ORDINANCE AMENDING CHAPTER 2 OF PART I OF THE SAN FRANCISCO MUNICIPAL CODE (ADMINISTRATIVE CODE), BY AMENDING SECTIONS 2.30, 2.30-1, 2.31, 2.33, 2.34, AND 2.60, AND BY REPEALING SECTIONS 2.32, 2.36-1, 2.37, 2.40, 2.50 AND 2.61, TO UPDATE PROVISIONS REGARDING BONDED AND OTHER LONG-TERM INDEBTEDNESS.

Note: Additions and substitutions are underlined; deletions are in ((double parentheses)).

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

Section 1. Chapter 2 of the San Francisco Administrative Code is hereby amended by amending Section 2.30, to read as follows:

SEC. 2.30. PROPOSAL SUBMITTED TO VOTERS PURSUANT TO STATE LAW AND CHARTER. Any proposal for the incurrence of ((incurring of a bonded)) indebtedness of the City and County for public improvements, payable from the proceeds of taxes levied upon ((taxable)) property in the City and County, which is ((ordered)) submitted to the qualified voters of the City and County by the Board of Supervisors, shall be submitted in accordance with the ((ordered pursuant to)) applicable provisions of the general laws of the State and the Charter of the City and County, subject only to the ((with the further)) limitations imposed by this Article.
Section 2. Chapter 2 of the San Francisco Administrative Code is hereby amended by amending Section 2.30-1, to read as follows:

SEC. 2.30-1. PROPOSAL TO BE SUBMITTED TO THE CAPITAL IMPROVEMENT ADVISORY COMMITTEE; REPORT THEREFROM. Any department of the City seeking to incur general obligation ((a bonded)) indebtedness on behalf of the City shall submit a proposal meeting the requirements of Section 3.22 of this Code to the Capital Improvement Advisory Committee ("CIAC") ((such proposal)) not less than 188 days before the election at which such proposal is to be acted upon by the voters. The Board shall not place any proposal on the ballot until the CIAC has completed its review of the proposal and submitted its recommendation to the Board in accordance with Sections 3.21 and 3.22 of this Code. ((Such submission shall be accompanied by descriptive architectural or engineering data and all other pertinent material in sufficiently complete detail to permit the Committee to review all aspects of the proposal. The Committee shall make a written report thereon to the Board, analyzing the proposition as to its feasibility, cost and priority relative to the capital expenditure plan as provided under Section 3.05 of this Code. Said report shall include a separate written statement from the Director of Public Works indicating that the cost estimate for any and all construction which is or may be a part of a proposed bond project has been reviewed by the Department of Public Works as to its accuracy and completeness.

When any department of the City seeking to incur a bonded indebtedness on behalf of the City shall have submitted such legislative proposal to the Board of Supervisors for its review and approval, without a prior submission to the Capitol Improvement Advisory Committee, the Committee shall report to the Board of Supervisors no later than the date set by the Clerk of said Board to meet legislative or election requirements. The failure to render a report within the time period set by the Clerk of the Board of Supervisors, unless a longer time has been granted by said Clerk, shall constitute an approval of the proposal.))

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Section 3. Chapter 2 of the San Francisco Administrative Code is hereby amended by amending Section 2.31, to read as follows:

SEC. 2.31. PROPOSAL TO BE IN FORM OF RESOLUTION; DRAFTING, CONTENTS, INTRODUCTION TO BOARD AND REFERRAL TO COMMITTEE. The proposal provided for by Section 2.30 of this Code must be introduced by the Mayor or by a member of the Board of Supervisors at a regular meeting of the Board in the form of a resolution determining that the public interest or necessity demands the acquisition, construction or completion of any municipal improvement. ((The resolution shall have been prepared in final form by the City Attorney. The engineering and other data required by the City Attorney to properly draft the resolution shall be furnished him at least 10 days before the meeting at which the resolution is to be introduced.))

