

File No. 111344

Committee Item No. 2  
Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: January 18, 2012

Board of Supervisors Meeting

Date \_\_\_\_\_

#### Cmte Board

- |                                     |                          |  |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget & Legislative Analyst Report          |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ethics Form 126                              |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form (for hearings)             |
| <input type="checkbox"/>            | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |

#### OTHER

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- |                                     |                          |   |
|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Notice of Intension to Sell                 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Official Notice of Sale                     |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | **Preliminary Official Statement            |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | **CCSF Organization and Finance Appendix A. |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                       |

Completed by: Victor Young

Date: January 13, 2012

Completed by: Victor Young

Date: \_\_\_\_\_

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Earthquake Safety and Emergency Response General Obligation Bonds Sale - Not to  
2 Exceed \$192,000,000]

3  
4 **Resolution authorizing and directing the sale of not to exceed \$192,000,000 aggregate**  
5 **principal amount of City and County of San Francisco General Obligation Bonds**  
6 **(Earthquake Safety and Emergency Response Bonds, 2010) Series 2012A; prescribing**  
7 **the form and terms of said bonds; authorizing the execution, authentication, and**  
8 **registration of said bonds; providing for the appointment of depositories and other**  
9 **agents for said bonds; providing for the establishment of accounts related thereto;**  
10 **providing for the manner of sale of said bonds by competitive sale; approving the**  
11 **forms of official notice of sale and notice of intention to sell bonds; directing the**  
12 **publication of the notice of intention to sell bonds; approving the form of the**  
13 **preliminary official statement and the form and execution of the official statement**  
14 **relating to the sale of said bonds; approving the form of the continuing disclosure**  
15 **certificate; approving modifications to documents; ratifying certain actions previously**  
16 **taken; declaring the City's intent to reimburse certain expenditures; and granting**  
17 **general authority to City officials to take necessary actions in connection with the**  
18 **authorization, issuance, sale, and delivery of said bonds.**

19  
20 WHEREAS, By Resolution No. 47-10 adopted by the Board of Supervisors (the  
21 "Board") of the City and County of San Francisco (the "City") on February 9, 2010 and signed  
22 by the Mayor of the City (the "Mayor") on February 26, 2010, it was determined and declared  
23 that public interest and necessity demands the construction, acquisition, improvement,  
24 retrofitting, rehabilitation and completion of earthquake safety and emergency responsiveness  
25 facilities and infrastructure therein described; and

1 WHEREAS, By Resolution No. 516-10 (the "Authorizing Resolution"), adopted by the  
2 Board on November 2, 2010, and signed by the Mayor on November 5, 2010, the City  
3 authorized the issuance of its General Obligation Bonds (Earthquake Safety and Emergency  
4 Response Bonds, 2010) (the "Bonds"); and

5 WHEREAS, By Resolution No. 515-10, adopted by the Board on November 2, 2010,  
6 and signed by the Mayor on November 5, 2010, the City authorized the two series of Bonds  
7 not to exceed \$85,000,000 aggregate principal amount of said General Obligation Bonds  
8 (Earthquake Safety and Emergency Response Bonds, 2010) Series 2010E (Tax Exempt),  
9 which Series 2010E Bonds were subsequently issued, and said General Obligation Bonds  
10 (Earthquake Safety and Emergency Response Bonds, 2010), Series 2010F (Federally  
11 Taxable Build America Bonds), which Series 2010F Bonds were not issued; and

12 WHEREAS, The City has issued and sold, to date, a total of \$79,520,000 General  
13 Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2010); and there  
14 remains \$332,780,000 of authorized and unissued General Obligation Bonds (Earthquake  
15 Safety and Emergency Response Bonds, 2010); and

16 WHEREAS, It is necessary and desirable to issue an aggregate principal amount of not  
17 to exceed \$192,000,000 City and County of San Francisco General Obligation Bonds  
18 (Earthquake Safety and Emergency Response Bonds, 2010) Series 2012A (the "Series  
19 2012A Bonds"); and

20 WHEREAS, The Series 2012A Bonds are being issued pursuant to the Authorizing  
21 Resolution and Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the California Government  
22 Code, the Charter of the City (the "Charter"), and a duly held election called for by Ordinance  
23 40 10 adopted by the Board on February 23, 2010, and signed by the Mayor on February 26,  
24 2010 (the "Bond Ordinance"); and

1           WHEREAS, The City has paid and expects to pay certain expenditures in connection  
2 with the projects to be financed by the Series 2012A Bonds prior to the issuance and sale of  
3 the Series 2012A Bonds, and the City intends to reimburse itself and to pay third parties for  
4 such prior expenditures from the proceeds of the Series 2012A Bonds; and

5           WHEREAS, Section 1.150-2 of the Treasury Regulations promulgated under the  
6 Internal Revenue Code of 1986 (the "Treasury Regulations") requires the City to declare its  
7 reasonable official intent to reimburse prior expenditures with the proceeds of a subsequent  
8 borrowing; and

9           WHEREAS, The Treasury Regulations require that any reimbursement allocation of  
10 proceeds of the Series 2012A Bonds to be made with respect to expenditures incurred prior to  
11 the issuance of the Series 2012A Bonds will occur not later than eighteen (18) months after  
12 the later of (i) the date on which the expenditure is paid or (ii) the date on which the facilities  
13 are placed in service, but in no event later than three (3) years after the expenditure is paid;  
14 and

15           WHEREAS, The Citizens' General Obligation Bond Oversight Committee shall conduct  
16 an annual review of bond spending and shall provide an annual report on the management of  
17 the program to the Mayor and the Board, and, to the extent permitted by law, one-tenth of one  
18 percent (0.1%) of the gross proceeds of the Series 2012A Bonds shall be deposited in a fund  
19 established by the Controller's Office and appropriated by the Board at the direction of the  
20 Citizens' General Obligation Bond Oversight Committee to cover the costs of such Committee  
21 and its review process;

22           NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the City and  
23 County of San Francisco, as follows:

24           Section 1.   Recitals. All of the recitals herein are true and correct.  
25

1           Section 2.   Conditions Precedent. All conditions, things and acts required by law to  
2 exist, to happen and to be performed precedent to the adoption of this Resolution exist, have  
3 happened and have been performed in due time, form and manner in accordance with  
4 applicable law, and the City is now authorized pursuant to the Charter and applicable law to  
5 incur indebtedness in the manner and form provided in this Resolution.

6           Section 3.   Documents. The documents presented to the Board and on file with the  
7 Clerk of the Board of Supervisors or his or her designee (the "Clerk of the Board of  
8 Supervisors") are contained in File No. 111344.

9           Section 4.   Issuance and Sale of Series 2012A Bonds. The Board hereby authorizes  
10 the issuance and sale of not to exceed \$192,000,000 in aggregate principal amount of the  
11 Bonds to be designated as "City and County of San Francisco General Obligation Bonds  
12 (Earthquake Safety and Emergency Response Bonds, 2010) Series 2012A" for the purposes  
13 set forth in the Bond Ordinance and in Proposition B approved by the voters on June 8, 2010.

14           The Director of Public Finance of the City or his or her designee (the "Director of Public  
15 Finance") is hereby authorized to determine the sale date, the interest rates, the definitive  
16 principal amount thereof, the maturity dates and the redemption dates, if any, and the terms of  
17 any optional or mandatory redemption thereof, subject to the other specific provisions of this  
18 Resolution, including the following terms and conditions: (i) the Series 2012A Bonds shall not  
19 have an interest rate in excess of 12% per year; and (ii) the Series 2012A Bonds shall not  
20 have a final maturity date after June 15, 2037. The Director of Public Finance is further  
21 authorized to give the Series 2012A Bonds such additional or other series designation, or to  
22 modify such series designation, as may be necessary or appropriate to distinguish such series  
23 from every other series of Bonds and from other bonds issued by the City.

24           Section 5.   Execution, Authentication and Registration of the Series 2012A Bonds.  
25 The Series 2012A Bonds shall be in fully registered form without coupons in denominations of

1 \$5,000 or any integral multiple thereof. The Controller of the City or his or her designee (the  
2 "Controller") is hereby directed to cause the Series 2012A Bonds to be prepared in sufficient  
3 quantity for delivery to or for the account of the purchaser thereof and the Controller is hereby  
4 directed to cause the blanks therein to be completed in accordance with the Authorizing  
5 Resolution, to procure their execution by the proper officers of the City (including by facsimile  
6 signature if necessary or convenient), and to deliver the Series 2012A Bonds when so  
7 executed to said purchaser in exchange for the purchase price thereof, all in accordance with  
8 the Authorizing Resolution.

9 The Series 2012A Bonds and the certificate of authentication and registration, manually  
10 executed by the Treasurer of the City or his or her designee (the "City Treasurer") and the  
11 form of assignment to appear thereon shall be substantially in the form attached hereto as  
12 Exhibit A (a copy of which is on file with the Clerk of the Board of Supervisors and which is  
13 hereby declared to be a part of this Resolution as if fully set forth herein), with such necessary  
14 or appropriate variations, omissions and insertions as permitted or required by this Resolution  
15 and made in accordance with Section 19 hereof.

16 Only such of the Series 2012A Bonds as shall bear thereon a certificate of  
17 authentication and registration in the form herein recited, executed by the City Treasurer, shall  
18 be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such  
19 certificate of the City Treasurer, executed as herein provided, shall be conclusive evidence  
20 that the Series 2012A Bonds so authenticated have been duly authenticated and delivered  
21 hereunder and are entitled to the benefits of this Resolution.

22 The Controller shall assign a distinctive letter, or number, or letter and number to each  
23 Series 2012A Bond authenticated and registered by the City Treasurer and shall maintain a  
24 record thereof which shall be available for inspection.  
25

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1           Section 6.   Registration Books. The City Treasurer shall keep or cause to be kept, at  
2 the office of the City Treasurer, or at the designated office of any registrar appointed by the  
3 City Treasurer, separate and sufficient books for the registration and transfer of the Series  
4 2012A Bonds, which bond registration books shall at all times be open to inspection, and  
5 upon presentation for such purpose, the City Treasurer shall, under such reasonable  
6 regulations as he or she may prescribe, register or transfer or cause to be registered or  
7 transferred, on said books, Series 2012A Bonds as herein provided. The City and the City  
8 Treasurer may treat the registered owners of the Series 2012A Bonds (each, a "Registered  
9 Owner") as the absolute owners thereof for all purposes, and the City and the City Treasurer  
10 shall not be affected by any notice to the contrary.

11           Section 7.   Transfer or Exchange of Series 2012A Bonds. Any Series 2012A Bond  
12 may, in accordance with its terms, be transferred upon the bond registration books required to  
13 be kept pursuant to the provisions of Section 6 hereof, by the person in whose name it is  
14 registered, in person or by the duly authorized attorney of such person in writing, upon  
15 surrender of such Series 2012A Bond for cancellation, accompanied by delivery of a duly  
16 executed written instrument of transfer in a form approved by the City Treasurer.

17           Any Series 2012A Bonds may be exchanged at the office of the City Treasurer for a  
18 like aggregate principal amount of other authorized denominations of the same series, interest  
19 rate and maturity.

20           Whenever any Series 2012A Bond shall be surrendered for transfer or exchange, the  
21 designated City officials shall execute (as provided in Section 5 hereof) and the City Treasurer  
22 shall authenticate and deliver a new Series 2012A Bond of the same series, interest rate and  
23 maturity in a like aggregate principal amount. The City Treasurer shall require the payment by  
24 any Registered Owner requesting any such transfer of any tax or other governmental charge  
25 required to be paid with respect to such transfer or exchange.

1 No transfer or exchange of Series 2012A Bonds shall be required to be made by the  
2 City Treasurer during the period from the Record Date (as defined in Section 8 hereof) next  
3 preceding each interest payment date to such interest payment date or after a notice of  
4 redemption shall have been mailed with respect to such Series 2012A Bond .

5 Section 8. General Terms of the Series 2012A Bonds; Redemption Provisions.

6 (a) General Terms. The Series 2012A Bonds shall be dated the date of their  
7 delivery or such other date (the "Dated Date"), as specified in the Bond Award (as defined in  
8 Section 13 hereof). The Series 2012A Bonds shall bear interest at rates to be determined  
9 upon the sale of the Series 2012A Bonds, calculated on the basis of a 360-day year  
10 comprised of twelve 30-day months, payable on June 15, 2012 (or such other date as may be  
11 designated in the Bond Award), and semiannually thereafter on June 15 and December 15 of  
12 each year.

