[Authorizing Tax-Exempt and/or Taxable Certificates of Participation – Open Space Fund – Not to Exceed $43,000,000]

Ordinance approving the issuance and sale of Certificates of Participation, in one or more series on a tax-exempt and/or taxable basis, by the City and County of San Francisco (the "City") payable from Base Rental secured by Net Open Space Fund Property Tax Revenues to finance and/or refinance certain projects as set forth herein, in a not-to-exceed aggregate principal amount of $43,000,000 (the "Certificates"); approving the form of a Property Lease by and between the City and a trustee (the "Trustee"), relating to certain real property described herein; approving the form of a Lease Agreement by and between the Trustee and the City; approving the form of a Trust Agreement by and between the City and the Trustee (including certain indemnities contained therein); approving the form of an Escrow Agreement by and between the City and an Escrow Agent (the "Escrow Agent"); authorizing the sale of the Certificates; approving the form of an Official Notice of Sale and a Notice of Intention to Sell the Certificates; directing the publication of the Notice of Intention to Sell the Certificates; approving the form of a Purchase Contract and one or more initial purchasers of the Certificates; approving the form of an Official Statement in preliminary and final form; approving the form of a Continuing Disclosure Certificate; authorizing the payment of costs of issuance; declaring the City's official intent to reimburse itself for certain costs from the proceeds of the Certificates; granting general authority to City officials to take certain actions in connection with the Certificates, as defined herein; approving modifications to documents; and ratifying previous actions taken in connection therewith, as defined herein.

Be it ordained by the People of the City and County of San Francisco:

Section 1. <u>Findings</u>. The Board of Supervisors of the City and County of San

Francisco (the "Board") hereby finds and declares as follows:

a. On March 7, 2000, the voters of the City approved Proposition C, which extended the Park, Recreation and Open Space Fund (the "Fund"), as codified in Article XVI, Section 16.107 of the City's Charter (the "Charter"), and authorized the issuance of revenue bonds or other evidences of indebtedness, or the incurrence of lease financing or other obligations, payable from the Fund, the proceeds of which are to be used for the purposes set forth in Article XVI, Section 16.107(e) of the Charter; and,

b. The City, a charter city and county organized and existing under its Charter and the Constitution and laws of the State of California, is authorized to provide financing for the construction of and improvements to City parks and recreational facilities pursuant to Article XVI, Section 16.107 of the Charter, and desires to enter into lease financing for such purpose; and,

c. The Recreation and Park Department previously requested that the City issue one or more series of lease financings and, with the approval of this Board and the Mayor of the City in each case, the City and County of San Francisco Finance Corporation issued its City and County of San Francisco Finance Corporation Refunding Lease Revenue Bonds, Series 2018A (Open Space Fund – Various Park Projects) (the "Prior Bonds"); and,

d. At the present time, $8,620,000 principal amount of the Prior Bonds remains outstanding, all of which is currently subject to optional redemption at par plus accrued interest; and,

e. The Recreation and Park Department has requested that the City issue Certificates of Participation, in one or more series on a tax-exempt and/or taxable basis (the "Certificates") to finance and refinance the acquisition, construction, improvement, and equipping of capital improvements and infrastructure at various parks, playgrounds, open spaces, and recreational facilities under the jurisdiction of the Recreation and Park Department (the “Projects”). The Projects are expected to include, but are not limited to, improvements at India Basin Shoreline Park, Jackson Playground, McLaren Park, Embarcadero Plaza, and Crocker Amazon Playground; and,

f. The Projects are authorized and contemplated under Article XVI, Section 16.107 of the Charter and will advance the public purposes of the Fund by financing capital improvements to parks, playgrounds, and recreational facilities under the jurisdiction of the Recreation and Park Department, consistent with the purposes for which the Fund was established; and,

g. By Resolution adopted July 16, 2026, the Recreation and Park Commission has requested that the Board authorize the issuance of one or more series of Certificates of Participation by the City to finance the Projects and refinance the prior projects financed with the Prior Bonds (the “Prior Projects”); and,

h. The proceeds of the Certificates will be used to (i) finance the costs of the Projects, which may include the retirement of any commercial paper notes of the City issued for such purpose; and (ii) pay the costs of execution and delivery of the Certificates; and,

