

**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 19-42**

- WHEREAS,** Pursuant to the Charter of the City and County of San Francisco (the "City") and Chapter 43, Article XII of the San Francisco Administrative Code (the "Port Bond Ordinance"), the Port Commission is authorized, subject to the approval of the Board of Supervisors of the City (the "Board"), to issue revenue bonds for any Port-related purpose and secured solely by Port revenues; and
- WHEREAS,** Pursuant to Resolution No. 09-63, adopted by the Port Commission on October 13, 2009, the Port issued \$14,220,000 aggregate principal amount of its City and County of San Francisco Revenue Bonds, Series 2010A (Non-AMT Tax-Exempt) (the "Series 2010A Bonds") and \$22,430,000 aggregate principal amount of its City and County of San Francisco Revenue Bonds, Series 2010B (Taxable) (the "Series 2010B Bonds" and, collectively with the Series 2010A Bonds, the "Series 2010 Bonds") for the purpose of financing the costs of acquiring, constructing, improving and developing facilities under the jurisdiction of the Port; and
- WHEREAS,** The Series 2010 Bonds were issued pursuant to an Indenture of Trust (the "Master Indenture"), as supplemented by a First Supplement to Indenture of Trust, each dated as of February 1, 2010, between the Port Commission and U.S. Bank National Association, as successor trustee; and
- WHEREAS,** The Series 2010A Bonds are currently outstanding in the principal amount of \$14,220,000 and the Series 2010B Bonds are currently outstanding in the principal amount of \$15,645,000 and are subject to redemption at the option of the Port Commission on any date on or after March 1, 2020; and
- WHEREAS,** The Port Commission adopted its Municipal Debt Policy (the "Debt Policy") on July 14, 2009, and, on November 15, 2016, adopted an update to the Debt Policy; and
- WHEREAS,** The purpose of the Debt Policy is to provide comprehensive guidelines for the issuance and management of the Port Commission's bonds and other debt obligations; and
- WHEREAS,** The Debt Policy provides for the issuance of refunding bonds to refinance previously issued and outstanding debt in order to achieve debt service savings, and for certain other specified reasons; and

**WHEREAS,** The Debt Policy also specifies that refunding bonds issued solely to achieve debt service savings shall not be issued unless: (i) the estimated net present value of the savings, as determined by the Port's financial advisors, is at least 3% of the principal amount of the refunded bonds; and (ii) it is unlikely, in the judgment of the Port's financial advisors, that a future refunding would realize greater savings; and

**WHEREAS,** Port staff, in consultation with the Port's financial advisors (the "Co-Municipal Advisors"), have determined that the Port can realize significant debt service savings by refinancing the Port's Series 2010 Bonds on March 1, 2020, when they first become eligible for refunding; and

**WHEREAS,** The Co-Municipal Advisors have estimated that under current market conditions a refinancing would generate net present value savings significantly above the Debt Policy threshold for the issuance of refunding bonds; and

**WHEREAS,** The Co-Municipal Advisors are of the opinion (assuming current market conditions) that it is unlikely that the Port could achieve significant additional savings by delaying the refunding beyond the March 1, 2020 date;

**WHEREAS,** The Port Commission has determined that it is desirable to issue refunding bonds, in one or more series, (together, the "Bonds") to refund the Series 2010 Bonds in order to achieve debt service savings; and

**WHEREAS,** In connection with the issuance, sale and delivery of the Bonds, the Port Commission will enter into a Third Supplement to Indenture of Trust and certain other related documents and will prepare a Preliminary Official Statement and execute a final Official Statement; and

**WHEREAS,** The Bonds will be sold by negotiated sale pursuant to one or more bond purchase contracts; now, therefore, be it

RESOLVED, By the San Francisco Port Commission as follows:

Section 1. Recitals. The Port Commission finds and determines that all of the recitals above are true and correct.

Section 2. Conditions Precedent. All conditions, things and acts required by law to exist, to happen and to be performed precedent to and in the issuance of the Bonds exist, have happened and have been performed in due time, form and manner in accordance with applicable law, and the Port is authorized pursuant to the Charter and the Administrative Code to incur indebtedness in the manner and form provided in this Resolution, subject, however, to approval by the Board of a resolution authorizing the issuance and delivery of the Bonds.

Section 3. Approval of the Bonds. The Port Commission hereby approves the issuance, sale and delivery of the Bonds in accordance with the Master Indenture, as previously amended and supplemented, and as amended and supplemented by the Third Supplement to Indenture of Trust referred to in Section 4 below (collectively, the "Indenture"), as the same is finally executed and delivered. The proceeds of the Bonds will be used to (i) refund the Series 2010 Bonds; (ii) fund a debt service reserve fund for the Bonds, if required; and (iii) pay costs of issuance of the Bonds. The Bonds shall be designated as "Port Commission of the City and County of San Francisco Port Refunding Revenue Bonds, Series 2020," with such other or additional designation as deemed appropriate by the Executive Director of the Port or her designee. The Bonds shall be issued in an aggregate principal amount not to exceed twenty-seven million dollars (\$27,000,000), with an interest rate not to exceed six percent (6%) per annum and shall have a final maturity date not later than twenty-five (25) years following the dates of issuance thereof. The Bonds may be issued in one or more series or sub-series and in whole or in part as tax-exempt or taxable obligations. The Bonds shall be subject to redemption as set forth in the Indenture. To the extent deemed necessary or desirable by the Executive Director, this Port Commission authorizes the procurement of credit enhancement for the Bonds, including, but not limited to, municipal bond insurance or a debt service reserve fund surety bond, and the documents authorized herein may be modified or amended to permit the procurement of credit enhancement for the Bonds, to the extent deemed necessary or desirable by the Executive Director, upon consultation with the City Attorney.