Such resolution must be so introduced not less than 169 days before the election at which such proposal is to be acted upon by the voters. ((Such resolution shall be accompanied by descriptive and engineering data and all other pertinent material in sufficiently complete detail to permit the committee and the Board to pass upon the merits of the proposal, and to permit the preparation of reports and recommendations hereinafter required of the Controller and advisory agency.)) Upon introduction, ((each)) such resolution shall be referred to a committee of the Board of Supervisors.

Section 4. Chapter 2 of the San Francisco Administrative Code is hereby amended by repealing Section 2.32.

((SEC. 2.32. REFERENCE OF RESOLUTION TO CITIZENS' BOND SCREENING COMMITTEE, ETC.; TIME OF REFERRAL; COMMITTEE'S REPORT. Immediately upon reference of any resolution as provided by Section 2.31 of this Code to committee, the Clerk...))

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of the Board shall refer a copy thereof to any citizens' bond screening committee or similar advisory agency then in existence pursuant to official designation by the Mayor or Board of Supervisors, with a request for report and recommendation by such agency. The committee to which any such resolution is referred shall not report it to the Board, and the Board shall not adopt such resolution, prior to receipt of such report and recommendation of the agency; provided, however, that the foregoing provisions of this sentence shall be ineffective in the event that the report and recommendation are not submitted to the committee within the period of 21 days immediately following the date of introduction of the resolution.)

Section 5. Chapter 2 of the San Francisco Administrative Code is hereby amended by amending Section 2.33, to read as follows:

SEC. 2.33. REFERRAL OF RESOLUTION TO CONTROLLER; STATEMENT TO VOTERS ((STATEMENTS THEREFROM)). Immediately after introduction of the resolution by the Board of Supervisors as provided by Section 2.31 of this Code, the Clerk of the Board shall deliver a copy thereof to the Controller, who shall make a written statement thereon to the Board, analyzing the proposition as to its cost and effect, pursuant to the provisions of Section 3.105 ((9.112)) of the Charter. The Controller's statement of the effect on the tax rate of a proposition to create a "bonded" debt required to be mailed to the voters by the provisions of Section 3.105 of the Charter shall include a statement of the dollar amount such effect on the tax rate would cost the owners of real property with a representative value or values. The Director of Elections is authorized and directed to include this statement as part of the Controller's statement mailed to the voters pursuant to the provisions of Section 3.105 of the Charter. The committee to which any such resolution is referred shall not report it to the Board, and the Board shall not adopt such resolution, prior to receipt of such statement.
Section 6. Chapter 2 of the San Francisco Administrative Code is hereby amended by amending Section 2.34, to read as follows:

**SEC. 2.34. TIME OF ADOPTION OF RESOLUTION BEFORE ELECTION; TIME OF PASSAGE OF ORDINANCE ORDERING ELECTION.** The resolution provided for by Section 2.31 of this Code shall be adopted by the Board of Supervisors not less than 141 days before the election at which such proposal is to be submitted to ((acted upon by)) the voters. At any meeting of the Board subsequent to that at which the resolution is adopted, but not less than 99 days before such election, the Board may finally pass an ordinance ordering the submission of such proposal to the qualified voters of the City and County at an election held for that purpose. The time limits as herein set forth may be waived by resolution of the Board of Supervisors.

Section 7. Chapter 2 of the San Francisco Administrative Code is hereby amended by repealing Section 2.36-1.

**((SEC. 2.36-1. EXCEPTION: WATER POLLUTION CONTROL BOND ISSUE.** The provisions of Sections 2.30 to 2.34, inclusive, of this Article shall not apply to a proposal of the incurring of a bonded indebtedness for water pollution control to be submitted to the qualified voters in the November 2, 1976, general election.))

Section 8. Chapter 2 of the San Francisco Administrative Code is hereby amended by repealing Section 2.37.

**((SEC. 2.37. CONTROLLER'S STATEMENT TO VOTERS.** The Controller's statement of the effect on the tax rate of a proposition to create a bonded debt required to be mailed to the voters by the provisions of Section 9.112 of the Charter shall include a statement of the dollar amount such effect on the tax rate would cost the owners of real

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property with assessed values, respectively, of $5,000, $8,750 and $12,500. The Registrar of
Voters is authorized and directed to include this statement as part of the Controller's
statement mailed to the voters pursuant to the provisions of Section 9.112 of the Charter.))