13 The principal of the Series 2012A Bonds shall be payable in lawful money of the United  
14 States of America to the Registered Owner thereof, upon the surrender thereof at maturity or  
15 earlier redemption at the office of the City Treasurer. The interest on the Series 2012A Bonds  
16 shall be payable in like lawful money to the Registered Owner whose name appears on the  
17 bond registration books of the City Treasurer as the Registered Owner thereof as of the close  
18 of business on the last day of the month immediately preceding an interest payment date (the  
19 "Record Date"), whether or not such day is a Business Day (as defined below).

20 Each Series 2012A Bond shall bear interest from the interest payment date next  
21 preceding the date of authentication thereof unless it is authenticated as of a day during the  
22 period from the Record Date next preceding any interest payment date to the interest  
23 payment date, inclusive, in which event it shall bear interest from such interest payment date,  
24 or unless it is authenticated on or before the first Record Date, in which event it shall bear  
25 interest from the Dated Date; provided, however, that if, at the time of authentication of any



1 Series 2012A Bond, interest is in default on the Series 2012A Bonds, such Series 2012A  
2 Bond shall bear interest from the interest payment date to which interest has previously been  
3 paid or made available for payment on the Series 2012A Bonds or from the Dated Date if the  
4 first interest payment is not made. Except as may be otherwise provided in connection with  
5 any book-entry only system applicable to the Series 2012A Bonds, payment of the interest on  
6 any Series 2012A Bond shall be made by check mailed on the interest payment date to its  
7 Registered Owner at such Registered Owner's address as it appears on the registration  
8 books as of the Record Date; provided, however, if any interest payment date occurs on a day  
9 that banks in California or New York are closed for business or the New York Stock Exchange  
10 is closed for business, then such payment shall be made on the next succeeding day that  
11 banks in both California and New York are open for business and the New York Stock  
12 Exchange is open for business (each, a "Business Day"); and provided, further, that the  
13 Registered Owner of an aggregate principal amount of at least \$1,000,000 of the Series  
14 2012A Bonds may submit a written request to the City Treasurer on or before a Record Date  
15 preceding an interest payment date for payment of interest by wire transfer to a commercial  
16 bank located within the United States of America. For so long as the Series 2012A Bonds are  
17 held in book-entry form by a securities depository selected by the City pursuant to Section 11  
18 hereof, payment shall be made to the Registered Owner of the Series 2012A Bonds  
19 designated by such securities depository by wire transfer of immediately available funds.

20 (b) Optional Redemption. The Series 2012A Bonds shall be subject to optional  
21 redemption prior to maturity as provided in the Official Notice of Sale or the Bond Award.

22 (c) Sinking Fund Redemption. The Series 2012A Bonds shall be subject to  
23 mandatory redemption at par, by lot, in any year for which the purchaser thereof has  
24 designated that the principal amount payable with respect to that year shall constitute a  
25 mandatory sinking fund payment, as and to the extent permitted by the Official Notice of Sale.

1 Any Series 2012A Bonds subject to mandatory redemption shall be designated as such in the  
2 Official Notice of Sale or the Bond Award.

3 The principal of and interest on the Series 2012A Bonds subject to mandatory  
4 redemption shall be paid from the Series 2012A Bond Subaccount (as defined in Section 9  
5 hereof), pursuant to Section 9 hereof. In lieu of any such mandatory redemption for the  
6 Series 2012A Bonds, at any time prior to the selection of the Series 2012A Bonds for  
7 mandatory redemption, the City may apply such amounts on deposit in the Series 2012A  
8 Bond Subaccount to purchase Series 2012A Bonds subject to such redemption at public or  
9 private sale, as and when and at such prices not in excess of the principal amount thereof  
10 (including sales commission and other charges but excluding accrued interest), as the City  
11 may determine.

12 (d) Redemption – Selection. Whenever less than all of the outstanding Series  
13 2012A Bonds maturing on any one date are called for redemption on any one date, the City  
14 Treasurer will select the Series 2012A Bonds or portions thereof, in denominations of \$5,000  
15 or any integral multiple thereof, to be redeemed from the outstanding Series 2012A Bonds  
16 maturing on such date not previously selected for redemption, by lot in any manner which the  
17 City Treasurer deems fair.

18 The date on which the Series 2012A Bonds that are called for redemption are to be  
19 presented for redemption is herein called the “Redemption Date.”

20 (e) Redemption – Notice. The City Treasurer shall mail, or cause to be mailed,  
21 notice of any redemption of the Series 2012A Bonds, postage prepaid, to the respective  
22 Registered Owners thereof at the addresses appearing on the bond registration books not  
23 less than twenty (20) days prior to the Redemption Date. The notice of redemption shall (1)  
24 state the Redemption Date; (2) state the redemption price; (3) state the maturity dates of the  
25 Series 2012A Bonds and, if less than all of any such maturity is called for redemption, the

1 distinctive numbers of the Series 2012A Bonds of such maturity to be redeemed, and in the  
2 case of any Series 2012A Bonds redeemed in part only, the respective portions of the  
3 principal amount thereof to be redeemed; (4) state the CUSIP number, if any, of each Series  
4 2012A Bond to be redeemed; (5) require that such Series 2012A Bonds be surrendered by  
5 the Registered Owners at the office of the City Treasurer or his or her agent; and (6) give  
6 notice that interest on such Series 2012A Bonds will cease to accrue after the designated  
7 Redemption Date. Such notice of redemption may be conditional as provided in Section 8(g)  
8 hereof.

9 The actual receipt by the Registered Owner of any Series 2012A Bond of notice of  
10 such redemption shall not be a condition precedent to redemption, and failure to receive such  
11 notice, or any defect in such notice so mailed, shall not affect the validity of the proceedings  
12 for the redemption of such Series 2012A Bonds or the cessation of accrual of interest on such  
13 Series 2012A Bonds on the Redemption Date.

14 Notice of such redemption also shall be given, or caused to be given, by the City  
15 Treasurer, by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile  
16 transmission or (iii) overnight delivery service, to (A) all organizations registered with the  
17 Securities and Exchange Commission as securities depositories and (B) such other services  
18 or organizations as may be required in accordance with the Continuing Disclosure Certificate  
19 described in Section 18 hereof.

20 The notice or notices required for redemption shall be given by the City Treasurer, or  
21 any agent appointed by the City. A certificate of the City Treasurer or such other appointed  
22 agent of the City that notice of redemption has been given to the Registered Owner of any  
23 Series 2012A Bond in accordance with this Resolution shall be conclusive against all parties.

24 (f) Payment for Optional Redemption. At the time the City Treasurer or the  
25 Controller determines to optionally call and redeem any of the Series 2012A Bonds, the City

1 Treasurer or his or her agent shall establish a redemption account to be described or known  
2 as the "General Obligation Bonds (Earthquake Safety and Emergency Response Bonds,  
3 2010) Series 2012A Redemption Account" (the "Series 2012A Redemption Account"), and  
4 prior to or on the Redemption Date there must be set aside in the Series 2012A Redemption  
5 Account moneys available for the purpose and sufficient to redeem, as provided in this  
6 Resolution, the Series 2012A Bonds designated in said notice of redemption, subject to  
7 rescission as hereinafter provided. Said moneys must be set aside in the Series 2012A  
8 Redemption Account solely for the purpose of, and shall be applied on or after the  
9 Redemption Date to, payment of the redemption price of the Series 2012A Bonds to be  
10 redeemed upon presentation and surrender of such Series 2012A Bonds. Any interest due on  
11 or prior to the Redemption Date may be paid from the Series 2012A Bond Subaccount as  
12 provided in Section 9 hereof or from the Series 2012A Redemption Account. Moneys held  
13 from time to time in the Series 2012A Redemption Account shall be invested by the City  
14 Treasurer pursuant to the City's policies and guidelines for investment of moneys in the  
15 General Fund of the City. If, after all of the Series 2012A Bonds have been redeemed and  
16 canceled or paid and canceled, there are moneys remaining in said Series 2012A  
17 Redemption Account, said moneys shall be transferred to the General Fund of the City or to  
18 such other fund or account as required by applicable law; provided, however, that if said  
19 moneys are part of the proceeds of refunding bonds, said moneys shall be transferred  
20 pursuant to the resolution authorizing such refunding bonds.

21           When notice of optional redemption has been given, substantially as provided herein,  
22 and when the amount necessary for the redemption of the Series 2012A Bonds called for  
23 redemption (principal, premium, if any, and accrued interest to such Redemption Date) is set  
24 aside for that purpose in said Series 2012A Redemption Account, as provided herein, the  
25 Series 2012A Bonds designated for redemption shall become due and payable on the

1 Redemption Date therefor, and upon presentation and surrender of said Series 2012A Bonds  
2 at the place specified in the notice of redemption, such Series 2012A Bonds shall be  
3 redeemed and paid at said redemption price out of said Series 2012A Redemption Account.  
4 No interest will accrue on such Series 2012A Bonds called for redemption after the  
5 Redemption Date and the Registered Owners of such Series 2012A Bonds shall look for  
6 payment of such Series 2012A Bonds only to said Series 2012A Redemption Account. All  
7 Series 2012A Bonds redeemed shall be canceled forthwith by the City Treasurer and shall not  
8 be reissued.

9 (g) Conditional Notice of Optional Redemption. Any notice of optional redemption  
10 given as provided in Section 8(e) may provide that such redemption is conditioned upon: (i)  
11 deposit in the Series 2012A Redemption Account of sufficient moneys to redeem the Series  
12 2012A Bonds called for redemption on the anticipated Redemption Date, or (ii) any other  
13 event specified in the notice of redemption. In the event that such conditional notice of  
14 optional redemption has been given, substantially as provided herein, and on the scheduled  
15 Redemption Date (i) sufficient moneys to redeem the Series 2012A Bonds have not been  
16 deposited in the Series 2012A Redemption Account or (ii) any other event specified in the  
17 notice of redemption did not occur, such Series 2012A Bonds for which notice of conditional  
18 optional redemption was given shall not be redeemed and shall remain Outstanding for all  
19 purposes of this Resolution and the redemption not occurring shall not constitute an event of  
20 default under this Resolution or the Authorizing Resolution.

21 (h) Rescission of Optional Redemption. The City may rescind any optional  
22 redemption and notice thereof for any reason on any date prior to the Redemption Date by  
23 causing written notice of the rescission to be given to the Registered Owners of all Series  
24 2012A Bonds so called for redemption. Notice of such rescission of redemption shall be given  
25 in the same manner notice of redemption was originally given. The actual receipt by the

1 Registered Owner of any Series 2012A Bond of notice of such rescission shall not be a  
2 condition precedent to rescission, and failure to receive such notice or any defect in such  
3 notice so mailed shall not affect the validity of the rescission.

4 Section 9. Series 2012A Bond Subaccount. There is hereby established with the  
5 City Treasurer a special subaccount in the General Obligation Bonds (Earthquake Safety and  
6 Emergency Response Bonds, 2010) Bond Account (the "Bond Account") created pursuant to  
7 the Authorizing Resolution to be designated the "General Obligation Bonds (Earthquake  
8 Safety and Emergency Response Bonds, 2010) Series 2012A Bond Subaccount" (the "Series  
9 2012A Bond Subaccount"), to be held separate and apart from all other accounts of the City.  
10 Any bid premium or accrued interest received upon the delivery of the Series 2012A Bonds  
11 shall be deposited into the Series 2012A Bond Subaccount. All interest earned on amounts  
12 on deposit in the Series 2012A Bond Subaccount shall be retained in the Series 2012A Bond  
13 Subaccount.

14 On or prior to the date on which any payment of principal of or interest on the Series  
15 2012A Bonds is due, including any Series 2012A Bonds subject to mandatory redemption on  
16 said date, the City Treasurer shall allocate to and deposit in the Series 2012A Bond  
17 Subaccount, from amounts held in the Bond Account, an amount which, when added to any  
18 available moneys contained in the Series 2012A Bond Subaccount, is sufficient to pay  
19 principal of and interest on the Series 2012A Bonds on such date.

