

1 [Authorizing Refunding Certificates of Participation - Various Port Projects - Not to Exceed
2 \$25,000,000]

3 **Ordinance authorizing the execution and delivery from time to time of refunding**
4 **Certificates of Participation evidencing and representing an aggregate principal**
5 **amount of not to exceed \$25,000,000 to prepay certain certificates of participation that**
6 **financed the design, acquisition, construction, reconstruction, expansion,**
7 **improvement, equipping, renewal, restoration, and/or replacement of certain capital**
8 **improvements to properties of the Port Commission of the City and County of San**
9 **Francisco; approving the form of Supplement to Trust Agreement between the City and**
10 **County of San Francisco and U.S. Bank Trust Company, National Association (as**
11 **successor-in-interest to U.S. Bank National Association), as trustee (“Trustee”);**
12 **approving the form of Supplement to Project Lease, between the City and County of**
13 **San Francisco and the Trustee, relating to the lease and lease back of all or a portion of**
14 **the James R. Herman Cruise Terminal at Pier 27; approving the form of Escrow**
15 **Agreement, Purchase Contract, Official Notice of Sale, and Notice of Intention to Sell**
16 **Certificates; directing the publication of the Notice of Intention to Sell Certificates;**
17 **approving the form of the Preliminary Official Statement and the form and execution of**
18 **the Official Statement relating to the sale of the Certificates; approving the form of the**
19 **Continuing Disclosure Certificate; granting general authority to City officials to take**
20 **necessary actions in connection with the authorization, execution, sale and delivery of**
21 **the Certificates, approving modifications to documents and agreements; and ratifying**
22 **previous actions taken in connection therewith, as defined herein.**

23 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
24 **Additions to Codes** are in *single-underline italics Times New Roman font*.
25 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.

Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

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

Section 1. Background.

(a) The City and County of San Francisco (“City”) and U.S. Bank Trust Company, National Association (as successor-in-interest to U.S. Bank National Association), as trustee (“Trustee”), have previously entered into a Property Lease, dated as of October 1, 2013 (“Original Property Lease”), pursuant to which the City leased certain real property and all improvements thereon, generally consisting of certain land and improvements comprising portions of the Laguna Honda Hospital campus within the City (“Laguna Honda Hospital”), owned by the City and located at 375 Laguna Honda Boulevard within the City and portions of the James R. Herman Cruise Terminal at Pier 27 (“Pier 27 Terminal” and, together with Laguna Honda Hospital, “Prior Leased Property”) to the Trustee.

(b) The Trustee and the City have previously entered into a Project Lease, dated as of October 1, 2013 (“Original Project Lease”), pursuant to which the Trustee leased the Prior Leased Property back to the City.

(c) The City previously caused the execution and delivery of the City and County of San Francisco Certificates of Participation, Series 2013B (Port Facilities Project) (“2013B Certificates”) and the City and County of San Francisco Certificates of Participation, Series 2013C (Port Facilities Project) (“2013C Certificates” and, together with the 2013B Certificates, “2013BC Certificates”) pursuant to a Trust Agreement, dated as of October 1, 2013, by and between the City and the Trustee (“Original Trust Agreement”).

(d) The 2013BC Certificates evidenced direct undivided interests in the lease payments made by the City under the Original Project Lease.

1 (e) The City and the Trustee have previously entered into a First Amendment to
2 Property Lease, dated as of February 1, 2015 (“First Amendment to Property Lease”),
3 amending the Original Property Lease, a First Amendment to Project Lease, dated as of
4 February 1, 2015 (“First Amendment to Project Lease”), amending the Original Project Lease,
5 and a Partial Termination Agreement dated as of February 1, 2015 (“Partial Termination
6 Agreement”).

7 (f) The First Amendment to Property Lease, the First Amendment to Project Lease,
8 and the Partial Termination Agreement provided for the release of Laguna Honda Hospital
9 from the Prior Lease Property (such property as modified upon such release being referred to
10 herein as the “Leased Property”), as contemplated by Section 7.02 of the Original Trust
11 Agreement.