Section 9. Chapter 2 of the San Francisco Administrative Code is hereby amended by
repealing Section 2.40.

((SEC. 2.40. BONDS — COUNTERSIGNATURES. For the sole purpose of
countersigning City and County bonds, there are hereby created in the office of the Board of
Supervisors positions of Assistant Clerk of said Board, the number of which shall be
determined by the Clerk of the Board of Supervisors, and said Clerk is hereby authorized to
appoint to said positions from time to time with the concurrence of the Controller, persons who
are employed by the City and County in permanent positions in the office of said Controller.

When said persons are appointed to said positions, they shall have all the powers and
perform all the duties of Deputy Clerk of the Board of Supervisors, and each of them is
specifically authorized and directed to act as a Deputy Clerk thereof and to countersign such
bonds theretofore authorized to be issued by said Board which have been specifically
designated by the Clerk of the Board of Supervisors and the Controller.

Each of said appointees is hereby authorized to countersign the facsimile signature of
the Clerk of the Board of Supervisors appearing on said bonds, and as such Deputy Clerk of
said Board, to affix his or her signature to said bonds as Deputy Clerk of the Board of
Supervisors following the facsimile signatures of the Mayor, the Treasurer and the Clerk of the
Board of Supervisors.

No appropriation of funds shall be made for the payment of said Assistant Clerks of the
Board of Supervisors hereinbefore mentioned for the reason that prior to appointment and
during their incumbency as such Assistant Clerks of said Board they shall be employed by the
City and County in the office of the Controller, and will perform the duties of Assistant Clerks of the Board of Supervisors in addition to their regularly assigned duties in the office of the Controller.

Each of said persons who shall be appointed to said positions of Assistant Clerk of the Board of Supervisors shall be bonded under the provisions of applicable law.)

Section 10. Chapter 2 of the San Francisco Administrative Code is hereby amended by repealing Section 2.50.

((SEC. 2.50. BONDS — FORM OF OFFICIAL NOTICE OF SALE. The official notice of sale of bonds of the City and County of San Francisco shall include but not be limited to the provisions hereinafter set forth, and shall be substantially in the form hereinafter set forth. The appropriate details describing the terms and provisions of the bonds to be offered for public sale and the date and conditions of sale shall be inserted in said form of official notice of sale of bonds by the Clerk of the Board of Supervisors with the approval of the City Attorney, provided that the sentences marked by an asterisk are instructions only and not part of the official notice of sale. Such official notice of sale shall be substantially in the following form, to wit:

OFFICIAL NOTICE OF SALE OF BONDS
CITY AND COUNTY OF SAN FRANCISCO
NOTICE IS HEREBY GIVEN that sealed proposals will be received and opened at the office of the Clerk of the Board of Supervisors, in the City Hall, Civic Center, San Francisco, California 94102 on _______, 19____, at the hour of __M__, California time, for the purchase of bonds of the City and County more particularly described hereinafter.

ISSUE(S): [Name of Bonds], Series __: $ __, consisting of __ bonds, in the denomination of $ __ ,000 or any integral multiple thereof, as designated by the successful

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purchaser thereof, all dated __, and designated Series __, being part of an issue of $aggregate principal amount authorized at an election held in the City and County of San Francisco on ____.* [Similar description to be inserted for each issue offered for sale, if more than one.] INTEREST RATE: The maximum interest rate shall not exceed ____ percent (____%) per annum, payable ______. Bidders must specify the rate or rates of interest which the bonds hereby authorized for sale shall bear; provided that: (i) Each interest rate specified in any bid must be in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) per annum; (ii) No bond shall bear more than one rate of interest; (iii) Each bond shall bear interest from its date to its stated maturity date at the interest rate specified in the bid, and (iv) All bonds of the same maturity shall bear the same rate of interest.

