[Certificates of Participation for Various Port Projects – Not to Exceed $45,000,000.]

Resolution authorizing the execution and delivery of certificates of participation evidencing an aggregate principal amount of not to exceed $45,000,000 to finance the design, acquisition, construction, reconstruction, expansion, improvement, equipping, renewal, restoration and/or replacement of certain capital improvements to properties of the Port Commission of the City and County of San Francisco; authorizing the selection of a trustee by the Director of Public Finance and approving the form of a trust agreement for the certificates of participation between the City and County of San Francisco and such trustee (including certain indemnities contained therein); approving the forms of a property lease and a project lease between the City and the trustee relating to all or a portion of the real property and improvements located at 375 Laguna Honda Boulevard and all or a portion of the James R. Herman Cruise Terminal at Pier 27; approving a form of memorandum of understanding with the Port Commission of the City and County of San Francisco relating to repayment of the Certificates and other matters; approving the form of an official notice of sale and notice of intention to sell for the certificates of participation; authorizing the selection of underwriters by the Director of Public Finance and approving the form of a purchase contract between the City and the underwriters relating to the certificates of participation, if sold by negotiated sale; approving the forms of a preliminary and final official statement with respect to the certificates of participation; approving the form of a continuing disclosure certificate; approving the issuance and sale of tax-exempt certificates of participation in an aggregate principal amount not to exceed $45,000,000 following a public hearing; granting general authority to City officials to

take necessary actions in connection with the authorization, issuance, sale and delivery of the certificates of participation; approving modifications to documents and agreements; and ratifying previous actions taken in connection therewith.

WHEREAS, the Board of Supervisors of the City and County of San Francisco (the "Board of Supervisors" or the "Board") desires to finance the design, acquisition, construction, reconstruction, expansion, improvement, equipping, renewal, restoration and/or replacement of certain improvements to Piers 19, 23, 27 (the James R. Herman Cruise Terminal), 29, 30-32 and 70 and other Port property (collectively, the "Project"); and

WHEREAS, the Board desires to finance initially activities for the Project through the issuance of commercial paper under the City's commercial paper program and to apply proceeds of the certificates of participation authorized hereby (the "Certificates") to, in part, repay such commercial paper, and interest thereon; and

WHEREAS, the Board desires to cause the execution and delivery of one or more series of the Certificates to finance the Project pursuant to a trust agreement (the "Trust Agreement"), between the City and the trustee to be selected by the City as provided herein (the "Trustee"); and

WHEREAS, in connection with the execution and delivery of the Certificates, the Board desires to cause the execution of a Property Lease (the "Property Lease"), pursuant to which the City will lease to the Trustee all or a portion of the Laguna Honda Hospital and all or a portion of the James R. Herman Cruise Terminal at Pier 27 (the "Leased Property") located on certain identified real property (the "Sites") at 375 Laguna Honda Boulevard and at Pier 27, respectively, identified in the Property Lease and a Project Lease (the "Project Lease"), pursuant to which the Trustee will lease the Leased Property back to the City; and

WHEREAS, in connection with the execution and delivery of the Certificates, the Board desires to cause the execution of a Memorandum of Understanding (the "Memorandum of Understanding"), pursuant to which the City agrees to cause the execution and delivery of the Certificates and the Port Commission of the City and County of San Francisco (the "Port") agrees to make payments to the City in amounts equal to the Base Rental payments made by the City from time to time with respect thereto; and

WHEREAS, this Board has been presented with the form of certain documents and agreements referred to herein relating to the Certificates, and the Board has examined and is approving each such document and agreement and desires to authorize and direct the execution of such documents and agreements and the consummation of such financing; and

WHEREAS, the Certificates may be sold by competitive sale pursuant to an official notice of sale and a notice of intention to sell or, in accordance with certain procedures, by negotiated sale pursuant to a purchase contract; and