20 On or prior to the date on which any Series 2012A Bonds are to be redeemed at the  
21 option of the City pursuant to this Resolution, the City Treasurer may allocate to and deposit  
22 in the Series 2012A Redemption Account, from amounts held in the Bond Account pursuant to  
23 Section 8 of the Authorizing Resolution, an amount which, when added to any available  
24 moneys contained in the Series 2012A Redemption Account, is sufficient to pay principal,  
25 interest and premium, if any, with respect to such Series 2012A Bonds on such date. The

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1 City Treasurer may make such other provision for the payment of principal of and interest and  
2 any redemption premium on the Series 2012A Bonds as is necessary or convenient to permit  
3 the optional redemption of the Series 2012A Bonds.

4 Amounts in the Series 2012A Bond Subaccount may be invested in any investment of  
5 the City in which moneys in the General Fund of the City are invested. The City Treasurer  
6 may commingle any of the moneys held in the Series 2012A Bond Subaccount with other City  
7 moneys or deposit amounts credited to the Series 2012A Bond Subaccount into a separate  
8 fund or funds for investment purposes only; provided, however, that all of the moneys held in  
9 the Series 2012A Bond Subaccount hereunder shall be accounted for separately  
10 notwithstanding any such commingling or separate deposit by the City Treasurer.

11 Section 10. Series 2012A Project Subaccount. There is hereby established with the  
12 City Treasurer a special subaccount in the General Obligation Bonds (Earthquake Safety and  
13 Emergency Response Bonds, 2010) Project Account (the "Project Account") created pursuant  
14 to the Authorizing Resolution to be designated the "General Obligation Bonds (Earthquake  
15 Safety and Emergency Response Bonds, 2010) Series 2012A Project Subaccount" (the  
16 "Series 2012A Project Subaccount"), to be held separate and apart from all other accounts of  
17 the City. All interest earned on amounts on deposit in the Series 2012A Project Subaccount  
18 shall be retained in the Series 2012A Project Subaccount. Amounts in the Series 2012A  
19 Project Subaccount shall be expended in accordance with the provisions of the Authorizing  
20 Resolution for the acquisition, construction or reconstruction of the Project (as defined in the  
21 Authorizing Resolution) or portions thereof.

22 Amounts in the Series 2012A Project Subaccount may be invested in any investment of  
23 the City in which moneys in the General Fund of the City are invested. The City Treasurer  
24 may commingle any of the moneys held in the Series 2012A Project Subaccount with other  
25 City moneys or deposit amounts credited to the Series 2012A Project Subaccount into a

1 separate fund or funds for investment purposes only; provided, however, that all of the  
2 moneys held in the Series 2012A Project Subaccount (including interest earnings) hereunder  
3 shall be accounted for separately notwithstanding any such commingling or separate deposit  
4 by the City Treasurer.

5 The City Treasurer is hereby authorized to pay or cause to be paid from the proceeds  
6 of the Series 2012A Bonds in the Series 2012A Project Subaccount, on behalf of the City, the  
7 costs of issuance associated with the Series 2012A Bonds. Costs of issuance of the Series  
8 2012A Bonds shall include, without limitation, bond and financial printing expenses, mailing  
9 and publication expenses, rating agency fees, the fees and expenses of paying agents,  
10 registrars, financial consultants, disclosure counsel and co-bond counsel and the  
11 reimbursement of departmental expenses in connection with the issuance of the Series 2012A  
12 Bonds.

13 Section 11. Appointment of Securities Depositories and Other Agents. The  
14 Depository Trust Company ("DTC") is hereby appointed as securities depository for the Series  
15 2012A Bonds. The Series 2012A Bonds shall be initially issued only in book-entry form.  
16 Upon initial issuance, the ownership of each Series 2012A Bond shall be registered in the  
17 bond registration books in the name of Cede & Co., as nominee of DTC. So long as the  
18 Series 2012A Bonds are registered in book-entry form, the 2011A Bonds shall be registered in  
19 the name of Cede & Co. The City will not have any responsibility or obligation to any  
20 purchaser of a beneficial ownership interest in any Series 2012A Bonds or to any participants  
21 in DTC or any successor securities depository with respect to (i) the accuracy of any records  
22 maintained by such securities depository or any participant therein; (ii) any notice that is  
23 permitted or required to be given to the Registered Owners of the Series 2012A Bonds under  
24 this Resolution; (iii) the selection by such securities depository or any participant therein of  
25 any person to receive payment in the event of a partial redemption of the Series 2012A



1 Bonds; (iv) the payment by such securities depository or any participant therein of any amount  
2 with respect to the principal or redemption premium, if any, or interest due with respect to the  
3 Series 2012A Bonds; (v) any consent given or other action taken by such securities  
4 depository as the Registered Owner of the Series 2012A Bonds; or (vi) any other matter.

5 The City Treasurer is hereby also authorized and directed to appoint one or more  
6 agents, as he or she may deem necessary or desirable. To the extent permitted by applicable  
7 law and under the supervision of the City Treasurer, such agents may serve as paying agent,  
8 fiscal agent, rebate calculation agent, escrow agent or registrar for the Series 2012A Bonds or  
9 may assist the City Treasurer in performing any or all of such functions and such other duties  
10 as the City Treasurer shall determine. If the City Treasurer appoints one or more paying  
11 agents, the procedures set forth in Section 8 hereof relating to registration of ownership of the  
12 Series 2012A Bonds and payments and redemption notices to Registered Owner of the  
13 Series 2012A Bonds may be modified to comply with the policies and procedures of such  
14 paying agent. Such agents shall serve under such terms and conditions as the City Treasurer  
15 shall determine. The City Treasurer may remove or replace agents appointed pursuant to this  
16 Section 11 at any time.

17 Section 12. Defeasance Provisions. Payment of all or any portion of the Series  
18 2012A Bonds may be provided for prior to such Series 2012A Bonds' respective stated  
19 maturities by irrevocably depositing with the City Treasurer (or any commercial bank or trust  
20 company designated by the City Treasurer to act as escrow agent with respect thereto):

21 (a) An amount of cash equal to the principal amount of all of such Series 2012A  
22 Bonds or a portion thereof, and all unpaid interest thereon to maturity, except that in the case  
23 of the portion of a Series 2012A Bonds that are to be redeemed prior to such Series 2012A  
24 Bonds' respective stated maturities and in respect of which notice of such redemption shall  
25 have been given as provided in Section 8 hereof or an irrevocable election to give such notice

1 shall have been made by the City, the amount to be deposited shall be the principal amount  
2 thereof, all unpaid interest thereon to the Redemption Date, and premium, if any, due on such  
3 Redemption Date; or

4 (b) Defeasance Securities (as defined below) not subject to call, except as provided  
5 below in the definition thereof, maturing and paying interest at such times and in such  
6 amounts, together with interest earnings and cash, if required, as will, without reinvestment,  
7 as certified by an independent verification agent, be fully sufficient to pay the principal and all  
8 unpaid interest to maturity or to the Redemption Date, as the case may be, and premium, if  
9 any, due on the portion of the Series 2012A Bonds to be paid or redeemed, as such principal  
10 and interest come due; provided, that, in the case of such Series 2012A Bonds that are to be  
11 redeemed prior to maturity, notice of such redemption shall be given as provided in Section 8  
12 hereof or an irrevocable election to give such notice shall have been made by the City; then,  
13 all obligations of the City with respect to said outstanding Series 2012A Bonds shall cease  
14 and terminate, except only the obligation of the City to pay or cause to be paid from the funds  
15 deposited pursuant to paragraphs (a) or (b) of this Section 12, to the owners of such Series  
16 2012A Bonds all sums due with respect thereto and the obligations of the City pursuant to  
17 Section 17 hereof; provided, that the City shall have received an opinion of nationally  
18 recognized bond counsel that provision for the payment of such Series 2012A Bonds has  
19 been made in accordance with this Section 12.

20 For purposes of this Section 12, "Defeasance Securities" shall mean any of the  
21 following that at the time are legal investments under the laws of the State of California for the  
22 moneys proposed to be invested therein:

- 23 (1) United States Obligations (as defined below); and  
24 (2) Pre-refunded fixed interest rate municipal obligations meeting the following  
25 conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the

1 trustee has been given irrevocable instructions concerning their calling and redemption and  
2 the issuer has covenanted not to redeem such obligations other than as set forth in such  
3 instructions; (b) the municipal obligations are secured by cash or United States Obligations;  
4 (c) the principal of and interest on the United States Obligations (plus any cash in the escrow  
5 fund or the Series 2012A Redemption Account) are sufficient to meet the liabilities of the  
6 municipal obligations; (d) the United States Obligations serving as security for the municipal  
7 obligations are held by an escrow agent or trustee; (e) the United States Obligations are not  
8 available to satisfy any other claims, including those against the trustee or escrow agent; and  
9 (f) the municipal obligations are rated (without regard to any numerical modifier, plus or minus  
10 sign or other modifier), at the time of original deposit to the escrow fund, by any two Rating  
11 Agencies (as defined below) not lower than the rating then maintained by the respective  
12 Rating Agency on such United States Obligations.

13 For purposes of this Section 12, "United States Obligations" shall mean (i) direct and  
14 general obligations of the United States of America, or obligations that are unconditionally  
15 guaranteed as to principal and interest by the United States of America, including without  
16 limitation, the interest component of Resolution Funding Corporation (REFCORP) bonds that  
17 have been stripped by request to the Federal Reserve Bank of New York in book-entry form  
18 or (ii) any security issued by an agency or instrumentality of the United States of America that  
19 is selected by the Director of Public Finance that results in the escrow fund being rated by any  
20 two Rating Agencies at the time of the initial deposit to the escrow fund and upon any  
21 substitution or subsequent deposit to the escrow fund no lower than the rating then  
22 maintained by the respective Rating Agency on United States Obligations described in clause  
23 (i) above.

24 For purposes of this Section 12, "Rating Agencies" shall mean Moody's Investors  
25 Service, Inc., Fitch Ratings, and Standard and Poor's Rating Services, a division of The

1 McGraw-Hill Companies, Inc., or any other nationally recognized bond rating agency that is  
2 the successor to any of the foregoing rating agencies or that is otherwise established after the  
3 date hereof.

4 Section 13. Official Notice of Sale. The form of proposed Official Notice of Sale  
5 inviting bids for the Series 2012A Bonds (the "Official Notice of Sale") submitted to the Board  
6 is hereby approved and adopted as the Official Notice of Sale inviting bids for the Series  
7 2012A Bonds, with such changes, additions and modifications as may be made in accordance  
8 with Section 19 hereof.

9 Bids shall be received on the date designated by the Director of Public Finance  
10 pursuant to the Official Notice of Sale. The Director of Public Finance is hereby authorized  
11 and directed to cause to be mailed or otherwise circulated to prospective bidders for the  
12 Series 2012A Bonds copies of the Official Notice of Sale, subject to such corrections,  
13 revisions or additions as may be acceptable to the Director of Public Finance.

14 The Controller is hereby authorized to award the Series 2012A Bonds to the bidder  
15 whose bid represents the lowest true interest cost to the City, all in accordance with the  
16 procedures described in the Official Notice of Sale, which award shall be set forth in a  
17 certificate signed by the Controller setting forth the terms of the Series 2012A Bonds and the  
18 original purchaser thereof (the "Bond Award"). The Controller shall provide a copy of the  
19 Bond Award as soon as practicable to the Clerk of the Board of Supervisors and the Director  
20 of Public Finance; provided, however, that failure to provide such copies shall not affect the  
21 validity of the Bond Award.

22 Section 14. Publication of Notice of Intention to Sell Bonds. The form of proposed  
23 Notice of Intention to Sell the Series 2012A Bonds (the "Notice of Intention to Sell Bonds")  
24 submitted to the Board is hereby approved and adopted as the Notice of Intention to Sell  
25 Bonds for the Series 2012A Bonds, and the Director of Public Finance is hereby authorized

1 and directed to cause the Notice of Intention to Sell Bonds, subject to such corrections,  
2 revisions or additions as may be made in accordance with Section 19 hereof, to be published  
3 once in The Bond Buyer or another financial publication generally circulated throughout the  
4 State of California.

5 Section 15. Sale of Series 2012A Bonds; Solicitation of Competitive Bids. The Board  
6 hereby authorizes the sale of the Series 2012A Bonds by solicitation of competitive bids for  
7 the purchase of the Series 2012A Bonds on the date and at the place determined in  
8 accordance with the Official Notice of Sale.