MATURITIES: The aggregate amount of the bonds of all series will mature [without option of prior payment]* as follows:

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Principal Amount</th>
</tr>
</thead>
</table>

REDEMPTION: [if applicable]*

PAYMENT: Principal of each issue are payable in lawful money of the United States of America at the office of the Treasurer of the City and County of San Francisco, or at the fiscal agency of the City and County of San Francisco. Interest is payable in like lawful money by check, draft or wire transfer, mailed or wired to the registered owner at such address as appears on the registration books of the Treasurer or as otherwise designated by said owner.

PURPOSE OF ISSUE(S): Each of said issues was authorized by more than two-thirds vote of the qualified voters of the City and County voting at a special bond election for the purpose of raising money for lawful municipal purposes, indicated generally in their respective titles.

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SECURITY: Said bonds are general obligations of the City and County of San Francisco, and the Board of Supervisors thereof has the power and is obligated to levy ad valorem taxes for the payment of said bonds and the interest thereon upon all property within said City and County of San Francisco, subject to taxation by said City and County (except certain property, which is taxable at limited rates), without limitation of rate or amount.

TAX EXEMPT STATUS: Subject to applicable exceptions, assumptions and qualifications, in the opinion of __, under existing law, interest on the applicable series of bonds is excluded from State of California personal income taxes and Federal income taxes. Should changes in the law cause ____ opinion to change prior to the delivery of the bonds by the City and County to the successful bidder, the successful bidder will be relieved of its obligation to purchase said bonds, and in such case the deposit accompanying his or her bid will be returned.

LEGAL OPINION: The legal opinion of ____, approving the validity of said bonds, will be furnished to the successful bidder without cost. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on said bonds without charge to the successful bidder.

TERMS OF SALE

SINGLE BID: All bids must be for all, and not less than all, of the bonds hereby offered for sale, and for not less than the principal amount thereof and accrued interest thereon to date of delivery, plus any premium as is specified in the bid. All bids must be unconditional. Each bid must be in writing and signed by the bidder. Each bid, together with bidder's check, must be enclosed in a sealed envelope addressed to the Clerk of the Board of Supervisors of the City and County of San Francisco, Room 235, City Hall, San Francisco, California 94102, and endorsed clearly marked “Proposal for City and County of San Francisco Bonds, [Designation] Selling ____.”
BID CHECK: Each bid must be accompanied by a certified check [or appropriate alternative]* for ____ percent (____%) of the principal amount of the bonds hereby offered for sale, drawn on a bank or trust company authorized to transact and transacting business in the State of California, payable to the order of the Treasurer of the City and County of San Francisco, to secure the City and County from any loss resulting from the failure of the bidder to comply with the terms of his bid. No interest shall be paid upon the deposit made by any bidder. The deposit of each unsuccessful bidder shall be returned to him or her immediately upon the non-acceptance of his or her bid, and the deposit of the successful bidder shall become the property of the City and County and shall be credited to the successful purchaser upon the purchase price of said bonds. If the purchase price is not so paid upon the tender of said bonds, the successful bidder shall have no right in or to said bonds or to the recovery of said deposit, unless it shall appear that said bonds cannot be validly issued in the form and manner proposed. In the event of non-payment for the bonds upon valid tender thereof to the successful bidder, the City and County reserves any and all rights granted by law to recover the full purchase price of the bonds and, in addition, any damage suffered by the City and County.

BASIS OF AWARD: Unless all bids are rejected, said bonds will be awarded to the bidder whose bid represents the lowest [net] [true] interest cost to the City and County. The purchaser must pay accrued interest, computed on a 30-day month, 360-day year basis, from the date of said bonds to the date of delivery. The cost of preparing said bonds will be borne by the City and County.

ESTIMATE OF [NET] [TRUE] INTEREST COST: Each bidder is requested, but not required, to state in its bid the total [net] [true] interest cost in dollars to the City and County and the percentage [net] [true] interest cost determined thereby, which shall be considered as informative only and not binding on either the bidder or the City and County.
RIGHT OF REJECTION: The City and County of San Francisco reserves the right, in its discretion, to reject any and all bids and to waive any irregularity or informality in any bid.