WHEREAS, the interest on the portion of the Certificates (the "Private Activity Certificates") financing certain private activity portions of the Project (the "Private Activity Project") may qualify for tax exemption under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") only if the Private Activity Certificates are approved in accordance with Section 147(f) of the Code); and,

WHEREAS, The Private Activity Project is located wholly within the City; and

WHEREAS, The Board of Supervisors of the City (the "Board") is the elected legislative body of the City and is one of the applicable elected representatives required to approve the issue within the meaning of Section 147(f) of the Code; and,

WHEREAS, the Director of Public Finance held a public hearing at 10:00 am on Wednesday, April 25, 2012, notice of which hearing was published in a newspaper of

general circulation in the City in accordance with Section 147(f) of the Code, and an opportunity was provided for persons to comment on the execution and delivery the Private Activity Certificates and the plan of financing for the Private Activity Project; and

WHEREAS, the adoption of this Resolution shall constitute authorization of the Certificates within the meaning of Section 864 of the California Code of Civil Procedure and any Validation Act that is effective after this Resolution takes effect;

NOW THEREFORE,

Be it resolved, by this Board of Supervisors of the City and County of San Francisco as follows:

Section 1. Recitals. All of the recitals herein 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 connection with the execution and delivery of Property Lease, the Project Lease and the Certificates exist, have happened and have been performed in due time, form and manner in accordance with applicable law, and the City is now authorized pursuant to its Charter and applicable law to execute and delivery the Property Lease and the Project Lease and to issue and cause the issuance of the Certificates in the manner and form provided in this Resolution.

Section 3. File Documents. The documents presented to this Board and on file with the Clerk of the Board or her designee (collectively, the "Clerk") are contained in File No. _____.

Section 4. Authorization of the Certificates; Credit Enhancement. The Board hereby authorizes and approves the execution and delivery of the Certificates, which shall be executed and delivered in accordance with the Project Lease and the Trust Agreement, as the same are finally executed and delivered. The proceeds of the Certificates will be used to

(i) fund the Project, including repayment of commercial paper or other interim financing issued by the City for such purpose; (ii) fund a reserve fund, reserve surety or other reserve fund instrument, as appropriate; (iii) fund any capitalized interest; and (iv) pay costs of issuance of the Certificates. The Certificates shall be designated as "City and County of San Francisco Certificates of Participation (Port Facilities Project)," with such other designations, including designations for separate series and including the year of execution and delivery, as deemed appropriate by the Director of Public Finance of the City or her designee (collectively, the "Director of Public Finance").

The Certificates shall evidence an aggregate principal amount not to exceed Forty Five Million Dollars ($45,000,000), and shall evidence interest at true interest cost of not to exceed twelve percent (12%) per annum. The Certificates shall be subject to prepayment as set forth in the Project Lease and Trust Agreement. This Board authorizes the Director of Public Finance, to the extent such officer deems it necessary or advisable and in the interests of the City, to procure credit enhancement for the Certificates, including, but not limited to, municipal bond insurance or a debt service reserve fund surety bond or other reserve fund instrument.

The Board hereby authorizes the Director of Public Finance, to the extent such officer deems it necessary or advisable and in the interests of the City, to cause the execution and delivery of the Certificates (i) with tax-exempt or taxable rates or (ii) under federal tax law provisions, if any, which provide for federal grants or credits to or for the benefit of the City in lieu of tax-exemption of interest or (iii) as "qualified private activity bonds" and to publish any notices and conduct any public hearings in connection therewith.

The approval of the Certificates contained herein shall also be approval pursuant to Section 147(f) of the Code.

Section 5. Approval of the Trust Agreement; Authorization of Selection of Trustee. The form of the Trust Agreement between the City and the Trustee, as presented to this Board, a copy of which is on file with the Clerk, is hereby approved. The Mayor of the City or his designee (collectively, the "Mayor") is hereby authorized to execute the Trust Agreement, and the Clerk, is hereby authorized to attest to and affix the seal of the City on the Trust Agreement, with such changes, additions and modifications as the Mayor may make or approve in accordance with Section 18 hereof.