9 Section 16. Official Statement. The form of proposed Preliminary Official Statement  
10 describing the Series 2012A Bonds, including all appendices thereto (the "Preliminary Official  
11 Statement"), submitted to the Board is hereby approved and adopted as the Preliminary  
12 Official Statement describing the Series 2012A Bonds, with such additions, corrections and  
13 revisions as may be determined to be necessary or desirable and made in accordance with  
14 Section 19 hereof. The Controller or Director of Public Finance is each hereby authorized and  
15 directed to revise the Official Statement, as necessary, to conform it to the City's  
16 Comprehensive Annual Fiscal Report for the fiscal year ended June 30, 2011, subject to  
17 review and approval by the City Attorney of the City (the "City Attorney"). The Controller is  
18 hereby authorized to cause the distribution of a Preliminary Official Statement deemed final  
19 for purposes of Securities and Exchange Commission Rule 15c2-12 promulgated under the  
20 Securities Exchange Act of 1934, as amended (the "Rule"), and to sign a certificate to that  
21 effect. The Director of Public Finance is hereby authorized and directed to cause to be  
22 printed and mailed or electronically distributed to prospective bidders for the Series 2012A  
23 Bonds copies of the Preliminary Official Statement in substantially the form of the Preliminary  
24 Official Statement approved and adopted hereby, as completed, supplemented, corrected or  
25 revised. The Controller is authorized and directed to approve, execute, and deliver the final

1 Official Statement with respect to the Series 2012A Bonds, which final Official Statement shall  
2 be in the form of the Preliminary Official Statement, with such additions, corrections and  
3 revisions as may be determined to be necessary or desirable and made in accordance with  
4 Section 19 hereof and as are permitted under the Rule.

5 Section 17. Tax Covenants.

6 (a) General. The City hereby covenants with the owners and holders of the Series  
7 2012A Bonds that, notwithstanding any other provisions of this Resolution, it shall not take  
8 any action, or fail to take any action, if any such action or failure to take action would  
9 adversely affect the exclusion from gross income of interest on the Series 2012A Bonds under  
10 Section 103 of the Internal Revenue Code of 1986 (the "Code") and the regulations issued  
11 thereunder, as the same may be amended from time to time, and any successor provisions of  
12 law. Reference to a particular section of the Code shall be deemed to be a reference to any  
13 successor to any such section. The City shall not, directly or indirectly, use or permit the use  
14 of proceeds of the Series 2012A Bonds or any of the property financed or refinanced with  
15 proceeds of the Series 2012A Bonds, or any portion thereof, by any person other than a  
16 governmental unit (as such term is used in Section 141 of the Code), in such manner or to  
17 such extent as would result in the loss of exclusion of interest on the Series 2012A Bonds  
18 from gross income for federal income tax purposes.

19 (b) Use of Proceeds. The City shall not take any action, or fail to take any action, if  
20 any such action or failure to take action would cause the Series 2012A Bonds to be "private  
21 activity bonds" within the meaning of Section 141 of the Code, and in furtherance thereof,  
22 shall not make any use of the proceeds of the Series 2012A Bonds or any of the property  
23 financed or refinanced with proceeds of the Series 2012A Bonds, or any portion thereof, or  
24 any other funds of the City, that would cause the Series 2012A Bonds to be "private activity  
25 bonds" within the meaning of Section 141 of the Code. To that end, so long as any Series

1 2012A Bonds are outstanding, the City, with respect to such proceeds and property and such  
2 other funds, will comply with applicable requirements of the Code and all regulations of the  
3 United States Department of the Treasury issued thereunder and under Section 103 of the  
4 Internal Revenue Code of 1954, as amended (the "1954 Code"), to the extent such  
5 requirements are, at the time, applicable and in effect. The City has established reasonable  
6 procedures necessary to ensure continued compliance with Section 141 of the Code (or, if  
7 applicable, the 1954 Code) and the continued qualification of the Series 2012A Bonds as  
8 "governmental bonds."

9 (c) Arbitrage. The City shall not, directly or indirectly, use or permit the use of any  
10 proceeds of any Series 2012A Bonds, or of any property financed or refinanced thereby, or  
11 other funds of the City, or take or omit to take any action, that would cause the Series 2012A  
12 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end,  
13 the City shall comply with all requirements of Section 148 of the Code and all regulations of  
14 the United States Department of the Treasury issued thereunder to the extent such  
15 requirements are, at the time, in effect and applicable to the Series 2012A Bonds.

16 (d) Federal Guarantee. The City shall not make any use of the proceeds of the  
17 Series 2012A Bonds or any other funds of the City, or take or omit to take any other action,  
18 that would cause the Series 2012A Bonds to be "federally guaranteed" within the meaning of  
19 Section 149(b) of the Code.

20 (e) Information Reporting. The City shall take or cause to be taken all necessary  
21 action to comply with the informational reporting requirement of Section 149(e) of the Code  
22 with respect to the Series 2012A Bonds.

23 (f) Hedge Bonds. The City shall not make any use of the proceeds of the Series  
24 2012A Bonds or any other amounts or property, regardless of the source, or take any action  
25 or refrain from taking any action that would cause the Series 2012A Bonds to be considered

1 "hedge bonds" within the meaning of Section 149(g) of the Code unless the City takes all  
2 necessary action to assure compliance with the requirements of Section 149(g) of the Code.

3 (g) Compliance with Tax Certificate. In furtherance of the foregoing tax covenants  
4 of this Section 17, the City covenants that it will comply with the provisions of the Tax  
5 Certificate to be executed by the City with respect to the Series 2012A Bonds, dated the date  
6 of issuance of the Series 2012A Bonds, as such Tax Certificate may be amended from time to  
7 time. This covenant shall survive payment in full or defeasance of the Series 2012A Bonds.

8 Section 18. Continuing Disclosure Certificate. The form of Continuing Disclosure  
9 Certificate (the "Continuing Disclosure Certificate") to be signed by the City to permit the  
10 original purchaser of the Series 2012A Bonds to comply with the Rule, submitted to the Board  
11 is hereby approved and adopted as the Continuing Disclosure Certificate, with such additions,  
12 corrections and revisions as may be determined to be necessary or desirable and made in  
13 accordance with Section 19 hereof. The Controller is hereby authorized and directed to  
14 execute the Continuing Disclosure Certificate on behalf of the City and deliver the Continuing  
15 Disclosure Certificate to the original purchaser of the Series 2012A Bonds.

16 Section 19. Modification to Documents. Any City official authorized by this Resolution  
17 to execute any document is hereby further authorized, in consultation with the City Attorney  
18 and co-bond counsel, to approve and make such changes, additions, amendments or  
19 modifications to the document or documents such official is authorized to execute as may be  
20 necessary or advisable (provided that such changes, additions, amendments or modifications  
21 shall not authorize an aggregate principal amount of Series 2012A Bonds in excess of  
22 \$192,000,000 or conflict with the provisions of Section 4 hereof). The approval of any  
23 change, addition, amendment or modification to any of the aforementioned documents shall  
24 be evidenced conclusively by the execution and delivery of the document in question.  
25



1           Section 20. Ratification. All actions heretofore taken by officials, employees and  
2 agents of the City with respect to the sale and issuance of the Series 2012A Bonds are  
3 hereby approved, confirmed and ratified.

4           Section 21. Relationship to Authorizing Resolution. In the event of any conflict  
5 between this Resolution and the Authorizing Resolution, the terms of this Resolution shall  
6 control. Without limiting the foregoing and notwithstanding the provisions of the Authorizing  
7 Resolution, the City is not obligated to transfer money from the General Fund of the City to the  
8 Bond Account to pay the principal of or interest on the Series 2012A Bonds.

9           Section 22. Reimbursement. The City hereby declares its official intent to reimburse  
10 prior expenditures of the City incurred prior to the issuance and sale of the Series 2012A  
11 Bonds in connection with the Project or portions thereof to be financed by the Series 2012A  
12 Bonds. The Board hereby declares the City's intent to reimburse the City with the proceeds of  
13 the Series 2012A Bonds for the expenditures with respect to the Project (the "Expenditures"  
14 and each, an "Expenditure") made on and after that date that is no more than 60 days prior to  
15 adoption of this Resolution. The City reasonably expects on the date hereof that it will  
16 reimburse the Expenditures with the proceeds of the Series 2012A Bonds. Each Expenditure  
17 was and will be either (a) of a type properly chargeable to a capital account under general  
18 federal income tax principles (determined in each case as of the date of the Expenditure), (b)  
19 a cost of issuance with respect to the Series 2012A Bonds, (c) a nonrecurring item that is not  
20 customarily payable from current revenues, or (d) a grant to a party that is not related to or an  
21 agent of the City so long as such grant does not impose any obligation or condition (directly or  
22 indirectly) to repay any amount to or for the benefit of the City. The City shall make a  
23 reimbursement allocation, which is a written allocation by the City that evidences the City's  
24 use of proceeds of the Series 2012A Bonds to reimburse an Expenditure, no later than 18  
25 months after the later of the date on which the Expenditure is paid or the Project is placed in

1 service or abandoned, but in no event more than three years after the date on which the  
2 Expenditure is paid. The City recognizes that exceptions are available for certain "preliminary  
3 expenditures," costs of issuance, certain de minimis amounts, expenditures by "small issuers"  
4 (based on the year of issuance and not the year of expenditure) and expenditures for  
5 construction projects of at least 5 years.

6 Section 23. Accountability Reports. The Series 2012A Bonds are subject to  
7 accountability requirements under the City's Administrative Code and the Bond Ordinance.  
8 Accountability report(s) with respect to the Series 2012A Bonds shall be submitted at the  
9 time(s) and in the manner required by the Administrative Code and the Bond Ordinance.

10 Section 24. Citizens' Oversight Committee. The Series 2012A Bonds are subject to,  
11 and incorporate by reference, the applicable provisions of San Francisco Administrative Code  
12 Sections 5.30 - 5.36 (the "Citizens' General Obligation Bond Oversight Committee"), and, to  
13 the extent permitted by law, one-tenth of one percent (0.1%) of the gross proceeds of the  
14 Series 2012A Bonds shall be deposited in a fund established by the Controller's Office and  
15 appropriated by the Board of Supervisors at the direction of the Citizens' General Obligation  
16 Bond Oversight Committee to cover the costs of such Committee.

17 Section 25. General Authority. The Clerk of the Board of Supervisors, the Mayor, the  
18 City Treasurer, the Director of Public Finance, the City Attorney and the Controller are each  
19 hereby authorized and directed in the name and on behalf of the City to take any and all steps  
20 and to issue, deliver or enter into any and all certificates, requisitions, agreements, notices,  
21 consents, and other documents as may be necessary to give effect to the provisions of this  
22 Resolution, including but not limited to letters of representations to any depository or  
23 depositories which they or any of them might deem necessary or appropriate in order to  
24 consummate the lawful issuance, sale and delivery of the Series 2012A Bonds.

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APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By Kenneth David Roux  
KENNETH DAVID ROUX  
Deputy City Attorney

1 EXHIBIT A

2 [FORM OF SERIES 2012A BOND]

3  
4 Number UNITED STATES OF AMERICA Amount  
5 STATE OF CALIFORNIA \$

6  
7 CITY AND COUNTY OF SAN FRANCISCO  
8 GENERAL OBLIGATION BONDS  
(EARTHQUAKE SAFETY AND EMERGENCY RESPONSE BONDS, 2010)  
9 SERIES 2012A

10  
11 Interest Rate Maturity Date Dated CUSIP Number  
12 \_\_\_\_\_% June 15, 20\_\_\_\_\_ \_\_\_\_\_  
13

14  
15 REGISTERED OWNER: CEDE & CO.