PROMPT AWARD: The Board of Supervisors shall take action awarding the bonds or rejecting all bids not later than __ (__) hours after the expiration of the time herein prescribed for the receipt of proposals, unless such period for award is waived by the successful bidder. Prompt notice of the award will be given to the successful bidder.

DELIVERY AND PAYMENT: Delivery of said bonds shall be made to the successful bidder at the office of the Treasurer of the City and County of San Francisco, California, or at any other location mutually agreeable to both the City and County and the successful bidder, as soon as practicable. Payment for said bonds must be made in funds immediately available in San Francisco. Any expense of providing immediately available funds shall be borne by the purchaser.

RIGHT OF CANCELLATION: The successful bidder shall have the right, at his or her option, to cancel the contract of purchase if the City and County shall fail to tender the bonds for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying his or her bid.

NO LITIGATION AND NON-ARBITRAGE: The City and County will deliver a Certificate stating that no litigation is pending affecting the issuance and sale of said bonds. The City and County will also deliver an arbitrage certificate covering its reasonable expectations concerning the bonds.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on said bonds, but neither failure to print such numbers on any bond nor error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for said bonds in accordance with the terms of the purchase contract. All expenses
in relation to the printing of CUSIP numbers on said bonds shall be paid for by the City and County.

DEPOSITORY PARTICIPATION [if applicable]*: The Treasurer of the City and County will appoint a securities depository for the bonds. Bidders will be notified of the identity of such securities depository. Prior to delivery of the bonds, the winning bidder must either participate in said depository or must clear through or maintain a custodial relationship with an entity that participates in said depository.

CALIFORNIA DEBT ADVISORY COMMISSION FEE [if applicable]*: Attention of bidders is directed to California Government Code Section 8856, which provides that the purchaser of said bonds will be charged the California Debt Advisory Commission fee.

OFFICIAL STATEMENT: The City and County has employed __, __ Street, __, as financing consultants to prepare an official statement relative to said bonds and the financial condition of the City and County of San Francisco, copies of which shall be furnished to any bidder upon request to the undersigned or to said financing consultants.

ADJOURNMENT: The Clerk of the Board of Supervisors, upon the direction of the Board of Supervisors, may cancel or adjourn the sale by public announcement made prior to or at the time and place fixed for the receipt of bids and may give such notice of the new time and place of sale of the Bonds as such clerk deems advisable. If such sale is cancelled or postponed, all sealed bids shall be returned unopened.

Dated: ___, 19__.

Clerk of the Board of Supervisors of the City and County of San Francisco, State of California.)

Section 11. Chapter 2 of the San Francisco Administrative Code is hereby amended by amending Section 2.60, to read as follows:

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BOARD OF SUPERVISORS
SEC. 2.60. LIMITATIONS ON BONDED INDEBTEDNESS. (a) No bonded indebtedness shall be incurred by the City and County which together with the amount of bonded indebtedness outstanding shall exceed three percent of the assessed value of all real and personal property in the City and County subject to taxation for City and County purposes. Bonded indebtedness heretofore or hereafter created for water supply, storage or distribution purposes, sewers and sewerage collection, disposal and treatment, water pollution control, and the acquisition, construction or completion of air transportation facilities and bonded indebtedness created pursuant to Charter Sections ((Section)) 9.107(4), 9.107(5) and 9.107(7) shall be exclusive of the limitation on the amount of bonded indebtedness of the City and County contained in this Section; provided, however, that any bonded indebtedness for sewers and sewerage collection, disposal and treatment, and for water pollution control, must be financed by sewerage service charges for the foregoing exclusion to be applicable.