12 (g) A portion of the 2013BC Certificates currently remains outstanding and unpaid and
13 may be prepaid and retired by the City upon meeting certain conditions (“Refunded
14 Certificates”).

15 (h) Chapter 43, Article VIII, Section 43.8.1 of the San Francisco Administrative Code
16 (“Administrative Code”) provides that the policy of the City is to permit the refunding of
17 outstanding lease obligations of the City whenever such refunding shall result in net debt
18 service savings to the City pursuant to the procedure set forth in such Article as well as by any
19 other method permitted by law or other ordinance of the Board of Supervisors (“Board of
20 Supervisors” or “Board”).

21 (i) The Original Trust Agreement provides for the issuance of additional certificates of
22 participation by the execution and delivery of a supplement to the Original Trust Agreement
23 and authorizes the principal and interest with respect to said certificates of participation to be
24 secured by a supplement to the Original Project Lease and to be paid from amounts paid by
25 the City under a supplement to the Original Project Lease.

1 (j) The Board of Supervisors of the City desires to provide for the prepayment, in whole
2 or in any part, of the Refunded Certificates through the execution and delivery of one or more
3 additional series of certificates of participation (as further defined herein, "Certificates")
4 therefor pursuant to the Original Trust Agreement.

5 (k) The Certificates will be executed and delivered in one or more series, from time to
6 time, pursuant to one or more supplements to the Original Trust Agreement (each, a
7 "Supplement to Trust Agreement"), by and between the City and the Trustee, supplementing
8 the Original Trust Agreement.

9 (l) In connection with the execution and delivery of the Certificates, the Board desires to
10 cause the execution of one or more supplements to the Original Project Lease (each, a
11 "Supplement to Project Lease"), supplementing and amending the Original Project Lease to
12 provide for (i) the additional or adjusted Base Rental to be paid by the City in connection with
13 the issuance of the Certificates and the prepayment of the Refunded Certificates and
14 (ii) certain related matters, with such additional changes to the Supplement to Project Lease
15 as shall be determined by the Director of Public Finance; a form of Escrow Agreement
16 ("Escrow Agreement"), between the City and U.S. Bank Trust Company, National Association,
17 as escrow agent ("Escrow Agent"); a form of a purchase contract between the City and one or
18 more initial purchasers of the Certificates ("Purchase Contract"); a Continuing Disclosure
19 Certificate; and certain other related documents.

20 (m) The Certificates, when issued, will evidence direct undivided interests in the lease
21 payments made by the City under the Original Project Lease, as previously supplemented and
22 amended and as supplemented and amended by the Supplement or Supplements to Project
23 Lease, on a parity basis with the outstanding Refunded Certificates.

24 (n) The Board has been presented with the form of certain documents and agreements
25 referred to herein relating to the Certificates, and the Board has examined and is approving

1 each such document and agreement and desires to authorize the execution of such
2 documents and agreements and the consummation of such financing.

3 (o) The Board has received from the City's Office of Public Finance and disclosed to
4 the public certain good faith estimates, as required by Section 5852.1 of the California
5 Government Code, regarding certain costs relating to, the net proceeds of, and the debt
6 service cost of the proposed issuance of the Certificates, which estimated information has
7 been provided by the City's municipal advisor, Backstrom McCarley Berry & Co., LLC, and
8 which estimated information is based upon conditions that are subject to change prior to, on,
9 or after the effective date of this Ordinance, including prevailing market conditions and the
10 City's ability to refinance the Refunded Certificates on a tax-exempt basis.

