval of any such additions and
7 changes. The City shall be authorized to enter into the Train Box Leaseback in order to
8 sublease the Train Box to the TJPA, which will occupy and operate the Train Box. The
9 Designated Officers, each acting alone, are hereby authorized to execute the final form of the
10 Train Box Leaseback for and in the name of and on behalf of the City. This Board hereby
11 authorizes the performance by the City of its obligations under the Train Box Leaseback. In
12 the event that the Train Box is not subleased, the Designated Officers, each acting alone, are
13 hereby authorized to execute one or more agreements with the TJPA relating to the pledge,
14 on parity with TJPA's other lenders, of net tax increment generated by certain State-owned
15 parcels in the Transbay Redevelopment Project Area, future contributions from the Alameda-
16 Contra Costa Transit District, and interest income for the reimbursement to the City by the
17 TJPA for all of the City's costs, including the payment of principal and interest, with respect to
18 the Short-Term Certificates.

19 Section 9. Separate Documentation. In the event the Controller or the Director of
20 Public Finance deem it advisable or necessary, the purchase of Direct Placement Certificates
21 by Wells and the MTC may be accomplished pursuant to separate documentation, including
22 separate Trust Agreements, separate Site Leases, separate Subleases, and separate
23 Purchase Agreements, provided that all such agreements shall otherwise comply with the
24 provisions of this resolution.

1 Section 10. Delivery of Long-Term Certificates. The Board hereby authorizes the
2 execution and delivery of long term certificates of participation (the "Long-Term Certificates of
3 Participation"), including both Tax-Exempt Certificates of Participation and Taxable
4 Certificates of Participation, from time to time, in an aggregate total principal amount of not to
5 exceed \$300 million hereunder for the purpose of refinancing the Short-Term Certificates;
6 provided, however, that the interest rate on any Long-Term Certificate of Participation shall
7 not exceed the maximum rate permitted by law, and the Long-Term Certificates of
8 Participation shall be outstanding for a period not to exceed 35 years from their date of initial
9 execution and delivery. Prior to the delivery of the Long-Term Certificates of Participation, all
10 approvals required for the issuance of said Long-Term Certificates of Participation shall have
11 been obtained, including any prior approval by this Board of Supervisors.

12 Section 11. Significant Public Benefits. The Board finds that the execution and delivery
13 of the Certificates of Participation of will result in significant public benefits to the City because
14 it will, among other things, provide for a lower cost of financing for Phase 1 of the Transbay
15 Center Project and allow the TJPA to undertake and continue construction of Phase 1 of the
16 Transbay Center Project in a timely fashion, resulting in the creation of significant construction
17 jobs and employment benefits in the City, and result in more efficient delivery of improved
18 public transit services to the City's residential and commercial development through the timely
19 completion of Phase 1 of the Transbay Center Project at First and Mission Streets.

20 Section 12. Official Actions. The Controller, the Director of the Office of Public Finance,
21 the Clerk of the Board and any and all other officers of the City are hereby authorized, for and
22 in the name of and on behalf of the City, to do any and all things and take any and all actions,
23 including execution and delivery of any and all documents, assignments, certificates,
24 requisitions, agreements, notices, consents, instruments of conveyance, warrants and
25 documents, which they, or any of them, may deem necessary or advisable in order to

1 consummate the lawful execution, delivery and sale of the Short-Term Certificates and the
2 consummation of the transactions as described herein, including without limitation, such
3 documents, assignments, certificates and agreements as may be required by the Trust
4 Agreement(s), the Delivery and Paying Agent Agreement(s), Subleases, Site Leases, Train
5 Box Leaseback, the Dealer Agreement, the Reimbursement Agreements, the Fee
6 Agreements or the Purchase Agreements. Any authority delegated under this resolution to a
7 specified official may also be exercised by either the Controller or by the specified official's
8 authorized designee.

9 Section 13. General Authority. The Controller, the Director of the Office of Public
10 Finance, the Clerk of the Board and any and all other officers of the City are hereby
11 authorized, for and in the name of and on behalf of the City, to do any and all things and take
12 any and all actions, including execution and delivery of any and all documents, assignments,
13 certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants
14 and documents, which they, or any of them, may deem necessary or advisable in order to
15 consummate the lawful issuance and sale of the Commercial Paper Certificates and the
16 consummation of the transactions as described herein, including without limitation, such
17 documents, assignments, certificates and agreements as may be required by the First
18 Supplement to Trust Agreement, the First Amendment to Sublease, the First Amendment to
19 Site Lease, the Credit Agreements or the Fee Agreements. Any authority delegated under this
20 resolution to a specified official may also be exercised by either the Controller or by the
21 specified official's authorized designee. Any such actions are solely intended to further the
22 purposes of this Resolution, and are subject in all respects to the terms of the Resolution. No
23 such actions shall increase the risk to the City or require the City to spend any resources not
24 otherwise granted herein. Final versions of any such documents shall be provided to the
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1 Clerk of the Board for inclusion in the official file within 30 days of execution (or as soon
2 thereafter as final documents are available) by all parties.

3 Section 14. Ratification. All actions authorized and directed by this Resolution,
4 consistent with any documents presented herein, and heretofore taken are hereby ratified,
5 approved and confirmed by this Board.

6 Section 15. File. All documents referenced herein as being on file with the Clerk of
7 the Board are located in File No. _____, which is hereby declared to be a part of this
8 Resolution as if set forth fully herein.

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

12
13 By:



14 MARK D. BLAKE
15 Deputy City Attorney

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