Section 4. Approval of the Third Supplement to Indenture. The form of the Third Supplement to Indenture of Trust, between the Port and a national banking association meeting the requirements of the Master Indenture to be named therein, as trustee (the "Trustee"), as presented to this Port

Commission, copies of which are on file with the Secretary of the Port Commission, is hereby approved. The Executive Director of the Port is hereby authorized to execute the Third Supplement to Indenture of Trust, with such changes, additions and modifications as the Executive Director may make or approve in accordance with Section 9 hereof.

Section 5. Sale of Bonds by Negotiated Sale; Selection of Underwriters. The Executive Director is hereby authorized to sell the Bonds by negotiated sale pursuant to one or more purchase contracts as described in Section 6 below, if the Director determines that such manner of sale is in the best interest of the Port, such determination to be conclusively evidenced by the execution and delivery of such purchase contract or contracts by the Port. Stifel, Nicolaus & Company Incorporated and 280 Securities LLC are hereby appointed to act as underwriter(s) for the Bonds (the "Underwriters").

Section 6. Approval of Form of Bond Purchase Contract relating to the Bonds. The form of bond purchase contract between the Port and the Underwriters, relating to the Bonds (the "Bond Purchase Contract"), as presented to this Port Commission, a copy of which is on file with the Secretary of the Port Commission, is hereby approved. The Executive Director is hereby authorized to execute the Bond Purchase Contract, with such changes, additions and modifications as the Executive Director may approve in accordance with Section 10 hereof; provided that the underwriters' discount with respect to the Bonds shall not exceed 0.70 percent (0.70%) of the principal amount of the Bonds, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Contract by the Executive Director.

Section 7. Approval of the Official Statement in Preliminary and Final Form. The form of an official statement relating to the Bonds (the "Official Statement"), as presented to this Port Commission, a copy of which is on file in preliminary form with the Secretary of the Port Commission, is hereby approved. The Executive Director is hereby authorized to approve the distribution of the Preliminary Official Statement in substantially said form, with such changes, additions, modifications or deletions as the Executive Director may approve; such approval to be conclusively evidenced by the Executive Director's direction to the Underwriters to distribute the Preliminary Official Statement to potential purchasers of the Bonds. The Executive Director is hereby authorized to cause the distribution of the Preliminary Official Statement, deemed final for purposes of Rule 15c2-12 of the Securities and Exchange Act of 1934, as amended, and to sign a certificate to that effect. The Executive Director is hereby further authorized and directed to authorize the distribution of and sign the Official Statement in final form.

Section 8. Approval of the Escrow Agreements. The form of the Escrow Agreement for the Series 2010A Bonds and the Escrow Agreement for the Series 2010B Bonds (collectively, the "Escrow Agreements"), each by and between the Port and the Trustee, as Escrow Agent, as presented to this Port Commission, copies of which are on file with the Secretary of the Port Commission, are hereby approved. The Executive Director is hereby authorized to execute the Escrow Agreements, with such changes, additions, modifications or deletions as the Executive Director may approve; such approval to be conclusively evidenced by the execution and delivery of the Escrow Agreements by the Executive Director or to proceed with the refunding without the use of an escrow agreement, if the Director determines, in consultation with co-bond counsel and the co-municipal advisors, that it is in the best interests of the Port to do so.

Section 9. Approval of the Continuing Disclosure Certificate. The form of a Continuing Disclosure Certificate, as presented to this Port Commission, a copy of which is on file with the Secretary of the Port Commission, is hereby approved. The Executive Director is hereby authorized to execute the Continuing Disclosure Certificate, with such changes, additions, modifications or deletions as the Executive Director may approve; such approval to be conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificate by the Executive Director.

Section 10. General Authority. The Executive Director, the Secretary of the Port Commission and other officers of the Port, the City Attorney and their duly authorized deputies and agents are hereby authorized and directed, jointly and severally, to take such actions and to execute and deliver such certificates, agreements, requests or other documents as they may deem necessary or desirable to implement the proposed financing through the sale, issuance and delivery of the Bonds and otherwise to carry out the provisions of this Resolution.

Section 11. Ratification of Prior Actions. All actions authorized and directed by this Resolution and heretofore taken are hereby ratified, approved and confirmed by this Port Commission.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 22, 2019.***



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**For Amy Quesada,  
Secretary**

