



*San Francisco Public Library*

**MEMORANDUM**

TO: Honorable Commissioners  
FR: Luis Herrera, City Librarian  
DATE: September 29, 2008  
RE: Sale of Lease Revenue Bonds for the Completion of BLIP

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On September 18, 2008, the Library Commission was provided background on the lease revenue bond financing process and the estimated amount of lease revenue bonds needed to complete the remaining branch projects for the Branch Library Improvement Program ("BLIP"). The estimate at that time was approximately \$30.6 million, plus approximately \$3.3 million in bond issuance costs, for a total of approximately \$34 million. As noted at the time the numbers were estimates only and would be finalized for the October 2, 2008 meeting.

The first sale will cover construction and soft costs for Merced, Golden Gate Valley, Ortega and Anza, as well as design and applicable costs for North Beach and Bayview. Please see Attachment A, which lists the estimated funding requirements for the six BLIP projects for the first revenue bond sale.

The requested authorization of not-to-exceed \$36,000,000 in principal amount is \$2,045,000 or 6.0% percent more than the expected sale amount of \$33,955,000 to allow for fluctuations in market conditions from the date that the Library Commission requests the Board of Supervisors to issue the Bonds to the date of the proposed sale of the Bonds. The Resolution's reference to a not-to-exceed 12% interest rate is standard language that is used in Board legislation and is based on the ceiling for interest rate payments provided by state law. Based on current market conditions, the overall effective interest rate on the Bonds is actually expected to be approximately 6.3%. Once the Bonds have been sold, we will report back to the Commission with the exact interest rate and principal amount. The sale of the proposed Bonds is tentatively scheduled for December 2008.

Staff recommends that the Commission approve the attached resolution determining to utilize a lease financing transaction involving the issuance and sale of lease revenue bonds to finance a portion of the BLIP and associated financing costs; and requesting the Mayor to recommend and the Board of Supervisors to authorize such lease financing transaction and related actions.

Attachment A: 2008 Lease Revenue Bond Estimates-First Sale