i. The proceeds of the Certificates may also be used to (i) fund a debt service reserve or other similar reserve, as appropriate; and (ii) refund and redeem all or a portion of the outstanding Prior Bonds; and,

j. In order to finance the Projects and refinance the Prior Projects, the Board now desires to authorize the issuance and sale of the Certificates by the City pursuant to the authority described in Recitals A and B above and, with respect to the portion of the Certificates executed and delivered to refund the Prior Bonds, pursuant to Chapter 43, Article VIII, Section 43.8.1 of the San Francisco Administrative Code, which provides that the policy of the City is to permit the refunding of outstanding lease obligations of the City whenever such refunding shall result in positive net debt service savings to the City, pursuant to the procedures set forth in such Article as well as by any other method permitted by law or other ordinance of the Board; and,

k. The City has paid and expects to pay certain expenditures in connection with the Projects to be financed by the Certificates prior to the execution and delivery of the Certificates, and the City intends to reimburse itself and to pay third parties for such prior expenditures from the proceeds of the Certificates; and,

l. Section 1.150-2 of the Treasury Regulations promulgated under the Internal Revenue Code of 1986, as amended ("Reimbursement Regulations"), requires the City to declare its reasonable official intent to reimburse prior expenditures with the proceeds of a subsequent borrowing; and,

m. The Reimbursement Regulations require that any reimbursement allocation of proceeds of the Certificates to be made with respect to expenditures incurred prior to the execution and delivery of the Certificates will occur not later than eighteen (18) months after the later of (i) the date on which the expenditure is paid, or (ii) the date on which the facilities are placed in service, but in no event later than three (3) years after the expenditure is paid; and,

n. In accordance with California Government Code Section 5852.1, the Board has obtained and disclosed good faith estimates prepared by the City's municipal advisor of (i) the true interest cost of the Certificates, (ii) the finance charge of the Certificates, (iii) the amount of proceeds received by the City for sale of the Certificates less the finance charge and any reserves or capitalized interest paid or funded with proceeds of the Certificates, and (iv) the sum total of all payments the City will make with respect to the Certificates plus the finance charge of the Certificates not paid with proceeds of the Certificates; and,

o. The Board has selected certain City-owned real properties under the jurisdiction of the City (as set forth and further described in Section 4, below, the "Property" and, together with the improvements thereon (the “Facilities”), the “Leased Property” for purposes of leasing in connection with the issuance and sale of the Certificates; and,

p. Pursuant to a Property Lease between the City and the Trustee (the “Property Lease”), the City shall lease the Leased Property (as further described in Section 4, below) to the Trustee, acting as trustee under a trust established for the benefit of the owners of the Certificates; and,

q. Pursuant to a Trust Agreement between the City and the Trustee (the “Trust Agreement”), the City shall cause the Certificates to be executed and delivered to the Trustee, and the Trustee shall use a portion of the proceeds thereof to make funds available for the Projects, and for the refunding of all or a portion of the Prior Bonds; and,

r. Pursuant to a Lease Agreement between the Trustee, as lessor, and the City, as lessee (the “Lease Agreement”), the Trustee shall lease back the Leased Property to the City, and the City shall make certain periodic rental payments designated as “Base Rental” to the Trustee; and,

s. Pursuant to the Trust Agreement, the Trustee shall receive such periodic Base Rental payments in order to provide funds to repay the Certificates; and,

t. In connection with the refunding of all or a portion of the Prior Bonds, the City will enter into an Escrow Agreement (the “Escrow Agreement”); and,

u. In connection with the sale of the Certificates, the City will enter into a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) and certain other related agreements; and,

v. As delegated to the Controller or Director of Public Finance herein, the sale of the Certificates will be conducted either by negotiated sale pursuant to a Purchase Contract by and among the City and one or more underwriters, or by competitive sale in accordance with the terms of an Official Notice of Sale, in which case the competitive sale will be publicized by means of a Notice of Intention to Sell Certificates (the "Notice of Intention").

Section 2. Recitals. All of the recitals herein are true and correct.

