MEMORANDUM

TO: Community Investment and Infrastructure Commissioners  
City and County of San Francisco Redevelopment Financing Authority

FROM: Tiffany Bohee  
Executive Director

SUBJECT: Commission Resolution confirming, subject to approval by the Department of Finance, the issuance and sale of Successor Agency to the Redevelopment Agency of the City and County of San Francisco taxable and tax-exempt refunding tax allocation bonds in a combined aggregate principal amount not to exceed $300,000,000, approving preliminary and final official statements and a continuing disclosure certificate, and approval of other related documents and actions, various project areas; and

Financing Authority Resolution approving, subject to approval by the Department of Finance, the refunding of certain bonds of the Redevelopment Agency of the City and County of San Francisco and authorizing the execution and delivery of redemption agreements relating to certain bonds previously issued by the City and County of San Francisco Financing Authority; and authorizing and approving other matters properly relating thereto (various project areas)

EXECUTIVE SUMMARY

Staff requests OCII Commission and City and County of San Francisco Financing Authority ("Financing Authority") approval to take such actions as necessary to accomplish the issuance of taxable and tax-exempt refunding tax allocation revenue bonds in an amount not to exceed $300,000,000 ("2014 Bonds") to refinance various loan agreements, as authorized in OCII Commission Resolution 83-2014 (Attachment A, exhibits not included), adopted September 12, 2014.

The net proceeds of the 2014 Bonds will be used to redeem the various outstanding loans of the Redevelopment Agency and various corresponding bonds of the Financing Authority to take advantage of low interest rates to reduce future debt service costs and to pay various costs of issuance for the 2014 Bonds.

The Commission resolution also makes certain findings, approves in form key transaction documents, confirms actions taken in Resolution 83-2014, and authorizes and directs OCII staff to take all actions necessary to complete the transactions. The Financing Authority Resolution, in addition, approves in form and authorizes the execution of the various redemption agreements and other actions necessary to complete the refinancing transaction.
Staff recommends Commission and Financing Authority approval of both resolutions approving the forms of documents and authorizing actions necessary to complete the refunding transaction.

BACKGROUND

Role of the City and County of San Francisco Redevelopment Financing Authority

The Financing Authority is a local agency created by a joint exercise of powers agreement dated July 11, 1989, executed by and between the City and County of San Francisco ("City") and the former San Francisco Redevelopment Agency ("SFRA"). The Financing Authority facilitates the issuance and sale of bonds and is governed by a Board of Directors consisting of the Commissioners of the Successor Agency, which acts in place of the former SFRA commission under Board of Supervisors Ordinance No. 215-12.

The bonds to be refunded were all issued by the Financing Authority; thus certain documents must be approved and necessary actions authorized by the Financing Authority in order to complete the transactions.

Proposed form of Preliminary Official Statement

The Commission and Financing Authority resolutions approve the form of the Preliminary Official Statement ("POS," Attachment B), as required by Commission Resolution 83-2014 which provided preliminary approval of the bonds. The POS includes all known material information relevant to the 2014 Bonds. A final Official Statement ("OS") will be published after the details of the 2014 Bonds are finalized on the offering or pricing date. The POS is used by the underwriters in marketing the bonds to investors and is relied upon by investors to inform their decision regarding purchase of the bonds. The document is prepared by Disclosure Counsel and primarily based on material provided by OCII staff, Fiscal Consultant and Bond Counsel. The POS has been reviewed OCII staff, the Financial Advisor and Underwriter’s Counsel. The Commission resolution also authorizes the Successor Agency to deliver to the underwriters the continuing disclosure certificate (Appendix D of Attachment B) which lists OCII’s secondary market disclosure obligations.

Proposed Forms of Redemption Agreements

The Redemption Agreements are three way contracts among the Successor Agency, the Financing Authority, and the respective Escrow Trustee for each refunded bond. The Forms of Redemption Agreement (Attachments C and D) were drafted by bond counsel for the transaction, Jones Hall, and previously approved by the OCII Commission in Resolution 83-2014. The Financing Authority resolution approves the form of the Redemption Agreements and authorizes execution on its behalf.

Prior Actions

- Resolution 43-2014, June 3, 2014 approved the personal services contract with PFM as financial advisor and Kitahata & Company as co-financial advisor.
Resolution 49-2014, July 1, 2014 approved the personal services contract with Jones Hall as bond counsel.
Resolution 50-2014 July 1, 2014 approved the personal services contract with Curls Bartling, PC as disclosure counsel.
Resolution 67-2014, adopted August 19, 2014 approved the personal services contract with Urban Analytics for fiscal consultant services.
Resolution 83-2014 (attachment A), adopted September 12, 2014 authorized the issuance of the 2014 Bonds, approving in form: the indenture of trust, bond purchase contracts, and other related documents, authorizing necessary actions, and setting not to exceed parameters as follows: Series B Taxable Bonds aggregate initial amount not to exceed $110,000,000, true interest cost not to exceed 5.4%, underwriters discount not to exceed 0.462%; Series C Bonds aggregate initial amount not to exceed $190,000,000, true interest cost not to exceed 5.0%, underwriters discount not to exceed 0.45%.
Resolution 89-2014, October 21, 2014 appointed underwriters for the 2014 bonds as follows: Series B, Piper Jaffray & Company as managing underwriter with Stifel Nicolaus and Stinson Securities as co-managers; Series C, Backstrom McCarley Berry as managing underwriter, with Stifel Nicolaus and Company and Blaylock Beal Van, LLC as co-managers.
Oversight Board Resolution 9-2014 approved the issuance of the 2014 bonds and related actions.

Next Steps

• Pricing of Bonds: 2nd week of December.
• Bond Closing: prior to December 31.

Recommendation

Staff recommends Commission and Financing Authority approval of both resolutions authorizing form of bond documents and actions necessary to complete the financing.

(Originated by John Daigle, Sr. Financial Analyst)

Tiffany Bohee
Executive Director

Attachment A: OCII Commission Resolution 83-2014
Attachment B: Form of Preliminary Official Statement
Attachment C: Form of Redemption Agreement, Series B
Attachment D: Form of Redemption Agreement, Series C