

CDIAC

Public Investing: Yesterday, Today and Tomorrow

“Current Updates and Practice Laws”

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City and County of San Francisco

Investment Policy for Purchasing City Debt

- + Legal
- + Permissible by policy
- + Moral Obligation

City and County of San Francisco RDA Agency Debt Purchase

+ Variable Rate Demand Bonds

+ Backed by LOC (no extension 1/27/12)

+ Conversion to fixed rate of 3.50% (1/20/12) due to LOC expiration (5 business days prior)

+ Bondholder tendered bonds upon LOC termination and uncertainty about Issuer after AB 26 published (12/29/11)

City and County of San Francisco RDA Agency Debt Purchase

- + Failure to purchase bonds constitutes default and draw on LOC
- + Covenanted sources of repayment: revenues and unrestricted reserves (insufficient)
- + Default rate: Prime + 3.0% = 6.25%; due at LOC expiration
- + All actions required by the Indenture (enforceable obligation) and permissible
- + Bonds not redeemed, restructured or refunded