Section 3. Approval of the Certificates. The Board hereby approves the issuance and sale of the Certificates by the City in accordance with the Trust Agreement and the redemption and refunding of all or a portion of the Prior Bonds, subject to the provisions of Section 22 of this Ordinance. The Certificates shall be comprised of, and designated as, the "City and County of San Francisco Certificates of Participation, Series 2026A (Open Space Fund - Park and Recreation)" or such other designation as determined by the Controller or Director of Public Finance of the City, or the designee of either (each, the "Controller or Director of Public Finance"). The Controller or Director of Public Finance is hereby authorized to approve the sale date, the manner of sale, the maturity dates, the redemption provisions and all other terms of the Certificates, subject to the following additional limitations: (i) the Certificates shall be in an aggregate principal amount not to exceed $43,000,000; (ii) the Certificates shall bear interest at a rate not to exceed twelve percent (12%) per annum; (iii) the Controller or Director of Public Finance is hereby authorized, to the extent such officer deems it necessary or advisable and in the interests of the City, to cause the execution and delivery of the Certificates (A) with interest with respect thereto being exempt or not exempt from federal income tax, and (B) under any federal tax law provisions which provide for federal grants or credits to the City or to investors in lieu of the exemption of interest from federal income tax; (iv) the Controller or Director of Public Finance is hereby authorized, to the extent such officer deems it necessary or advisable and financially advantageous to the City, to procure credit enhancement for the Certificates, including but not limited to municipal bond insurance and/or a debt service reserve fund surety policy; and (v) the portion of the Certificates executed and delivered to refund the Prior Bonds shall be executed and delivered only if the Controller or Director of Public Finance determines that such refunding will result in positive net debt service savings to the City, such determination to be conclusively evidenced by the award of the Certificates pursuant to the Official Notice of Sale or the execution of the Purchase Contract, as applicable.

Section 4. Asset Transfer; Description of Leased Property. The execution of the Certificates and lease financing hereby approved may involve the lease and leaseback by the City of one or more of the following real properties and the improvements thereon constituting the Facilities (collectively, the "Leased Property"):

a. Minnie & Lovie Ward Recreation Center, 650 Capital Avenue, San Francisco, CA 94112;

b. Betty Ong Recreation Center, 1199 Mason Street, San Francisco, CA 94108;

c. Sunset Recreation Center, 2201 Lawton Street, San Francisco, CA 94108;

d. Palega Recreation Center, 500 Felton Street, San Francisco, CA 94134;

e. Herz Recreation Center, 160 Mrs. Jackson Way, San Francisco, CA 94134;

f. Garfield Pool, 1271 Treat Avenue, San Francisco, CA 94110;

g. Glen Park Recreation Center, 70 Elk Street, San Francisco, CA 94131;

h. Fire Station #5, 1301 Turk Street, San Francisco, CA 94115;

i. Fire Station #16, 2251 Greenwich Street, San Francisco, CA 94123; and

j. Fire Station #4, 449 Mission Rock Street, San Francisco, CA 94158.

Section 5. Approval of the Form of Property Lease. The form of the Property Lease, as presented to this Board, a copy of which is on file with the Clerk of the Board, is hereby approved. The Mayor or the Controller, or designee of either, is hereby authorized to execute the Property Lease, and the Clerk of the Board is hereby authorized to attest to such execution of the Property Lease, with such changes, additions, modifications or deletions as such official may make or approve in accordance with Section 22 hereof.

Section 6. Approval of the Form of Lease Agreement. The form of the Lease Agreement between the City and the Trustee, as presented to the Board of Supervisors, a copy of which is on file with the Clerk of the Board, is hereby approved. The Mayor or the Controller, or designees of either, are hereby authorized to execute and deliver the Lease Agreement in the form hereby approved, and the Clerk is hereby authorized to attest to and affix the seal of the City on such Lease Agreement with such changes, additions, and modifications as such officials may make or approve in accordance with Section 22 hereof; provided, however, that the maximum Base Rental (as defined in the Lease Agreement) to be paid under the Lease Agreement in any fiscal year shall not exceed $8,000,000 and the Lease Agreement shall terminate no later than 20 years following the date of its execution, provided that the terms of the Lease Agreement may be amended pursuant to its terms.

Section 7. Approval of the Form of Trust Agreement. The form of the Trust Agreement, as presented to this Board, a copy of which is on file with the Clerk of the Board, is hereby approved. The Controller is hereby authorized to execute the Trust Agreement, and the Clerk of the Board is hereby authorized to attest to such execution of the Trust Agreement, with such changes, additions, modifications or deletions as the Controller may make or approve in accordance with Section 22 hereof.