The Director of Public Finance is hereby authorized to select the Trustee in accordance with City policies and procedures, including but not limited to the City's policy to provide locally disadvantaged business enterprises an equal opportunity to participate in the performance of all City contracts.

Section 6. Approval of the Property Lease. The form of the Property Lease between the City and the Trustee, as presented to this Board, a copy of which is on file with the Clerk, is hereby approved. The Mayor is hereby authorized to execute the Property Lease, and the Clerk, is hereby authorized to attest to and affix the seal of the City on the Property Lease, with such changes, additions and modifications as the Mayor may make or approve in accordance with Section 18 hereof.

Section 7. Approval of the Project Lease; Approval of Base Rental. The form of the Project Lease between the City and the Trustee, as presented to this Board, a copy of which is on file with the Clerk, is hereby approved. The Mayor is hereby authorized to execute the Project Lease, and the Clerk is hereby authorized to attest and to affix the seal of the City on the Project Lease with such changes, additions and modifications as the Mayor may make or approve in accordance with Section 18 hereof; provided, however, that the maximum Base Rental (as defined in the Project Lease) scheduled to be paid under the Project Lease

in any fiscal year shall not exceed Three Million Five Hundred Thousand Dollars ($3,500,000) and the stated term of the Project Lease shall not have an initial term that extends beyond the 35th year following its date of execution, as such initial term may be extended in accordance with the Project Lease.

Section 8. Approval of the Sites and the Leased Property. The Board hereby approves of the leasing, pursuant to the Property Lease and the Project Lease, of all or a portion of the following Sites and Leased Property: (i) the Laguna Honda Hospital at 375 Laguna Honda Boulevard in the City, and (ii) the James R. Herman Cruise Terminal located at Pier 27 in the City, all as identified in the Property Lease and the Project Lease. The Board also hereby approves the payment by the City of the Base Rental under the Project Lease with respect to the Leased Property.

Section 9. Approval of Memorandum of Understanding. The form of the Memorandum of Understanding between the Port Commission and the Controller of the City or his designee (the "Controller"), acting through the City's Director of Public Finance, as presented to this Board, a copy of which is on file with the Clerk, is hereby approved. The Controller is hereby authorized to execute the Memorandum of Understanding with such changes, additions and modifications as the Controller may make or approve in accordance with Section 18 hereof.

Section 10. Sale and Award of Certificates. The Director of Public Finance, on behalf of the Controller, is hereby authorized to receive bids for the purchase of the Certificates, and the Controller is hereby authorized and directed to award the Certificates to the bidder whose bid represents the lowest true interest cost to the City, all in accordance with the procedures described in the Official Notice of Sale (as defined below).

Section 11. Approval of Form of Official Notice of Sale. The form of an official notice of sale relating to each Series of the Certificates (an "Official Notice of Sale"), as presented to this Board, a copy of which is on file with the Clerk, is hereby approved. The Director of Public Finance is hereby authorized to approve the distribution of one or more Official Notices of Sale for the Certificates, with such changes, additions and modifications as the Director of Public Finance may make or approve upon consultation with the City Attorney.

Section 12. Approval of Notice of Intention to Sell Relating to the Certificates. The form of a notice of intention to sell relating to each Series of the Certificates (a "Notice of Intention to Sell"), as presented to this Board, a copy of which is on file with the Clerk, is hereby approved. The Director of Public Finance is hereby authorized to approve the publication of one or more Notices of Intention to Sell relating to the Certificates, with such changes, additions and modifications as the Director of Public Finance may make or approve upon consultation with the City Attorney.

