

FILE NO. 000783

RESOLUTION NO. 462-00

1 [San Bruno Jail Project Financing]

2 APPROVING THE EXECUTION AND DELIVERY OF CERTIFICATES OF PARTICIPATION
 3 TO FINANCE THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF A NEW
 4 MAXIMUM SECURITY JAIL FACILITY TO REPLACE THE EXISTING SAN BRUNO JAIL
 5 NO. 3; APPROVING THE FORM OF THE PROPERTY LEASE BETWEEN THE CITY AND
 6 COUNTY OF SAN FRANCISCO (THE "CITY") AND A TRUSTEE RELATING TO CERTAIN
 7 CITY-OWNED PROPERTIES LOCATED IN THE CITY AND SAN MATEO COUNTY (AS
 8 FURTHER DESCRIBED IN THIS RESOLUTION); APPROVING THE FORM OF THE
 9 PROJECT LEASE BETWEEN THE CITY AND A TRUSTEE (INCLUDING CERTAIN
 10 INDEMNITIES CONTAINED THEREIN); APPROVING THE FORM OF THE TRUST
 11 AGREEMENT BETWEEN THE CITY AND A TRUSTEE (INCLUDING CERTAIN
 12 INDEMNITIES CONTAINED THEREIN); AUTHORIZING THE SELECTION OF A TRUSTEE;
 13 APPROVING THE FORM OF THE PURCHASE CONTRACT BETWEEN THE CITY AND AN
 14 UNDERWRITER FOR THE SALE OF THE CERTIFICATES OF PARTICIPATION;
 15 APPROVING THE OFFICIAL STATEMENT IN PRELIMINARY AND FINAL FORM;
 16 APPROVING THE FORM OF A CONTINUING DISCLOSURE CERTIFICATE;
 17 AUTHORIZING AN INTEREST RATE SWAP; APPROVING THE VALIDATION OF THE
 18 EXECUTION AND DELIVERY OF THE CERTIFICATES OF PARTICIPATION;
 19 AUTHORIZING REIMBURSEMENT OF CERTAIN EXPENDITURES; AUTHORIZING THE
 20 PAYMENT OF COSTS OF ISSUANCE; ADOPTING FINDINGS UNDER THE CALIFORNIA
 21 ENVIRONMENTAL QUALITY ACT AND FINDINGS PURSUANT TO THE CITY PLANNING
 22 CODE SECTION 101.1; AND RATIFYING PREVIOUS ACTIONS TAKEN IN CONNECTION
 23 THEREWITH.

24 WHEREAS, The City currently operates a medium security jail facility known as "San
 25 Bruno Jail No. 3" (the "Existing Jail") located in the City of San Bruno, California; and,

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1 WHEREAS, In 1997, based on a legal suit filed by inmates housed in the Existing Jail
2 challenging the constitutionality of conditions in the Existing Jail, the United States District
3 Court concluded that conditions in the Existing Jail posed fire safety and seismic risks to the
4 inmates, had inadequate plumbing and lighting, and was unconstitutionally noisy; and,

5 WHEREAS, In order to settle the inmates' lawsuit, the City, subject to the approval of
6 the Board of Supervisors of the City (the "Board"), agreed to build a replacement maximum
7 security jail facility on the site of the Existing Jail; and,

8 WHEREAS, The Board adopted Ordinance No. 40-00, finally passed by the Board on
9 March 13, 2000, and approved by the Mayor on March 24, 2000, authorizing the Department
10 of Public Works of the City ("DPW") to negotiate and enter into a design-build finance contract
11 in order to build a new maximum security jail in San Bruno (the "Project") to replace the
12 Existing Jail; and,

13 WHEREAS, Pursuant to said Ordinance No. 40-00, DPW has negotiated a design-build
14 contract in order to build the Project, subject to Board approval of the financing of the Project
15 and subsequent validation of the financing; and

16 WHEREAS, In order to finance the costs of the Project, the Board now desires to
17 authorize the execution and delivery of certificates of participation (the "Certificates"); and,

18 WHEREAS, The Board has selected certain City-owned properties under the
19 jurisdiction of the Sheriff's Department (as set forth and further described in Section 2 below,
20 the "Property") for purposes of leasing in connection with the execution of the Certificates to
21 provide funds for the construction and acquisition of the Project; and,

22 WHEREAS, In connection with the proposed execution of the Certificates, the City shall
23 enter into a property lease agreement with a Trustee, and the Trustee shall lease back the
24 Property to the City pursuant to a project lease; and

1 WHEREAS, In connection with the execution of the Certificates and financing of the
2 Project, the City shall enter into a Property Lease, Project Lease, a Trust Agreement and
3 certain other related agreements; and,