Section 8. Approval of the Form of Escrow Agreement. The form of the Escrow Agreement by and between the City and the Escrow Agent named therein, as presented to this Board, a copy of which is on file with the Clerk of the Board, is hereby approved. The Controller is hereby authorized to execute the Escrow Agreement, and the Clerk of the Board is hereby authorized to attest to such execution of the Escrow Agreement, with such changes, additions, modifications or deletions as the Controller may make or approve in accordance with Section 22 hereof.

Section 9. Sale of Certificates by Competitive Sale. In the event the Controller or the Director of Public Finance determines to sell the Certificates by competitive sale, the Director of Public Finance, on behalf of the Controller, is hereby authorized and directed to receive bids for the purchase of the Certificates, and the Controller is hereby authorized and directed to award the Certificates to the bidder whose bid represents the lowest true interest cost to the City, all in accordance with the procedures described in the Official Notice of Sale (as defined herein).

Section 10. Approval of the Form of Official Notice of Sale. The form of an official notice of sale relating to the Certificates ("Official Notice of Sale"), as presented to this Board, a copy of which is on file with the Clerk, is hereby approved. The Controller or the Director of Public Finance is authorized to approve the distribution of an Official Notice of Sale for the Certificates, with such changes, additions and modifications as such official may make or approve in accordance with Section 22 hereof.

Section 11. Approval of the Form of Notice of Intention to Sell the Certificates. The form of the Notice of Intention, as presented to this Board, a copy of which is on file with the Clerk of the Board, is hereby approved. The Controller or Director of Public Finance is hereby authorized to approve the publication of the Notice of Intention to Sell, with such changes, additions, modifications or deletions as the Controller or Director of Public Finance may approve upon consultation with the City Attorney; such approval to be conclusively evidenced by the publication of the Notice of Intention to Sell.

Section 12. Authorization for Negotiated Sale; Approval of Purchase Contract. If the Controller or the Director of Public Finance determines to sell the Certificates by negotiated sale, the Controller or the Director of Public Finance is hereby authorized, and each may select a designee who is authorized, to sell the Certificates by negotiated sale pursuant to one or more purchase contracts (each, a "Purchase Contract") by and among the City and the underwriter or underwriters named therein; provided, however, that the underwriters' discount under any such Purchase Contract shall not exceed 1% of the principal amount of the Certificates. The form of Purchase Contract, as presented to the Board of Supervisors, a copy of which is on file with the Clerk of the Board, is hereby approved.

Section 13. Authorization to Select Underwriters. To accomplish the sale of the Certificates by negotiated sale, if applicable, the Controller or the Director of Public Finance is hereby authorized to appoint one or more financial institutions from the pre-qualified pool maintained by the Controller's Office to act as underwriter(s) for the Certificates in accordance with City policies and procedures, including but not limited to the City's policy to provide locally disadvantaged business enterprises an equal opportunity to participate in the performance of all City contracts.

Section 14. Approval of the Form of Official Statement. The form of an official statement relating to the Certificates ("Official Statement"), as presented to this Board, a copy of which is on file in preliminary form with the Clerk, is hereby approved. The Controller is hereby authorized to approve the preliminary Official Statement in substantially said form, with such changes, additions, modifications (including but not limited to the inclusion of the most current City financial information) or deletions as such official may make or approve in accordance with Section 22 hereof, and to deem the preliminary Official Statement final for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, to execute a certificate to that effect, and to cause the preliminary Official Statement to be delivered, in printed or electronic form, to potential purchasers of the Certificates, such approval to be conclusively evidenced by the delivery of said deemed-final certificate. The Controller is hereby further authorized and directed to sign and deliver the Official Statement in final form to purchasers of the Certificates.

Section 15. Approval of the Form of Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate of the City, as presented to this Board, a copy of which is on file with the Clerk of the Board, is hereby approved. The Controller is hereby authorized to execute the Continuing Disclosure Certificate, with such changes, additions, modifications or deletions as the Controller may approve upon consultation with the City Attorney; such approval to be conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificate.