11 (p) Upon the effectiveness of this Ordinance, all conditions, things, and acts required
12 by law to exist, to happen, and to be performed precedent to and as a condition of the
13 execution and delivery of the Supplement or Supplements to Project Lease, the Supplement
14 to Trust Agreement, the Escrow Agreement(s), the Purchase Contract(s), the Continuing
15 Disclosure Certificate, the Official Statement (as defined herein), and the Certificates will exist,
16 have happened, and have been performed in due time, form and manner in accordance with
17 applicable law, and the City shall be authorized pursuant to its Charter and other applicable
18 law to execute and deliver the Supplement or Supplements to Project Lease, the Supplement
19 to Trust Agreement, the Escrow Agreement(s), the Purchase Contract(s), the Continuing
20 Disclosure Certificate, the Official Statement (as defined herein), and to cause the execution
21 and delivery of the Certificates in the manner and form provided in this Ordinance.

22 (q) The adoption of this Ordinance constitutes authorization of the Certificates within
23 the meaning of Section 864 of the California Code of Civil Procedure, as amended, and any
24 Validation Act that is effective after this Ordinance takes effect.

1 Section 2. Findings. The Board hereby finds and determines that the recitals set
2 forth above are true and correct.

3 Section 3. File Documents. The documents presented to the Board and on file with
4 the Clerk of the Board or their designee (collectively, the “Clerk”) are contained in File
5 No. 241120.

6 Section 4. Authorization of the Certificates. The Board hereby authorizes and
7 approves the execution and delivery of the Certificates in one or more series and on one or
8 more delivery dates in accordance with the Original Trust Agreement, as supplemented by the
9 applicable Supplement to Trust Agreement. The proceeds of the Certificates will be used,
10 together with other available funds of the City, to (i) prepay all or any portion of the Refunded
11 Certificates, as determined by the Director of Public Finance, including the payment of any
12 interest accrued on the principal amounts thereof through the date of payment; (ii) fund a
13 reserve fund, reserve surety, or other reserve fund instrument, as appropriate; and (iii) pay
14 costs of the execution and delivery of the Certificates. The Certificates shall be designated as
15 “City and County of San Francisco Refunding Certificates of Participation (Port Facilities
16 Project),” with such other or additional designation, including as to series or sub-series and
17 the year of execution and delivery, as determined by the Director of Public Finance of the City
18 or their designee, acting for and on behalf of the City Controller (collectively, the “Director of
19 Public Finance”).

20 The Certificates shall evidence an aggregate principal amount of not to exceed Twenty-
21 Five Million Dollars (\$25,000,000), and shall evidence interest at a true interest cost up to but
22 not to exceed twelve percent (12%) per annum. The Certificates shall result in net debt
23 service savings to the City of not less than three percent (3%) of the par value of the
24 Refunded Certificates on a net present value basis, using the Certificates’ True Interest Cost
25 as the discount rate, as stipulated in the City’s Adopted Debt Policy.. The Certificates shall be

1 subject to prepayment as set forth in the applicable Supplement to Project Lease and
2 Supplement to Trust Agreement. The Director of Public Finance is hereby authorized, to the
3 extent such officer deems it necessary or advisable and financially advantageous to the City,
4 to procure credit enhancement for the Certificates, including but not limited to municipal bond
5 insurance and/or a debt service reserve fund surety policy.

6 The Director of Public Finance is hereby authorized, to the extent such officer deems it
7 necessary or advisable and in the interests of the City, to cause the execution and delivery of
8 the Certificates (i) with interest with respect thereto exempt or not exempt from federal income
9 tax, or (ii) under any federal tax law provisions which provide for federal grants or credits to
10 the City or to investors in lieu of the exemption of interest from federal income tax or (iii) as
11 “qualified private activity bonds” and to publish any notices and conduct any public hearings in
12 connection therewith.