Section 13. Approval of Purchase Contract; Sale of Certificates by Negotiated Sale. In the event the Director of Public Finance determines to sell the Certificates by negotiated sale, the Director of Public Finance shall select one or more investment banking firms to act as underwriters for the Certificates in accordance with City policies and procedures, including, but not limited to, the City's policy to provide locally disadvantaged minority business enterprises and women enterprises an equal opportunity to participate in the performance of all City contracts.

The form of a purchase contract relating to the Certificates (a "Purchase Contract"), as presented to this Board, a copy of which is on file with the Clerk, is hereby approved. The Controller and any Deputy Controller is hereby authorized to execute one or more the Purchase Contracts with such changes, additions and modifications as the officer executing

the same may make or approve in accordance with Section 18 hereof, provided that the underwriters' compensation payable thereunder shall not exceed one percent (1%) of the principal amount of the Certificates.

Section 14. Approval of the Official Statement in Preliminary and Final Form. The form of an official statement relating to the Certificates (the "Official Statement"), as presented to this Board, a copy of which is on file with the Clerk, is hereby approved. The Director of Public Finance is hereby authorized to prepare and cause the preparation of the Preliminary and final Official Statements, for distribution to prospective investors, in substantially said form, with such changes, additions and modifications as the Director of Public Finance may make or approve upon consultation with the City Attorney and the City's Disclosure Counsel, such that the Preliminary and final Official Statements are accurate and complete in all material respects for the purposes for which they are provided. The Director of Public Finance is hereby authorized to cause to be printed and mailed, and distributed electronically, to prospective purchasers, copies of the Preliminary Official Statement and the final Official Statement.

The Controller 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 Controller is hereby further authorized to sign the Official Statement in final form.

Section 15. Approval of the Continuing Disclosure Certificate. The form of a Continuing Disclosure Certificate of the City, as presented to this Board, a copy of which is on file with the Clerk, is hereby approved. The Controller is hereby authorized to execute the Continuing Disclosure Certificate, with such changes, additions and modifications as the Controller may make or approve upon consultation with the City Attorney.

Section 16. Approval of Private Activity Certificates Following a Public Hearing. This Board hereby approves the execution and delivery of Private Activity Certificates in an amount not to exceed Forty Five Million Dollars ($45,000,000). It is the purpose and intent of this Board that this Resolution constitute approval of the execution and delivery of the Private Activity Certificates by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Private Activity Project is located for the purposes of and in accordance with Section 147(f) of the Code.

Section 17. General Authority. The Mayor, the City Attorney, the Controller, the City Administrator, the Director of Public Finance, the Clerk and other officers of the City and their duly authorized deputies, designees 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 accomplish the purposes of this Resolution, including but not limited to the execution and delivery of the Certificates, the Trust Agreement, the Property Lease, the Project Lease, the Memorandum of Understanding, to obtain bond insurance or other credit enhancements with respect to the Certificates.

Section 18. Modifications, Changes and Additions. The Mayor, the Controller and the Director of Public Finance each are hereby authorized to make such modifications, changes and additions to the documents and agreements approved hereby, upon consultation with the City Attorney, as may be necessary or desirable and in the interests of the City, and which changes do not materially increase the obligations of the City or reduce its rights under such documents and agreements. The respective official's approval of such modifications, changes and additions shall be conclusively evidenced by the execution and delivery, distribution or publication thereof, as appropriate, by such official.

Section 19. Official Declaration Regarding Reimbursement. The City hereby declares that it reasonably expects (i) to pay certain costs of the Project prior to the date of execution and delivery of the Certificates and (ii) to use a portion of the proceeds of the Certificates for reimbursement of expenditures for the Project that are paid before the date of execution and delivery of the Certificates.

Section 20. Environmental and Planning Approvals. This Board confirms that all required environmental and planning approvals for the Project have been obtained.

Section 21. Ratification of Prior Actions. All actions authorized and approved by this Resolution but heretofore taken are hereby ratified, approved and confirmed by this Board.

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
MARK D. BLAKE
Deputy City Attorney