16 PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

17  
18 THE CITY AND COUNTY OF SAN FRANCISCO, State of California (the "City"),  
19 acknowledges itself indebted to and promises to pay to CEDE & CO. or registered assigns, on  
20 the maturity date set forth above the principal sum of

21 \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) in lawful money of the  
22 United States of America, and to pay interest thereon in like lawful money from the interest  
23 payment date next preceding the date of authentication of this bond (unless this bond is  
24 authenticated as of the day during the period from the last day of the month next preceding  
25 any interest payment date (the "Record Date") to such interest payment date, inclusive, in

Mayor Lee  
BOARD OF SUPERVISORS

1 which event it shall bear interest from such interest payment date, or unless this bond is  
2 authenticated on or before May 31, 2012, in which event it shall bear interest from its dated  
3 date until payment of such principal sum, at the interest rate per annum stated herein above  
4 calculated on the basis of a 360-day year comprised of twelve 30-day months, payable on  
5 June 15, 2012, and semiannually thereafter on June 15 and December 15 in each year;  
6 provided; however, if any interest payment date occurs on a day that banks in California or  
7 New York are closed for business or the New York Stock Exchange is closed for business,  
8 then such payment shall be made on the next succeeding day that banks in both California  
9 and New York are open for business and the New York Stock Exchange is open for business  
10 (a "Business Day"). The principal hereof is payable to the registered owner hereof upon the  
11 surrender hereof at the office of the Treasurer of the City (the "City Treasurer"). The interest  
12 hereon is payable to the person whose name appears on the bond registration books of the  
13 City Treasurer as the registered owner hereof as of the close of business on the Record Date  
14 immediately preceding an interest payment date, whether or not such day is a Business Day,  
15 such interest to be paid by check mailed on the interest payment date to such registered  
16 owner at the owner's address as it appears on such registration books; provided, however,  
17 that the registered owner of bonds in an aggregate principal amount of at least \$1,000,000  
18 may submit a written request to the City Treasurer on or before the Record Date preceding  
19 any interest payment date for payment of interest hereon by wire transfer to a commercial  
20 bank located in the United States of America.

21 This bond is one of a duly authorized issue of bonds of like tenor (except for such  
22 variations, if any, as may be required to designate varying numbers, denominations, interest  
23 rates and maturities), in the original aggregate principal amount of \$\_\_\_\_\_ and is one of a  
24 duly authorized series of said issue which series is part of a bond authorization in the  
25 aggregate principal amount of \$412,300,000 and is authorized by votes of more than two-

1 thirds of the voters voting at an election duly and legally called, held and conducted, in said  
2 City on June 8, 2010, and is issued and sold by the City pursuant to and in strict conformity  
3 with the provisions of the Constitution and laws of the State of California, and Charter of the  
4 City, and of resolutions adopted by the Board of Supervisors of the City (the "Board of  
5 Supervisors") on November 5, 2010, and \_\_\_\_\_, 2012 (collectively, the "Resolutions").

6 The bonds are issuable as fully registered bonds without coupons in the denominations  
7 of \$5,000 or any integral multiple thereof, provided that no bond shall have principal maturing  
8 on more than one principal maturity date. Subject to the limitations and conditions and upon  
9 payment of the charges, if any, as provided in the Resolutions, the bonds may be exchanged  
10 for a like aggregate principal amount of bonds or other authorized denominations of the same  
11 series, interest rate and maturity.

12 This bond is transferable by the registered owner hereof, in person or by attorney duly  
13 authorized in writing, at said office of the City Treasurer, but only in the manner, subject to the  
14 limitations and upon payment of the charges provided in the Resolutions, and upon surrender  
15 and cancellation of this bond. Upon such transfer, a new bond or bonds of authorized  
16 denomination or denominations for the same interest rate and same aggregate principal  
17 amount will be issued to the transferee in exchange herefor.

18 The bonds maturing on or before June 15, 20\_\_\_ are not subject to redemption prior to  
19 maturity. The bonds maturing on or after June 15, 20\_\_\_ are subject to optional redemption  
20 prior to their respective maturities, at the option of the City, from any source of available  
21 funds, as a whole or in part on any date (with the maturities to be redeemed to be determined  
22 by the City and by lot within a maturity), on and after June 15, 20\_\_\_, at redemption prices  
23 equal to 100% of the principal amount redeemed), together with accrued interest to the  
24 redemption date, without premium.

1 The bonds maturing on June 15, 20\_\_\_, shall be subject to redemption prior to their  
2 respective maturity dates, in part, by lot, from mandatory sinking fund payments, on each  
3 June 15, as shown in the table below, at a redemption price equal to the principal amount  
4 thereof plus accrued interest thereon to the redemption date, without premium.

Mandatory Sinking Fund Redemption Date (June 15)	Mandatory Sinking Fund Payment
20__	
20__	
20__	
20__*	

\* Maturity

13 Notice of redemption shall be given by mail not less than twenty (20) days prior to the date  
14 fixed for redemption to the registered owner thereof, but neither failure to receive any such  
15 notice or any defect in the notice so mailed shall affect the sufficiency of the proceedings for  
16 redemption. Such notice may be conditional.

17 The City may rescind any optional redemption by written notice to the owner of any  
18 bond previously called for redemption prior to the date fixed for redemption. Any notice of  
19 optional redemption shall be rescinded if for any reason funds are not or will not be available  
20 on the date fixed for redemption or the payment in full of the bonds then called for redemption.  
21 Notice of rescission of redemption shall be given in the same manner notice of redemption  
22 was originally provided. The actual receipt by the owner of any bond of notice of such  
23 rescission shall not be a condition precedent to rescission, and failure to receive such notice  
24 or any defect in such notice so mailed shall not affect the validity of the rescission.

1           If this bond is called for redemption and payment is duly provided therefor, interest  
2 shall cease to accrue hereon from and after the date fixed for redemption.

3           The City and the City Treasurer may treat the registered owner of the bonds as the  
4 absolute owner thereof for all purposes, and the City and the City Treasurer shall not be  
5 affected by any notice to the contrary.

6           The City Treasurer may appoint agents to serve as bond registrar or paying agent, as  
7 provided in the Resolutions.

8           The Board of Supervisors hereby certifies and declares that the total amount of  
9 indebtedness of said City, including the amount of this bond, is within the limit provided by  
10 law, that all acts, conditions and things required by the law to be done or performed precedent  
11 to and in the issuance of this bond have been done and performed in strict conformity with the  
12 laws authorizing the issuance of this bond, that this bond is in the form prescribed by order of  
13 the Board of Supervisors duly made and entered on its minutes, and the money for the  
14 payment of principal of this bond, and the payment of interest thereon, shall be raised by  
15 taxation upon the taxable property of said City as provided in the Resolutions.

16           Under the Resolutions, the City covenants and agrees that it is obligated to levy ad  
17 valorem taxes without limitation as to rate or amount upon all property within the City subject  
18 to taxation by the City (except certain property which is taxable at limited rates) in an amount  
19 sufficient for the payment of the bonds and the interest thereon when due.

20           This bond shall not be entitled to any benefit under the Resolutions, or become valid or  
21 obligatory for any purpose, until the certificate of authentication and registration hereon  
22 endorsed shall have been signed by the City Treasurer.

23           IN WITNESS WHEREOF the Board of Supervisors (the "Board") of the City and County  
24 of San Francisco (the "Board") has caused this bond to be executed by the Mayor of the City  
25

Mayor Lee  
**BOARD OF SUPERVISORS**



1 and County of San Francisco, and to be countersigned by the Clerk of said Board, all as of  
2 \_\_\_\_\_, 201\_\_.

3 [Seal]

4 \_\_\_\_\_  
5 Mayor of the City and  
6 County of San Francisco

7 Countersigned:

8 \_\_\_\_\_  
9 Clerk of the Board  
10 of Supervisors

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1 CERTIFICATE OF AUTHENTICATION AND REGISTRATION

2 This is one of the bonds described in the within-mentioned Resolutions, which has  
3 been authenticated on the date set forth below.

4 Date of Authentication: \_\_\_\_\_, 201\_\_

5  
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7 \_\_\_\_\_  
8 Treasurer of the City and  
9 County of San Francisco  
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**Items 1 and 2**  
**Files 11-1333 and 11-1344**  
*(continued from January 11, 2012)*

**Department:**  
 Department of Public Works,  
 Controller's Office of Public Finance

## EXECUTIVE SUMMARY

### Legislative Objectives

- File 11-1344: Resolution authorizing and directing the sale of up to \$192,000,000 in Earthquake Safety and Emergency Response General Obligation Bonds.
- File 11-1333: Ordinance appropriating \$192,000,000 of 2012 Earthquake Safety and Emergency Response Bond proceeds, including (a) \$160,620,973 to DPW for construction of a new Public Safety Building, (b) \$21,073,913 to DPW for renovation of various neighborhood fire stations, (c) \$1,745,114 for oversight, accountability and bond issuance costs, (d) \$8,560,000 Reserve to allow for fluctuations in market conditions, and (e) placing the entire \$192,000,000 on Controller's Reserve pending the sale of the bonds.

### Key Points

- On June 8, 2010, San Francisco voters approved Proposition B, authorizing the issuance of \$412,300,000 of Earthquake Safety and Emergency Response (ESER) General Obligation Bonds to finance the construction, acquisition, improvement, and retrofitting of 19 Fire Stations, a new Public Safety Building, repair, replacement and expansion of the City's Auxiliary Water Supply System (AWSS), and other firefighting infrastructure and facilities related to earthquake safety. Of the total \$412,300,000 in ESER GO Bonds, the DPW will manage projects totaling \$303,000,000, and the PUC will manage projects totaling \$102,400,000.
- In November, 2010, the Board of Supervisors approved the sale and appropriation of up to \$85,000,000 of ESER GO Bonds, the first in a series of four ESER GO Bond sales under the \$412,300,000 authorized by Proposition B (Files 10-1256 and 10-1248). The proposed resolution (File 11-1344) would authorize the second sale of up to \$192,000,000 of ESER GO Bonds.
- The proposed \$192,000,000 appropriation ordinance (File 11-1333), includes (a) \$160,620,973 to DPW for construction of a new Public Safety Building, (b) \$21,073,913 to DPW for renovation of various neighborhood fire stations, (c) \$1,745,114 for oversight, accountability and bond issuance costs, (d) \$8,560,000 Reserve to allow for fluctuations in market conditions, and (e) places the entire \$192,000,000 on Controller's Reserve pending the sale of the bonds. No funds are included for the PUC's AWSS projects.

### Fiscal Impacts

- The proposed resolution authorizing the sale of up to \$192,000,000 in ESER GO Bonds will have a projected annual interest rate of 6.0 percent over approximately 25 years, with estimated total debt service payments of \$353,433,547, including \$169,993,557 in interest and \$183,440,000 in principal, with estimated average annual debt service payments of \$14,137,342. Debt service would be paid from increased Property Taxes, such that an owner of a single family residence with an assessed value of \$500,000 would pay average annual additional Property Taxes to the City of \$29.09 per year.
- As of December 31, 2011, there was \$1,293,281,219 of General Obligation Bonds outstanding, or approximately 0.82% of the total net assessed value of property in the City. If the proposed not to exceed \$192,000,000 of ESER General Obligation Bonds are issued, the total outstanding General Obligation Bonds would total \$1,485,281,219, or approximately 0.94% of the total net assessed value of property.

### Recommendation

- Approve the proposed ordinance (File 11-1333) and the proposed resolution (File 11-1344).

**MANDATE STATEMENT / BACKGROUND****Mandate Statement**

Section 9.105 of the City's Charter provides that the Board of Supervisors is authorized to approve the issuance and sale of General Obligation bonds in accordance with State law or local procedures adopted by ordinance. Section 9.105 of the City's Charter also provides that (a) amendments to the appropriation ordinance, as finally adopted, are to be adopted in the same manner as other ordinances<sup>1</sup> and (b) no amendment to the appropriation ordinance may be adopted unless the Controller certifies the availability of funds.

**Background**

On June 8, 2010, the voters of San Francisco approved Proposition B, which authorized the issuance of \$412,300,000 of Earthquake Safety and Emergency Response (ESER) General Obligation Bonds. The ESER General Obligation Bonds will finance the construction, acquisition, improvement, and retrofitting of 19 Fire Stations, a new Public Safety Building, repair, replacement and expansion of the City's Auxiliary Water Supply System (AWSS) and other firefighting infrastructure and facilities related to earthquake safety. As shown in Table 1 below, the total ESER Bond Program Budget is \$412,300,000.