(b) Any and all indebtedness assumed for the purpose of accepting the transfer and assuming jurisdiction and control of the harbor of San Francisco and the facilities thereof, in accordance with the terms and conditions of Statutes 1968, Ch. 1333, shall not be included in the bond debt limit provided for in Subsection (a); and, if thereafter any additional bonded indebtedness is incurred to improve said harbor in connection with the operation thereof, said bonded indebtedness so incurred shall also be exempt from the limitations contained in Subsection (a).

(c) A bonded indebtedness for the construction, completion or acquisition of foreign trade zones and the acquisition of necessary lands, buildings and equipment authorized by the electors in accordance with the provisions of the Charter shall be exclusive of the bonded indebtedness of the City and County limited by the Charter.

(d) Revenue to meet current annual interest and redemption or sinking fund for outstanding general obligation bonds issued for the acquisition, construction or any extension
of any utility under the jurisdiction of the Public Utilities Commission, shall always be provided out of the tax levy.

Section 12. Chapter 2 of the San Francisco Administrative Code is hereby amended by repealing Section 2.61.

(SEC. 2.61. BONDS FOR CAPITAL IMPROVEMENT PROJECTS. Whenever the capital improvement budget prepared pursuant to Charter Section 9.100 contains a number of capital improvement projects with estimated costs of less than $2,000,000 each and the Board of Supervisors by resolution adopted by two-thirds vote of all its members determines that public interest and necessity require the acquisition, construction or completion of more than one of such capital improvement project to be specified in said resolution, but that the total estimated cost of said improvements will be too great to be paid out of the ordinary annual income and revenue of the City and County, and will require an expenditure greater than the amount allowed therefor by the annual tax levy and will require the incurring of a bonded debt, the Board at any subsequent meeting may by a two-thirds vote of all its members pass an ordinance calling an election and ordering submission to the qualified voters of the City and County the single proposition of incurring a bonded indebtedness for the group of public improvements specified in said resolution. Such election shall be called and held in the same manner as other bond elections of the City and County. If the proposition receives the assent of two-thirds of the qualified electors voting in favor thereof, the bonded indebtedness may then be incurred for said group of public improvements. No proposition or propositions for incurring a bonded indebtedness shall be submitted to the voters at any one election pursuant to the provisions of this Section where the total estimated cost of the group or groups of public improvements involved exceeds the sum of $6,000,000.
The proceeds of the sale of bonds authorized at any such election (except premium and accrued interest received on the sale thereof) shall be applied exclusively for said group of public improvements, but in such amounts applicable to each thereof as the Board of Supervisors may from time to time determine, provided that as nearly as practicable each capital improvement project comprising a part of said group of public improvements shall be acquired, constructed and completed to the extent of funds then available therefor, which may be more or less than the original estimated cost of any capital improvement project comprised within said group of public improvements.

The provisions of the Municipal Bond Act of 1901, as amended, presently codified as Article 1, Chapter 4, Division 4, Title 4, of the Government Code of the State of California authorizing the incurring and establishing the procedure for the creation of bonded indebtedness by cities shall except as otherwise provided herein, be applicable to the creation of the bonded indebtedness authorized by this Section.}

APPROVED AS TO FORM:

LOUISE H. RENNE, City Attorney

By:  

THOMAS J. OWEN  
Deputy City Attorney

SUPERVISOR KAUFMAN  
BOARD OF SUPERVISORS
Ordinance amending Chapter 2 of Part I of the Municipal Code (Administrative Code), by amending Sections 2.30, 2.30-1, 2.31, 2.33, 2.34, and 2.60, and by repealing Sections 2.32, 2.36-1, 2.37, 2.40, 2.50, and 2.61, to update provisions regarding bonded and other long-term indebtedness.

May 10, 1999 Board of Supervisors — PASSED, ON FIRST READING
Ayes: 11 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee

May 17, 1999 Board of Supervisors — FINALLY PASSED
Ayes: 8 - Ammiano, Becerril, Bierman, Katz, Leno, Newsom, Teng, Yaki
Absent: 3 - Brown, Kaufman, Yee
I hereby certify that the foregoing Ordinance was FINALLY PASSED on May 17, 1999 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

Mayor Willie L. Brown Jr.