4 WHEREAS, It is anticipated that the Certificates will be sold by negotiated sale
5 pursuant to a Purchase Contract; and,

6 WHEREAS, The City reasonably expects to reimburse certain expenditures incurred
7 prior to the execution and delivery of the Certificates with proceeds of such Certificates;

8 WHEREAS, On April 4, 2000, the Department of City Planning adopted and issued a
9 General Plan Consistency Finding for the Project, a copy of which is on file with the Clerk of
10 the Board, wherein the Department of City Planning found that the Project is consistent with
11 the Eight Priority Policies under Planning Code Section 101.1; and,

12 WHEREAS, On July 9, 1998, Department of City Planning published a Final
13 Environmental Impact Report ("FEIR") for the Project. On July 23, 1998, the Planning
14 Commission certified the FEIR by Planning Commission Motion No. 14663; and,

15 WHEREAS, On January 3, 2000, the Department of City Planning issued a
16 Memorandum to City Planning File No. 97.368E pursuant to California Environmental Quality
17 Act ("CEQA") Guidelines Section 15164 including an Addendum to the FEIR for the Project
18 (the "Addendum"), determining that the changes to the Project proposed as a result of
19 negotiations between the City and the developer of the Project would not result in any new
20 significant environmental effects beyond those disclosed and analyzed in the FEIR, that no
21 new information has become available since certification of the FEIR in July 1998 that would
22 require major revision to the FEIR or its conclusions, that there are no substantial changes
23 with respect to the circumstances under which the Project is to be undertaken since the
24 certification of the FEIR that would cause new significant environmental impacts and that no
25 further environmental analysis is required for the Project; now, therefore, be it

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1 RESOLVED, by the Board of Supervisors of the City and County of San Francisco as
2 follows:

3 Section 1. Approval of the Certificates. The Board hereby approves the execution
4 and delivery of Certificates which shall be executed and delivered in accordance with the
5 Trust Agreement as the same is finally executed and delivered; provided, however, that the
6 total aggregate principal amount represented by the Certificates shall not exceed
7 \$170,310,000 and the maximum stated annual interest rate represented by the Certificates
8 shall not exceed twelve percent (12%); further provided, that the amount of Certificates issued
9 shall be no greater than required to finance an amount of net construction proceeds, which
10 when aggregated with amounts reasonably anticipated to be earned on such net construction
11 proceeds, shall not significantly exceed \$132,200,581 as certified by the City's independent
12 financial advisor as a pre-condition to the City's delivery of the Certificates to the Trustee. To
13 the extent deemed necessary by the Director of Public Finance (or his or her designee), this
14 Board authorizes the procurement of credit enhancement for the Certificates, including, but
15 not limited to, municipal bond insurance or a debt service reserve fund surety bond.
16 Notwithstanding Section 14 hereof, the documents authorized herein may be modified or
17 amended to permit the procurement of credit enhancement for the Certificates, to the extent
18 deemed necessary by the Mayor, upon consultation with the City Attorney.

19 Section 2. Asset Transfer; Description of Property. The execution of the Certificates
20 and lease financing of the construction and acquisition of the Project hereby approved may
21 involve the lease and leaseback by the City of the following real property under the jurisdiction
22 of the Sheriff's Department.

23 Property:

24 County Jail No. 8/9
25 425 Seventh Street
San Francisco, CA 94103

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1 County Jail No. 3 Complex
2 One Moreland Drive
3 San Bruno, CA 94066

4 Section 3. Approval of the Property Lease. The form of the Property Lease
5 providing for the lease of the Property from the City to a Trustee (defined below), as
6 presented to this Board, for a maximum term not to exceed forty-five (45) years from the date
7 of commencement thereof, at a total rent of \$1.00 per annum, a copy of which is on file with
8 the Clerk of the Board, is hereby approved. The Mayor of the City (the "Mayor") is hereby
9 authorized to execute the Property Lease, and the Clerk of the Board is hereby authorized to
10 attest to and affix the seal of the City on the Property Lease, in substantially the form
11 presented to the Board, with such modifications, changes, or additions as the Mayor may
12 make or approve in accordance with Section 14 hereof.

13 Section 4. Approval of the Project Lease. The form of the Project Lease between
14 the City and a Trustee, providing for the financing of the Project, as presented to this Board, a
15 copy of which is on file with the Clerk of the Board, is hereby approved. The Mayor is hereby
16 authorized to execute the Project Lease, and the Clerk of the Board is hereby authorized to
17 attest to and affix the seal of the City on the Project Lease, with such changes, additions and
18 modifications as the Mayor may make or approve in accordance with Section 14 hereof,
19 provided, however, that the maximum Base Rental (as defined in the Project Lease)
20 scheduled to be paid under the Project Lease in any fiscal year shall not exceed \$13,500,000
21 and the term of the Project Lease shall not extend beyond 2045.