**Table 1: Earthquake Safety and Emergency Response General Obligation Bond Budget**

Description	Total Budget
Neighborhood Fire Stations <sup>2</sup>	\$64,000,000
Public Safety Building	239,000,000
<b>DPW Subtotal</b>	<b>\$303,000,000</b>
Auxiliary Water Supply System (AWSS)	\$34,400,000
Firefighting Cisterns	36,000,000
Firefighting Pipes and Tunnels	32,000,000
<b>PUC Subtotal</b>	<b>102,400,000</b>
Oversight and Cost of Bond Issuance	6,900,000
<b>Total ESER Budget</b>	<b>\$412,300,000</b>
<b>Source:</b> San Francisco Department of Public Works	

The 19 Fire Stations and the new Public Safety Building projects totaling \$303,000,000 will be managed by the Department of Public Works (DPW). The City's AWSS, firefighting cisterns<sup>3</sup>, and firefighting projects, pipes and tunnels totaling \$102,400,000 will be managed by the Public Utilities Commission (PUC). In addition, as shown in Table 1 above, an estimated \$6,900,000 is budgeted to provide bond oversight, including 0.1% allocation for the Citizens' General

<sup>1</sup> In accordance with Section 2.105 of the San Francisco Charter, the approval of an ordinance requires two readings at separate Board of Supervisors meetings, held at least five days apart.

<sup>2</sup> Renovations are planned for Fire Stations # 2, 5, 6, 13, 15, 17, 18, 22, 28, 31, 38, 40, 41, 42, 36, 43, 44, Fire Boat Headquarters #35 at the Port, and the Equipment Logistics Center #45.

<sup>3</sup> The Fire Department maintains 177 underground cisterns throughout the City, which store water available for fire fighting in case the domestic water supply and the AWSS are not available.

Obligation Bond Oversight Committee and 0.2% for the City Services Auditor and to fund the various costs to issue the General Obligation bonds.

The single largest project under the subject ESER General Obligation Bonds will be the construction of a new \$239,000,000 Public Safety Building, on City-owned land, on Block 8 in the Mission Bay South Redevelopment Project Area<sup>4</sup>. This new Public Safety Building will provide (a) a new Police Headquarters, including a new Southern District Police Station, which are both currently located in the Hall of Justice, and (b) a new Mission Bay Fire Station.

On November 2, 2010, the Board of Supervisors approved (a) a resolution (File 10-1255; Resolution 516-10) authorizing the issuance of the entire \$412,300,000 ESER General Obligation Bonds, and (b) a resolution (File 10-1256; Resolution 515-10) authorizing the sale of up to \$85,000,000 in ESER General Obligation Bonds, which was the first in the series of the total \$412,300,000 Bonds to be sold under Proposition B. At the same time, the Board of Supervisors approved an ordinance (File 10-1248) to appropriate the entire \$85,000,000 of ESER Bond sale proceeds, including (a) \$66,596,284 to initially design, develop plans and commence construction on a new Public Safety Building, (b) \$3,627,397 for planning and feasibility studies to renovate the various Fire Stations, (c) \$8,396,929 to define the plan of pipe network repair and replacement, and conduct schematic design of the AWSS, cisterns, pipes and tunnels, (d) \$1,289,390 for bond oversight and cost of issuance, and (e) \$5,090,000 placed on Controller's reserve to allow for fluctuations in the financing market.

Ms. Nadia Sesay, Director of the Office of Public Finance in the Controller's Office advises that a total of \$79,520,000 of ESER General Obligation Bonds were sold and appropriated, such that a total of \$332,780,000 (\$412,300,000 total issuance authority less \$79,520,000 ESER Bonds sold) issuance authority remains.

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution (File 11-1344) would authorize the sale of up to \$192,000,000 of ESER General Obligation (GO) Bonds, which would be the second in the series of the total \$412,300,000 Earthquake Safety and Emergency Response funds approved by the voters on June 8, 2010 under Proposition B. The proposed resolution:

- Authorizes the Director of Public Finance to determine the sale date, interest rates, principal amount of the bonds, maturity and redemption dates, with the provision that interest rates cannot exceed 12 percent and the maturity date cannot extend beyond June 15, 2037;
- Provides for the execution, authentication and registration of the 2010 Earthquake Safety and Emergency Response Bonds, Series 2012A Bonds;

<sup>4</sup> According to Ms. Kelley Kahn, Project Manager at the Redevelopment Agency, although the recent California Supreme Court decision regarding AB 26 dissolves all redevelopment agencies, such that the San Francisco Redevelopment Agency will be eliminated as a legal entity as of February 1, 2012, this action is not anticipated to affect the ability of the City to complete the Public Safety Building. Consistent with AB 26, a Successor Agency will be created to carry out the enforceable obligations of the Redevelopment Agency. These obligations include all requirements related to the Public Safety Building pursuant to the Mission Bay Owner Participation Agreement with the Mission Bay Master Developer, FOCIL-MB, LLC.

SAN FRANCISCO BOARD OF SUPERVISORS

- Sets the terms for transferring or redeeming the bonds;
- Provides for defeasance of the bonds;
- Requires a special Series 2012A Bond subaccount for payment of principal and interest; and a special Series 2012A project subaccount for acquisition, renovation, and construction of bond-funded projects;
- Approves the appointment of the Depository Trust Company as the securities depository, and authorizes the Treasurer to appoint fiscal and other agents;
- Approves the (a) Official Notice of Sale, which announces the date, time and terms of the competitive bond sale; and the (b) Notice of Intention to Sell the Bonds;
- Approves the Official Statement, describing the sources and uses of funds, security for the Bonds, risk factors, and tax and other legal matters, among other information; and authorizes the Controller or Director of Public Finance to revise the Official Statement to conform to the City's Comprehensive Annual Fiscal Report (CAFR);
- Restricts use of the bond proceeds to the public purpose for which the bonds were intended;
- Approves the Continuing Disclosure Certificate, which provides certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the fiscal year and to provide notices of the occurrence of certain enumerated events, if material;
- Authorizes City officials who have responsibility for executing documents related to the Series 2012A Bonds, including the Controller, Director of Public Finance, and Treasurer, to modify the documents as necessary, except that the Series 2012A Bond amount cannot exceed \$192,000,000; and
- Subjects the Series 2012A Bonds to the reporting requirements of the Citizens' General Obligation Bond Oversight Committee.

The proposed ordinance (File 11-1333) would appropriate the entire \$192,000,000 under this second ESER General Obligation Bond sale, including (a) \$160,620,973 to DPW for construction of a new Public Safety Building, (b) \$21,073,913 to DPW for renovation of various neighborhood fire stations, (c) \$1,745,114 for oversight, accountability and bond issuance costs, (d) \$8,560,000 Reserve to allow for fluctuations in market conditions and the actual underwriters discount or premium charged to the City based on bids received the day of the bond sale, and (e) placing the entire \$192,000,000 on Controller's Reserve pending the sale of the bonds.

Table 2 below shows (a) the total ESER Bond project budget, (b) the initial \$79,520,000 of ESER General Obligation Bonds previously sold and appropriated, (c) the proposed \$192,000,000 to be sold and appropriated, (d) the total of the first and proposed second bond sales and appropriations, and (e) the remaining amount of future bond sales and appropriations, by project.

**Table 2: Earthquake Safety and Emergency Response General Obligation Bond Total Budget, First Bond Sale and Appropriation and Proposed Request for Bond Sale and Appropriation**

Description	Total Project Budget	First Bond Sale and Appropriation	Proposed Second Bond Sale and Appropriation (Files 11-1344 and 11-1333)	Total of First and Second Bond Sale and Appropriation	Future Bond Sales and Appropriation Requests
<b>Department of Public Works (DPW)</b>					
Fire Stations	\$64,000,000	\$3,627,397	\$21,073,913	\$24,701,310	\$39,298,690
Public Safety Building	239,000,000	66,596,285	160,620,973	227,217,258	11,782,742
<b>DPW Subtotal</b>	<b>303,000,000</b>	<b>70,223,682</b>	<b>\$181,694,886</b>	<b>\$251,918,568</b>	<b>\$51,081,432</b>
<b>Public Utilities Commission (PUC)</b>					
Auxiliary Water Supply System	34,400,000	3,990,000	0	3,990,000	30,410,000
Firefighting Cisterns	36,000,000	1,083,190	0	1,083,190	34,916,810
Firefighting Pipes and Tunnels	32,000,000	3,323,738	0	3,323,738	28,676,262
<b>PUC Subtotal</b>	<b>102,400,000</b>	<b>8,396,928</b>	<b>0</b>	<b>8,396,928</b>	<b>94,003,072</b>
Oversight/Issuance	6,900,000	899,390	1,745,114	2,644,504	4,255,496
<b>ESER Budget</b>	<b>\$412,300,000</b>	<b>\$79,520,000</b>	<b>\$183,440,000</b>	<b>\$262,960,000</b>	<b>\$149,340,000</b>
<b>Reserve Pending Subject \$192,000,000 Bond Sale*</b>			8,560,000	8,560,000	
<b>Total</b>			<b>\$192,000,000</b>	<b>\$271,520,000</b>	<b>\$140,780,000</b>

Source: San Francisco Department of Public Works

\*The amount of the Reserve Pending Bond Sale is subject to change due to bond market conditions at the time of sale. The Controller's Office will make technical adjustments based on the sale results. If the \$8,555,000 in Reserves is not used, those funds must be re-authorized by the Board of Supervisors through subsequent sale resolutions in order to be issued.

\*\*Table 3 below provides a breakdown of the Cost of Issuance and Bond Oversight expenditures. Issuance and Bond Oversight expenditures associated with the project costs will be paid through the Controller's Office, not by DPW or PUC

According to Mr. Charles Higuera, Program Manager for the ESER Bond Program, and as shown in detail in the Attachment, DPW is requesting \$160,620,973 for the Public Safety Building project to fund (a) the construction contract, including contingency, art enrichment, and hazardous material remediation, (b) project controls, including project management and regulatory agency fees, and (c) architectural, engineering and administrative support. Mr. Higuera advises that the construction contract for the Public Safety Building was awarded to Charles Pankow Builders, Inc., based on a competitive bid, such that construction commenced in December 2011 and is anticipated to be completed by mid-2014. As reported by DPW in the November 18, 2011 Bond Accountability Report, as of September 30, 2011, DPW had expended and encumbered \$11,207,195 plus an additional \$15,175,027 was allocated for job orders, or a total of \$26,382,222, which represents 39.6 percent of the \$66,596,285 from the first ESER Bond sale and appropriation for the Public Safety Building.

As shown in Table 2 above, DPW is requesting \$21,073,913 to continue renovations of various Fire Stations, including funds for project and construction management, materials testing and



inspections, pre-design and design services, and construction and administrative costs, as detailed in the Attachment. As reported by DPW in the November 18, 2011 Bond Accountability Report, as of September 30, 2011, DPW had expended and encumbered \$3,103,035, plus an additional \$1,030,323 was allocated for job orders, or a total of \$4,133,358, which is 139 percent of the \$3,627,397<sup>5</sup> from the first ESER Bond sale and appropriation for renovations of various Fire Stations.

As shown above in Table 2, PUC is not requesting any funds from the subject second ESER bond sale and appropriation for the AWSS, cisterns, pipes and tunnels. As reported by DPW in the November 18, 2011 Bond Accountability Report, as of September 30, 2011, PUC had expended, encumbered or allocated \$1,659,624, or 19.8 percent of the \$8,396,928 total for the AWSS, cisterns, pipes and tunnels from the first ESER Bond sale and appropriation.

Table 3 below provides a breakdown of the \$1,745,114 for the cost of oversight and issuance of the proposed not-to-exceed \$192,000,000 ESER General Obligation Bond sale and appropriation. These oversight and issuance costs are then separately charged to each of the DPW and PUC projects, based on the cost of each project.

**TABLE 3: Proposed Cost of Issuance and Bond Oversight**

Description	Amount
Cost of Issuance <sup>6</sup>	\$281,084
Underwriter's Discount <sup>7</sup>	917,200
City Auditor 0.1% allocation for the General Obligation Bond Oversight Committee Audits	183,440
City Services Auditor 0.2% allocation for the Controller's Audit Fund	363,390
<b>Total</b>	<b>\$1,745,114</b>

**FISCAL IMPACTS**

Mr. Anthony Ababon in the Controller's Office of Public Finance advised that the not-to-exceed \$192,000,000 of ESER General Obligation Bonds are projected to have an annual interest rate of 6.0 percent over approximately 25 years, with annual debt service payments extending from 2012 through 2036. Assuming a 25-year term, these bonds will result in estimated total debt

<sup>5</sup> As noted, the \$4,133,358 amount expended, encumbered and allocated for job orders through September 30, 2011 exceeded the original \$3,627,397 amount sold and allocated for these Fire Stations from the first ESER bond sale. However, according to Mr. Higuera, and as reported in the November 18, 2011 Bond Accountability Report, \$3,500,000 was reallocated by DPW from the Public Safety Building to the Fire Stations in order to meet these financial obligations. Mr. Higuera advises that after the subject not to exceed \$192,000,000 second ESER bond sale is completed and appropriated, \$3,500,000 will be reallocated back from the Fire Stations to the Public Safety Building project.