Section 16. Sale and Award of Certificates by Direct Placement. In the event the Controller or Director of Public Finance determines to sell the Certificates by direct placement, the Director of Public Finance, on behalf of the Controller, is hereby authorized and directed to receive bids for the purchase of the Certificates, and the Controller is hereby authorized and directed to award the Certificates to the bidder whose bid represents the lowest true interest cost to the City.

Section 17. Authorization to Appoint Placement Agents. To accomplish the sale of the Certificates by direct placement, if applicable, the Controller or the Director of Public Finance is hereby authorized to appoint one or more financial institutions to act as placement agent(s) for the Certificates in accordance with City policies and procedures, including but not limited to the City's policy to provide locally disadvantaged business enterprises an equal opportunity to participate in the performance of all City contracts.

Section 18. Reimbursement. The City declares its official intent to reimburse prior expenditures of the City incurred prior to the execution and delivery of the Certificates in connection with the Projects or portions thereof with the proceeds of the Certificates. The Board of Supervisors declares the City's intent to reimburse the City with the proceeds of the Certificates for the expenditures with respect to the Projects ("Expenditures" and each, an "Expenditure") made on and after that date that is no more than sixty (60) days prior to enactment of this Ordinance. The City reasonably expects on the date of adoption of this Ordinance that it will reimburse the Expenditures with the proceeds of the Certificates.

Section 19. Terms of Reimbursement. Each Expenditure was and will be either (i) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (ii) a cost of execution and delivery with respect to the Certificates, (iii) a nonrecurring item that is not customarily payable from current revenues, or (iv) a grant to a party that is not related to or an agent of the City so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the City. The maximum aggregate principal amount of the Certificates expected to be executed and delivered for the Projects is $43,000,000. The City shall make a reimbursement allocation, which is a written allocation by the City that evidences the City's use of proceeds of the Certificates to reimburse an Expenditure, no later than eighteen (18) months after the later of the date on which the Expenditure is paid or the Projects are placed in service or abandoned, but in no event more than three (3) years after the date on which the Expenditure is paid. The City recognizes that exceptions are available for certain "preliminary expenditures," costs of execution and delivery, certain de minimis amounts, expenditures by "small issuers" (based on the year of execution and delivery and not the year of expenditure) and expenditures for construction projects of at least five (5) years.

Section 20. Payment of Cost of Issuance. The Board hereby authorizes the expenditure of a portion of the proceeds of the Certificates for the payment of certain costs of issuance incurred in connection with the issuance and sale of the Certificates.

Section 21. General Authority. The Mayor, the Treasurer, the Controller, the City Administrator, the Director of Public Finance, the City Attorney, the Director of Real Estate, the Clerk of the Board and other officers of the City and their duly authorized deputies and agents are hereby authorized and directed, jointly and severally, to take such actions and to execute and deliver such certificates, agreements, requests or other documents, as they may deem necessary or desirable to facilitate the issuance, sale and delivery of the Certificates, to obtain title and other insurance with respect to the Leased Property, and otherwise to carry out the provisions of this Ordinance.

Section 22. Modifications, Changes and Additions. The Mayor, the Treasurer, the Controller and the Director of Public Finance each are hereby authorized, and each may select a designee who is authorized, to make such modifications, changes and additions to the documents and agreements approved hereby, upon consultation with the City Attorney, as may be necessary or desirable in the interests of the City, and which changes do not materially increase the obligations of the City thereunder. The respective official's approval of such modifications, changes, and additions shall be conclusively evidenced by the execution and delivery by such official and the Clerk of the Board of the Property Lease, the Lease Agreement, the Trust Agreement or any of the documents approved herein. Any such actions are solely intended to further the purposes of this Ordinance and are subject in all respects to the terms of this Ordinance. No such actions shall increase the risk to the City or require the City to spend any resources not otherwise granted herein. Final versions of any such documents shall be provided to the Clerk of the Board for inclusion in the official file within 30 days (or as soon thereafter as final documents are available) of execution by all parties.

Section 23. Ratification of Prior Actions. All actions authorized and directed by this Ordinance and heretofore taken are hereby ratified, approved and confirmed by this Board.

Section 24. File Documents. All documents referred to as on file with the Clerk of the Board are in File No. [______].

Section 25. Immediate Effect. Pursuant to Section 2.105 of the Charter, this Ordinance shall take effect immediately following the date of passage.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: ______________________________
KENNETH DAVID ROUX
Deputy City Attorney

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