22 Section 5. Approval of the Trust Agreement and Authorization of Selection of the
23 Trustee. The form of the Trust Agreement, as presented to this Board, a copy of which is on
24 file with the Clerk of the Board, is hereby approved. The Mayor is hereby authorized to
25 execute the Trust Agreement, and the Clerk of the Board is hereby authorized to attest to and
affix the seal of the City on the Trust Agreement, with such changes, additions and

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1 modifications as the Mayor may make or approve in accordance with Section 14 hereof. The
2 Director of Public Finance or his or her designee is hereby authorized to select a trustee to
3 serve as trustee under the Trust Agreement (the "Trustee").

4 Section 6. Approval of the Purchase Contract. The form of the Purchase Contract
5 providing the terms and conditions for the sale of the Certificates between the City and
6 Lehman Brothers (provided that Lehman Brothers complies with applicable City contracting
7 requirements; including, Chapter 12B certification with the Human Rights Commission
8 ("HRC")) and/or any other HRC certified underwriter or investment banking firm, as presented
9 to this Board, a copy of which is on file with the Clerk of the Board, is hereby approved. The
10 Mayor is hereby authorized to execute the Purchase Contract, and the Clerk of the Board is
11 hereby authorized to attest to and affix the seal of the City on the Purchase Contract, with
12 such changes, additions and modifications as the Mayor may make or approve in accordance
13 with Section 14 hereof.

14 Section 7. Approval of the Official Statement in Preliminary and Final Form. The
15 form of the Official Statement relating to the Certificates, as presented to this Board, a copy of
16 which is on file in preliminary form with the Clerk of the Board, is hereby approved. The
17 Director of Public Finance or his or her designee is hereby authorized to approve the
18 distribution of a preliminary Official Statement for the Certificates, with such changes,
19 additions, modifications or deletions as the Director of Public Finance or his or her designee
20 may approve upon consultation with the City Attorney; such approval to be conclusively
21 evidenced by the distribution of the preliminary Official Statement to potential purchasers of
22 the Certificates. The Controller of the City is hereby authorized to execute, and the Director of
23 Public Finance or his or her designee is hereby further authorized to approve the distribution
24 of, the Official Statement for the Certificates in final form.

1 Section 8. Approval of the Continuing Disclosure Certificate. The form of the
2 Continuing Disclosure Certificate of the City, as presented to this Board, a copy of which is on
3 file with the Clerk of the Board, is hereby approved. The Controller is hereby authorized to
4 execute the Continuing Disclosure Certificate, with such modifications, changes, or additions
5 as the Controller may approve upon consultation with the City Attorney; such approval to be
6 conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificate.

7 Section 9. Authorization of an Interest Rate Swap. The Director of Public Finance,
8 or his or her designee, is hereby authorized to enter into an interest rate swap agreement
9 based on the ISDA Master Agreement or similar agreement whereby the provider of the swap
10 shall pay to the City a stream of payments based on a fixed rate of interest and the City shall
11 pay to the provider of the swap a stream of payments based on the Bond Market
12 Association's floating rate index or similar floating rate index (which payments by the City may
13 include a spread above or below such index) selected by the Director of Public Finance, as
14 further described in the Trust Agreement. This Board hereby determines that such interest
15 rate swap is designed to result in a lower cost of borrowing in connection with the Certificates.

16 Section 10. Authorization of Validation Action. The City Attorney is hereby requested
17 and authorized to file a validation action validating the City's authority to enter into the Project
18 Lease and the Trust Agreement and to finance the Project, as such legal action is authorized
19 by Section 860 et seq. of the California Code of Civil Procedure.

20 Section 11. Approval of Reimbursement. Pursuant to Treasury Regulation Section
21 1.150-2, the City hereby declares its intent to reimburse from proceeds of the sale of the
22 Certificates capital expenditures of the Project paid within sixty (60) days prior to the date of
23 adoption of this Resolution, costs of issuance of the Certificates and other expenditures
24 permitted to be reimbursed pursuant to Treasury Regulation Section 1.150-2. Any
25 reimbursement allocation of proceeds of the Certificates to be made with respect to

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1 expenditures incurred prior to the issuance of the Certificates (excluding certain de minimis
2 expenditures and preliminary expenditures in an amount not to exceed twenty percent (20%)
3 of the issue price of the Certificates) will occur not later than eighteen (18) months after the
4 later of (i) the date on which the expenditure is paid, or (ii) the date on which the facilities are
5 placed in service, but in no event more than three (3) years after the expenditure is paid.