<sup>6</sup> Cost of Issuance includes payments for bond, disclosure and tax counsel fees; financial advisory fees; rating agency fees; printing costs; and City costs for the Office of Public Finance, Treasurer, Controller, and City Attorney's Office.

<sup>7</sup> The Underwriters Discount refers to the fact that the original purchaser of the bonds that submitted the most competitive bid for the bonds includes a compensation component for underwriting the bonds and associated risks. This compensation component is included in the bid price submitted for the bonds. Thus, the award of the bonds based on the most competitive bid takes into consideration the amount of Underwriter's Discount.

service payments of \$353,433,547, including \$169,993,557 in interest and \$183,440,000 in principal, with estimated average annual debt service payments of \$14,137,342.

Repayment of such annual debt service will be recovered through increases to the annual Property Tax rate which, according to the Controller's Office, average \$0.0059 per \$100 of assessed valuation over the anticipated 25-year term of the Bonds. A single family residence with an assessed value of \$500,000, assuming a homeowners exemption of \$7,000, would pay average annual additional Property Taxes to the City of \$29.09 per year ( $\$500,000 - \$7,000 / \$100 \times \$0.0059$ ) if the proposed not to exceed \$192,000,000 ESER General Obligation Bond is issued and appropriated.

The City's Charter imposes a three percent limit on the amount of General Obligation Bonds that can be outstanding at any given time, relative to the total net assessed value of property in the City. The FY 2011-12 total net assessed value of property in the City is \$158,649,887,998. According to Ms. Sesay, as of December 31, 2011, there was \$1,293,281,219 of General Obligation Bonds outstanding, or approximately 0.82% of the total net assessed value of property in the City. If the proposed not to exceed \$192,000,000 of ESER General Obligation Bonds are issued, the total outstanding General Obligation Bonds would total \$1,485,281,219, or approximately 0.94% of the total net assessed value of property.

According to Ms. Sesay, the proposed up to \$192,000,000 ESER General Obligation Bonds are expected to be sold in early February, 2012, together with up to \$76,000,000 of Clean and Safe Neighborhood Parks General Obligation Bonds and up to \$74,000,000 of Road Repaving and Street Safety Program General Obligation Bonds, for a total of up to \$342,000,000 of General Obligation Bond sale. If the total of up to \$342,000,000 of General Obligation Bonds are issued, including the subject ESER General Obligation Bonds, the Clean and Safe Neighborhood Parks General Obligation Bonds and the Road Repaving and Street Safety Program General Obligation Bonds, the total outstanding General Obligation Bonds would total up to \$1,635,281,219 or approximately 1.03% of the total net assessed value of property in the City.

On January 11, 2012, a substitute version of the proposed supplemental appropriation ordinance (File 11-1333) was introduced and continued by the Budget and Finance Committee, which are reflected in the subject revised report.

## **POLICY CONSIDERATIONS**

Administrative Code Section 2.71(b) requires the Department of Public Works (DPW) and the Public Utilities Commission (PUC) to submit Bond Accountability Reports to the Board of Supervisors 60 days prior to approval by the Board of Supervisors of the sale of any subsequent series of bonds for the same project. In accordance with Administrative Code Section 2.72, the Bond Accountability Report must include: (a) certification from authorized representatives of DPW and PUC that the information in the report is correct; (b) cumulative amount of bond proceeds available and expended on the project; (c) brief description of each project line item for which bond proceeds have been expended; (d) the amount of bond proceeds expended on each project line item; (e) identification of completed and uncompleted project line items; (f) status and explanation of each uncompleted project line item; (g) identification and explanation of any project line item not included in a proposed expenditure report; (h) identification of any

project line item included in a proposed expenditure report for which bond proceeds will not be used; and (i) certification that each project identified is in conformity with the voter's authorization.

On November 18, 2011, DPW submitted a Bond Accountability Report for the Earthquake Safety and Emergency Response Bond Program. In addition, on September 30, 2011, DPW submitted an Earthquake Safety and Emergency Response Bond Program report to the Citizens General Obligation Bond Oversight Committee. The Budget and Legislative Analyst notes that both of these reports state that an additional \$31,505,626 of requested funding would be included in the subject second ESER General Obligation Bond sale and appropriation, for the PUC's AWSS, cisterns, pipes and tunnels projects. However, as discussed above, the PUC is not requesting any additional funding at this time for the AWSS, cisterns, pipes and tunnels projects. According to Mr. Carlos Jacobo, Budget Director at the PUC, after further evaluation, the PUC determined that there was sufficient funding in the AWSS, cisterns, pipes and tunnels projects to extend through the Summer of 2012, at which time the PUC will determine, together with the Office of Public Finance, the amount of additional General Obligation Bond sale and appropriations that are needed.

## RECOMMENDATION

Approve the proposed ordinance (File 11-1333) and resolution (File 11-1344).

**Attachment  
Earthquake Safety and Emergency Response Bond Program**

Description	Budget	Bond Sales			Future Bond Sales
		First	Second	Total	
<b>Public Safety Building</b>					
Construction					
Callie (including all trade contracts)	170,000,000	42,164,835	131,835,165	177,000,000	177,000,000
Construction Contingency	11,833,114	0	11,702,265	11,702,265	11,702,265
Art Enrichment	3,500,000	768,600	1,522,503	2,291,103	2,291,103
Hazardous Materials	680,000	170,905	400,005	570,910	570,910
Subtotal	188,013,114	43,114,340	144,460,433	191,564,278	191,564,278
Project Controls					
Project Management	6,624,100	1,112,031	2,040,325	3,262,356	3,262,356
Regulatory Agencies	2,095,495	79,253	778,272	857,525	857,525
Subtotal	8,719,595	1,191,284	2,818,597	4,119,881	4,119,881
Architectural/Engineering/Construction Administration					
Architecture/Engineering	28,013,555,823	10,815,631	6,730,692	24,555,323	24,555,323
Pre-Construction	2,300,000	735,722	117,124	852,846	852,846
Construction Management	2,016,102,004	1,143,000	1,631,212	2,774,212	2,774,212
Testing and Inspection	2,016,102,004	394,832	1,623,028	2,017,860	2,017,860
Geotech, Surveys, and Data Collection	1,053,870	800,282	268,638	1,068,920	1,068,920
Subtotal	26,399,629,701	22,293,467	8,371,894	34,665,361	34,665,361
<b>Public Safety Building Total</b>	<b>214,412,743</b>	<b>66,594,245</b>	<b>160,630,973</b>	<b>227,217,258</b>	<b>227,217,258</b>
<b>Neighborhood Fire Stations</b>					
Program Development Pre-Bond (742BA)	1,018,968	1,018,968	0	1,018,968	1,018,968
Project Management (742BA)	2,728,251	490,000	424,038	1,374,038	1,374,038
Pre-Design Services Focused Support/Comprehensive & Balance	1,041,000	1,041,000	0	1,041,000	1,041,000
Construction Management & Support Services (C158)	1,340,000	1,340,000	1,340,000	1,340,000	1,340,000
BTB	3,740,000	480,000	480,000	480,000	480,000
Contingency					
<b>STATION / COMPREHENSIVE</b>					
<b>742BA Station 2</b>					
Design Phase	190,000	90,000	90,000	90,000	90,000
Construction Administration	21,412	21,412	21,412	21,412	21,412
Construction	580,000	580,000	580,000	580,000	580,000
Subtotal	791,412	700,412	700,412	700,412	700,412
<b>742BA Station 6</b>					
Design Phase	721,000	721,000	721,000	721,000	721,000
Construction Administration	165,966	77,983	77,983	77,983	77,983
Construction	3,240,000	3,240,000	3,240,000	3,240,000	3,240,000
Subtotal	4,126,966	4,138,983	4,138,983	4,138,983	4,138,983
<b>742BA Station 22</b>					
Design Phase	450,000	450,000	450,000	450,000	450,000
Construction Administration	0	0	0	0	0
Construction	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Subtotal	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000
<b>742BA Station 28</b>					
Design Phase	60,000	60,000	60,000	60,000	60,000
Construction Administration	121,412	0	0	0	0
Construction	680,000	0	0	0	0
Subtotal	761,412	60,000	60,000	60,000	60,000
<b>742BA Station 43</b>					
Design Phase	863,000	718,167	718,167	718,167	718,167
Construction Administration	196,624	0	0	0	0
Construction	3,900,000	0	0	0	0
Subtotal	4,959,624	718,167	718,167	718,167	718,167
<b>742BA Station 35 Fire Boat Headquarters</b>					
Pre-Design Phase	333,000	333,000	333,000	333,000	333,000
Design Phase	0	0	0	0	0
Construction Administration	0	0	0	0	0
Construction	1,115,000	0	0	0	0
Subtotal	1,448,000	333,000	333,000	333,000	333,000
<b>742BA Station 45 Equipment Logistics Center</b>					
Pre-Design Phase	300,000	300,000	300,000	300,000	300,000
Design Phase	0	0	0	0	0
Construction Administration	0	0	0	0	0
Construction	10,000,000	0	0	0	0
Subtotal	10,300,000	300,000	300,000	300,000	300,000
<b>FOCUSSED SCOPE</b>					
<b>742BA Stations 6, 15, 16, 17, 18, 22, 28, 40, 41, 42, 44</b>					
Design Phase	1,780,000	123,000	1,167,000	1,290,000	1,290,000
Construction Administration	277,380	108,051	158,329	277,380	277,380
Construction	7,700,000	848,878	6,618,271	7,468,949	7,468,949
Subtotal	9,757,380	1,079,929	7,943,600	8,036,329	8,036,329
<b>742BA Stations 30, 29, 31 (Alternates)</b>					
Design Phase	220,000	220,000	220,000	220,000	220,000
Construction Administration	48,717	48,717	48,717	48,717	48,717
Construction	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Subtotal	1,568,717	1,568,717	1,568,717	1,568,717	1,568,717
<b>Neighborhood Fire Stations Total</b>	<b>18,840,000</b>	<b>3,027,347</b>	<b>21,075,313</b>	<b>24,701,310</b>	<b>24,701,310</b>
Auxiliary Water Supply System	102,400,000	8,396,928	0	8,396,928	8,396,928
Overnight, Accountability and Cost of Insurance	6,900,000	899,390	1,750,114	2,649,504	2,649,504
<b>TOTAL</b>	<b>412,500,000</b>	<b>79,520,000</b>	<b>183,445,000</b>	<b>263,965,000</b>	<b>263,965,000</b>

**Summary**

Component	Budget	First	Second	Total	Future
Public Safety Building	214,412,743	66,594,245	160,630,973	227,217,258	11,782,743
Neighborhood Fire Stations	18,840,000	3,027,347	21,075,313	24,701,310	35,298,690
Auxiliary Water Supply System	102,400,000	8,396,928	0	8,396,928	94,003,072
Overnight, Accountability and Cost of Insurance	6,900,000	899,390	1,750,114	2,649,504	4,250,496
<b>Total</b>	<b>412,552,743</b>	<b>79,520,000</b>	<b>183,445,000</b>	<b>263,965,000</b>	<b>149,335,000</b>

Reserve Pending Bond Sale

8,533,000

Total Second Bond Sale Request

192,000,000

**NOTICE OF INTENTION TO SELL**

**\$192,000,000\***  
**CITY AND COUNTY OF SAN FRANCISCO**  
**GENERAL OBLIGATION BONDS**  
**(EARTHQUAKE SAFETY AND EMERGENCY**  
**RESPONSE BONDS, 2010) SERIES 2012A**

**\$76,000,000\***  
**CITY AND COUNTY OF SAN FRANCISCO**  
**GENERAL OBLIGATION BONDS**  
**(CLEAN AND SAFE NEIGHBORHOOD PARKS**  
**BONDS, 2008) SERIES 2012B**

**\$74,000,000\***  
**GENERAL OBLIGATION BONDS**  
**(ROAD REPAVING AND STREET SAFETY BONDS, 2011)**  
**SERIES 2012C**

NOTICE IS HEREBY GIVEN that the City and County of San Francisco (the "City") intends to offer for public sale on

**January \_\_, 2012, at 8:30 a.m. (California time)\***

by sealed bids at the Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, City Hall, Room 336, San Francisco, California 94102, and by electronic bids through Ipreo LLC's BiDCOMP™/PARITY® System ("Parity"), \$342,000,000\* aggregate principal amount of City and County of San Francisco General Obligation Bonds, consisting of (i) \$192,000,000\* General Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2010) Series 2012A (the "Series 2012A Bonds"), (ii) \$76,000,000\* General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008) Series 2012B (the "Series 2012B Bonds") and (iii) \$74,000,000\* General Obligation Bonds (Road Repaving and Street Safety Bonds, 2011) Series 2012C (the "Series 2012C Bonds" and, collectively with the Series 2012A Bonds and the Series 2012B Bonds, the "Bonds").