13 Section 5. Approval of the Supplement to Trust Agreement. The form of the
14 Supplement to Trust Agreement between the City and the Trustee, as presented to the Board,
15 a copy of which is on file with the Clerk, is hereby approved. The Mayor of the City or their
16 designee (collectively, the “Mayor”) or the City Controller or their designee (collectively,
17 “Controller”) is hereby authorized to execute and deliver one or more Supplements to Trust
18 Agreement, and the Clerk is hereby authorized to attest to such Supplement or Supplements
19 to Trust Agreement, with such changes, additions, and modifications as made or approved in
20 accordance with Section 13 hereof.

21 Section 6. Approval of the Supplement to Project Lease. The form of the
22 Supplement to Project Lease between the City and the Trustee, as presented to the Board, a
23 copy of which is on file with the Clerk, is hereby approved. The Mayor or the Controller is
24 hereby authorized to execute and deliver one or more Supplements to Project Lease, and the
25 Clerk is hereby authorized to attest to such Supplement or Supplements to Project Lease,

1 with such changes, additions, and modifications as made or approved in accordance with
2 Section 13 hereof.

3 Section 7. Approval of the Leased Property and the Base Rental Payments. The
4 Board hereby approves the leasing, pursuant to the terms of the Supplement or Supplements
5 to Project Lease, of all or a portion of the Leased Property. The Board also hereby approves
6 the payment by the City of the Base Rental with respect thereto.

7 Section 8. Approval of the Escrow Agreement. The form of the Escrow Agreement
8 between the City and the Escrow Agent, as presented to the Board, a copy of which is on file
9 with the Clerk, is hereby approved. The Mayor, the Controller or the Director of Public
10 Finance is hereby authorized to execute and deliver one or more Escrow Agreements, with
11 such changes, additions and modifications as made or approved in accordance with Section
12 13 hereof.

13 Section 9. Official Statement. The form of proposed Preliminary Official Statement
14 describing the Certificates (“Preliminary Official Statement”) submitted to the Board is
15 approved and adopted as the Preliminary Official Statement describing the Certificates, with
16 such additions, corrections, and revisions as may be determined to be necessary or desirable
17 made in accordance herewith. The Controller is authorized to cause the distribution of a
18 Preliminary Official Statement deemed final for purposes of Securities and Exchange
19 Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as
20 amended (“Rule”), and to sign a certificate to that effect. The Director of Public Finance is
21 authorized and directed to cause to be printed and mailed or electronically distributed to
22 prospective bidders or purchasers for the Certificates the Preliminary Official Statement in
23 substantially the form of the Preliminary Official Statement approved and adopted by this
24 Ordinance, as completed, supplemented, corrected or revised. The Controller is authorized
25 and directed to approve, execute, and deliver the final Official Statement with respect to the

1 Certificates, which final Official Statement shall be in the form of the Preliminary Official
2 Statement, with such additions, corrections and revisions as may be determined to be
3 necessary or desirable made in accordance herewith and as are permitted under the Rule.
4 The Director of Public Finance is authorized and directed to cause to be printed and mailed or
5 electronically distributed the final Official Statement to all actual initial purchasers of the
6 Certificates.

7 Section 10. Continuing Disclosure Certificate. The form of Continuing Disclosure
8 Certificate (“Continuing Disclosure Certificate”), to be signed by the Controller to permit the
9 original purchasers of the Certificates to comply with the Rule, submitted to the Board is
10 approved and adopted as the Continuing Disclosure Certificate, with such changes, additions,
11 and modifications as made or approved in accordance with Section 13 hereof. The Controller
12 and the Director of Public Finance are authorized and directed to execute the Continuing
13 Disclosure Certificate on behalf of the City and deliver the Continuing Disclosure Certificate to
14 the original purchasers of the Certificates.

15 Section 11. Sale of the Certificates. The Controller or the Director of Public Finance
16 is hereby authorized to cause the sale of the Certificates by competitive or negotiated sale. If
17 sold by competitive sale, the Controller or the Director of Public Finance is hereby authorized
18 and directed to award the Certificates to the bidder whose bid represents the lowest true
19 interest cost to the City (as confirmed by the City’s municipal advisor) and whose bid
20 otherwise conforms to the bid requirements contained in the Official Notice of Sale.