6 Section 12. Payment of Costs of Issuance. The Board hereby authorizes the
7 expenditure of a portion of the proceeds of the Certificates, not to exceed \$5,500,000 (or such
8 higher amount deemed reasonable by the Director of Public Finance), to the payment of
9 certain costs of issuance incurred in connection with the execution and delivery of the
10 Certificates.

11 Section 13. General Authority. The Mayor, the City Attorney, the Controller, the City
12 Administrator, the Director of Public Works, the Director of Public Finance or his or her
13 designee, the Clerk of the Board and the other officers of the City and their duly authorized
14 deputies and agents are hereby authorized and directed, jointly and severally, to take such
15 actions and to execute and deliver such certificates, requests or other documents as they may
16 deem necessary or desirable, to validate the proposed financing through the execution and
17 delivery of the Certificates, to enter into the Property Lease, the Project Lease and the Trust
18 Agreement, to facilitate the execution and delivery of the Certificates and, to obtain bond
19 insurance or other credit enhancements with respect to the financing of the Project and
20 otherwise to carry out the provisions of this Resolution.

21 Section 14. Modifications, Changes and Additions. The Mayor is hereby authorized
22 to approve and make such modifications, changes or additions to the Property Lease, the
23 Project Lease, the Trust Agreement or Purchase Contract, upon consultation with the City
24 Attorney, as may be necessary or desirable in the interests of the City, and which changes do
25 not materially increase the obligations of the City under the Property Lease, the Project

1 Lease, the Trust Agreement or the Purchase Contract. The Mayor's approval to such
2 modifications, changes or additions shall be conclusively evidenced by the execution and
3 delivery by the Mayor and the Clerk of the Board of the Property Lease, the Project Lease, the
4 Trust Agreement and the Purchase Contract.

5 Section 15. Adoption of Findings of Department of City Planning. The Board hereby
6 adopts and incorporates herein by reference the findings of the Department of City Planning in
7 the General Plan Consistency Finding that the proposed Project is in conformity with the
8 Master Plan and is consistent with the Eight Priority Policies of Planning Code Section 101.1.
9 The Board heretofore adopted Resolution No. 192-00 endorsing the findings of the
10 Department of City Planning set forth in the FEIR and the Addendum and herein incorporates
11 them by reference.

12 Section 16. Ratification of Prior Actions. All actions authorized and directed by this
13 Resolution and heretofore taken are hereby ratified, approved and confirmed by this Board.

14 Section 17. File Documents. All documents referred to as on file with the Clerk of the
15 Board of Supervisors are in File No. 000783.

16 APPROVED AS TO FORM:

17
18 LOUISE H. RENNE

19 City Attorney

20
21
22 By: Theresa Alvarez
23 THERESA ALVAREZ
24 Deputy City Attorney

25
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City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails

Resolution

File Number: 000783

Date Passed:


Resolution approving the execution and delivery of certificates of participation to finance the acquisition, construction and installation of a new maximum security jail facility to replace the existing San Bruno Jail No. 3; approving the form of the property lease between the City and County of San Francisco (the "City") and a trustee relating to certain City-owned properties located in the City and San Mateo County (as further described in this Resolution); approving the form of project lease between the City and a trustee (including certain indemnities contained therein); approving the form of the trust agreement between the City and a trustee (including certain indemnities contained therein); authorizing the selection of a trustee; approving the form of the purchase contract between the City and an underwriter for the sale of certificates of participation; approving the official statement in preliminary and final form; approving the form of a continuing disclosure certificate; authorizing an interest rate swap; approving the validation of the execution and delivery of the certificates of participation; authorizing reimbursement of certain expenditures; authorizing the payment of costs of issuance; adopting findings under the California Environmental Quality Act and findings pursuant to the Planning Code Section 101.1; and ratifying previous actions taken in connection therewith.

May 22, 2000 Board of Supervisors — ADOPTED

Ayes: 9 - Ammiano, Becerril, Bierman, Brown, Kaufman, Leno, Teng, Yaki, Yee
Absent: 2 - Katz, Newsom

File No. 000783

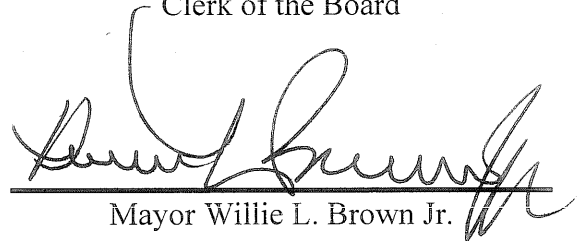
I hereby certify that the foregoing Resolution
was ADOPTED on May 22, 2000 by the
Board of Supervisors of the City and County
of San Francisco.



Gloria L. Young
Clerk of the Board

MAY 26 2000

Date Approved



Mayor Willie L. Brown Jr.