21 The form of proposed Notice of Intention to Sell the Certificates (“Notice of Intention to
22 Sell Certificates”) submitted to the Board is approved and adopted as the Notice of Intention
23 to Sell the Certificates, and the Controller or the Director of Public Finance is authorized and
24 directed to cause the Notice of Intention to Sell Certificates, subject to such changes,
25 additions, and modifications as made or approved in accordance with Section 13 hereof, to be

1 published once in *The Bond Buyer* or another financial publication generally circulated
2 throughout the State of California.

3 If the Controller or the Director of Public Finance determines to sell the Certificates by
4 negotiated sale, the Controller or the Director of Public Finance is hereby authorized to sell
5 the Certificates by negotiated sale pursuant to one or more purchase contracts (each, a
6 “Purchase Contract”) by and between the City and the underwriters named therein; provided,
7 however, that the underwriters’ discount under any such Purchase Contract shall not exceed
8 one percent (1.0%) of the principal amount of the Certificates.

9 To accomplish the sale of the Certificates by negotiated sale, if applicable, the
10 Controller or the Director of Public Finance is hereby authorized to appoint one or more
11 financial institutions to act as underwriter for the Certificates in accordance with City policies
12 and procedures, including but not limited to the City’s policy to provide locally disadvantaged
13 business enterprises an equal opportunity to participate in the performance of all City
14 contracts.

15 Section 12. General Authority. The Mayor, the City Treasurer, the City Attorney, the
16 City Controller, the City Administrator, the Director of Public Finance, the Clerk, and other
17 officers of the City and their duly authorized deputies, designees, and agents are hereby
18 authorized and directed, jointly and severally, to take such actions and to execute and deliver
19 such certificates, agreements, requests, or other documents as they may deem necessary or
20 desirable to accomplish the purposes of this Ordinance, including but not limited to the
21 execution and delivery of a Supplement or Supplements to Project Lease, a Supplement or
22 Supplements to Trust Agreement, the Continuing Disclosure Certificate, one or more
23 Purchase Contracts, one or more Escrow Agreements and the Certificates, to obtain bond
24 insurance and/or other credit enhancements and/or a surety policy with respect to the
25 Certificates, to obtain title insurance, to clear any encumbrances to title and to carry out other

1 title work. Any such actions are solely intended to further the purposes of this Ordinance, and
2 are subject in all respects to the terms of this Ordinance. No such actions shall increase the
3 risk to the City or require the City to spend any resources not otherwise granted herein. Final
4 versions of any such documents shall be provided to the Clerk of the Board for inclusion in the
5 official file within 30 days of execution (or as soon thereafter as final documents are available)
6 by all parties.

7 Section 13. Modifications, Changes and Additions. The Mayor, the City Treasurer,
8 the Controller, and the Director of Public Finance each are hereby authorized to make such
9 modifications, changes and additions to the documents and agreements approved hereby,
10 upon consultation with the City Attorney, as may be necessary or desirable and in the
11 interests of the City, and which changes do not materially increase the City's obligations or
12 materially reduce its rights thereunder or hereunder. The respective official's approval of such
13 modifications, changes, and additions shall be conclusively evidenced by the execution and
14 delivery thereof by such official.

15 Section 14. Partial Invalidity. Any provision of this Ordinance found to be prohibited
16 by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the
17 remainder of this Ordinance.

18 Section 15. Ratification of Prior Actions. All actions authorized consistent with any
19 documents presented herein and approved by this Ordinance but heretofore taken are hereby
20 ratified, approved ,and confirmed by the Board.

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1 Section 16. Effective Date. This Ordinance shall take effect immediately.

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3 APPROVED AS TO FORM:
4 DAVID CHIU, City Attorney

5 By: /s/ MARK D. BLAKE
6 MARK D. BLAKE
 Deputy City Attorney

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