The City reserves the right to postpone or cancel the sale of the Bonds or change the terms thereof upon notice given through Bloomberg Business News and Parity (collectively, the "News Services"). In the event that no bid is awarded for the Bonds, the City will reschedule the sale of such Bonds to another date or time by providing notification through the News Services.

The Bonds will be offered for public sale subject to the terms and conditions of the Official Notice of Sale. Further information regarding the proposed sale of the Bonds, including copies of the Preliminary Official Statement dated January \_\_, 2012 for the Bonds (the "Preliminary Official Statement") and the Official Notice of Sale relating to the Bonds, are available electronically at the News Services or may be obtained from either of the City's Co-Financial Advisors: TKG & Associates LLC, 48 Colin P. Kelly Jr. Street, 2<sup>nd</sup> Floor, San Francisco, California 94017; telephone: (415) 538-8480 (office), Attention: Charlotte Knight-Marshall (email: ckm@tkgadvisors.net), and Public Financial Management, Inc., 50 California Street, Suite 2300, San Francisco, California 94111; telephone: (415) 982-5544 (office), Attention: Sarah Hollenbeck (email: hollenbecks@pfm.com).

The Preliminary Official Statement for the Bonds and the Official Notice of Sale for the Bonds will be posted electronically at Ipreo Prospectus [www.i-dealprospectus.com](http://www.i-dealprospectus.com) on or around

[Day], January \_\_, 2012. Failure of any bidder to receive such notice shall not affect the legality of the sale.

Other than with respect to postponement or cancellation as described above, the City reserves the right to modify or amend the Official Notice of Sale relating to the Bonds in any respect, as more fully described in the Official Notice of Sale; provided, that any such modification or amendment will be communicated to potential bidders through the News Services not later than 1:00 p.m. (California time) on the business day preceding the date for receiving bids for the Bonds. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale.

Dated: January \_\_, 2012

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\* Preliminary, subject to change.

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**OFFICIAL NOTICE OF SALE**

**and**

**OFFICIAL BID FORM**

**\$342,000,000\***

**CITY AND COUNTY OF SAN FRANCISCO  
GENERAL OBLIGATION BONDS**

**consisting of**

**\$192,000,000\***

**GENERAL OBLIGATION BONDS  
(EARTHQUAKE SAFETY AND  
EMERGENCY RESPONSE, 2010)  
SERIES 2012A**

**\$76,000,000\***

**GENERAL OBLIGATION BONDS  
(CLEAN AND SAFE NEIGHBORHOOD  
PARKS BONDS, 2008)  
SERIES 2012B**

**and**

**\$74,000,000\***

**GENERAL OBLIGATION BONDS  
(ROAD REPAVING AND STREET SAFETY BONDS, 2011)  
SERIES 2012C**

The City and County of San Francisco will receive sealed bids and electronic bids for the above-referenced bonds at the place and up to the time specified below:

**SALE DATE:** [Day], January \_\_, 2012  
(Subject to postponement or cancellation in accordance with this Official Notice of Sale)

**TIME:** 8:30 a.m. (California time)

**PLACE:** 1 Dr. Carlton B. Goodlett Place, Room 336,  
San Francisco, California 94102

**DELIVERY DATE:** February \_\_, 2012

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\* Preliminary, subject to change.

**OFFICIAL NOTICE OF SALE**

**\$342,000,000\***

**CITY AND COUNTY OF SAN FRANCISCO  
GENERAL OBLIGATION BONDS**

consisting of

**\$192,000,000\***  
**GENERAL OBLIGATION BONDS  
(EARTHQUAKE SAFETY AND  
EMERGENCY RESPONSE, 2010)  
SERIES 2012A**

**\$76,000,000\***  
**GENERAL OBLIGATION BONDS  
(CLEAN AND SAFE NEIGHBORHOOD  
PARKS BONDS, 2008)  
SERIES 2012B**

and

**\$74,000,000\***  
**GENERAL OBLIGATION BONDS  
(ROAD REPAVING AND STREET SAFETY BONDS, 2011)  
SERIES 2012C**

NOTICE IS HEREBY GIVEN that sealed bids will be received and opened in the manner described below and that electronic bids will be received through the Ipreo LLC's BiDCOMP™/PARITY® System ("Parity") in the manner described below, by the City and County of San Francisco (the "City") for the purchase of \$342,000,000\* aggregate principal amount of City and County of San Francisco General Obligation Bonds, consisting of (i) \$192,000,000\* General Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2010) Series 2012A (the "Series 2012A Bonds"), (ii) \$76,000,000\* General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008) Series 2012B (the "Series 2012B Bonds"), and \$74,000,000\* General Obligation Bonds (Road Repaving and Street Safety Bonds, 2011) Series 2012C (the "Series 2012C Bonds" and, collectively with the Series 2012A Bonds and the Series 2012B Bonds, the "Bonds"), as more particularly described hereinafter, at the Office of Public Finance, City Hall, Room 336, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102 on:

**January \_\_, 2012, at 8:30 a.m. (California time)**

(Subject to postponement or cancellation in accordance with this Official Notice of Sale)

See "TERMS OF SALE – Warning Regarding Electronic Bids" hereinafter for information regarding the terms and conditions under which bids will be received through electronic transmission.

**THE RECEIPT OF BIDS ON [DAY], JANUARY \_\_, 2012 MAY BE POSTPONED OR CANCELLED AT OR PRIOR TO THE TIME BIDS ARE TO BE RECEIVED. NOTICE OF SUCH POSTPONEMENT OR CANCELLATION WILL BE COMMUNICATED BY THE CITY THROUGH BLOOMBERG BUSINESS NEWS AND PARITY (COLLECTIVELY, THE "NEWS SERVICES") AS SOON AS PRACTICABLE FOLLOWING SUCH POSTPONEMENT OR CANCELLATION.** Notice of the new date and time for receipt of bids shall be given through the News Services as soon as practicable following a postponement and no

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\* Preliminary, subject to change.



later than 1:00 p.m. (California time) on the business day preceding the new date for receiving bids. See "TERMS OF SALE-Postponement or Cancellation of Sale."

As an accommodation to bidders, notice of such postponement and of the new sale date and time will be given to any bidder requesting such notice from the co-financial advisors to the City: TKG & Associates LLC, 48 Colin P. Kelly Jr. Street, 2<sup>nd</sup> Floor, San Francisco, California 94017; telephone (415)538-8480 (office), Attention: Charlotte Knight-Marshall (email: ckm@tkgadvisors.net); and Public Financial Management, Inc., 50 California Street, Suite 2300, San Francisco, California 94111; telephone: (415) 982-5544 (office), Attention: Sarah Hollenbeck (email: hollenbecks@pfm.com) (collectively, "Co-Financial Advisors"), provided, however, that failure of any bidder to receive such supplemental notice shall not affect the sufficiency of any such notice or the legality of the sale.

The City reserves the right to modify or amend this Official Notice of Sale in any respect, including, without limitation, increasing or decreasing the principal amount of any serial maturity or mandatory sinking fund payment for all series of the Bonds and adding or deleting serial or term maturity and mandatory sinking fund payment dates, along with corresponding principal amounts with respect thereto, for any years from 2012 through and including [2037] for the Series 2012A Bonds and the Series 2012C Bonds and for any years from 2012 through and including [2032] for the Series 2012B Bonds; provided, that any such modification or amendment will be communicated to potential bidders through the News Services not later than 1:00 p.m. (California time) on the business day preceding the date for receiving bids. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale. See "TERMS OF SALE – Right to Modify or Amend."

Bidders are referred to the Preliminary Official Statement dated January \_\_, 2012, of the City with respect to the Bonds (the "Preliminary Official Statement") for additional information regarding the City, the Bonds, the security therefor and other matters. See "CLOSING PROCEDURES AND DOCUMENTS–Official Statement." Capitalized terms used herein and not defined herein shall have the meanings ascribed to them in the Preliminary Official Statement.

This Official Notice of Sale will be submitted for posting to the Parity bid delivery system. In the event the summary of the terms of sale of the Bonds posted by Parity conflicts with this Official Notice of Sale in any respect, the terms of this Official Notice of Sale shall control, unless a notice of an amendment is given as described herein.

### **TERMS RELATING TO THE BONDS**

**THE AUTHORITY FOR ISSUANCE, PURPOSE, PRINCIPAL AND INTEREST REPAYMENT, SECURITY, AND SOURCES OF PAYMENT, THE LEGAL OPINIONS AND ALL OTHER INFORMATION REGARDING THE BONDS ARE PRESENTED IN THE PRELIMINARY OFFICIAL STATEMENT, WHICH EACH BIDDER IS DEEMED TO HAVE OBTAINED AND REVIEWED PRIOR TO BIDDING FOR THE BONDS. THIS OFFICIAL NOTICE OF SALE GOVERNS ONLY THE TERMS OF SALE, BIDDING, AWARD AND CLOSING PROCEDURES FOR THE BONDS. THE DESCRIPTION OF THE BONDS CONTAINED IN THIS OFFICIAL NOTICE OF SALE IS QUALIFIED IN ALL RESPECTS BY THE DESCRIPTION CONTAINED IN THE PRELIMINARY OFFICIAL STATEMENT.**

Subject to the foregoing, the Bonds are generally described as follows:

Issue. The \$192,000,000\* aggregate principal amount of Series 2012A Bonds, the \$76,000,000\* aggregate principal amount of Series 2012B Bonds and \$74,000,000\* aggregate principal amount of Series 2012C Bonds will be issued as fully registered bonds without coupons in book-entry form in denominations of \$5,000 or any integral multiple thereof, as designated by the successful bidder (the "Purchaser"), all dated the date of delivery, which is expected to be February \_\_\_\_\_, 2012\*. If the sale is postponed, notice of the new date of the sale will also set forth the new date of delivery of the Bonds.

Book-Entry Only. The Bonds will be registered in the name of a nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, and the Purchaser will not receive certificates representing its interest in the Bonds purchased. As of the date of award of the Bonds, the Purchaser must either participate in DTC or must clear through or maintain a custodial relationship with an entity that participates in DTC.

Interest Rates. Interest on the Bonds will be payable on [June 15, 2012] and semiannually thereafter on June 15 and December 15 of each year (each an "Interest Payment Date"). Interest shall be calculated on the basis of a 30-day month, 360-day year from the dated date of the Bonds.

Bidders may specify any number of separate rates, and the same rate or rates may be repeated as often as desired, provided:

- (i) each interest rate specified in any bid must be a multiple of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%) per annum;
- (ii) the maximum interest rate bid for any maturity shall not exceed twelve percent (12%) per annum;
- (iii) no Bond shall bear a zero rate of interest;
- (iv) each Bond shall bear interest from its dated date to its stated maturity date at the single rate of interest specified in the bid; and
- (v) all Bonds maturing at any one time shall bear the same rate of interest.

Par and Premium Bids. All bids shall be for par or better; no net discount bids will be accepted. Individual maturities of the Bonds may be reoffered at a premium or discount.

Principal Payments. The Bonds shall be serial and/or term Bonds, as specified by each bidder, and principal shall be payable on June 15 of each year, commencing on [June 15, 2012] as shown below. The final maturity of the Series 2012A Bonds and the 2012C Bonds shall be June 15, [2037]. The final maturity of the Series 2012B Bonds shall be [June 15, 2032]. The principal amount of the Bonds maturing or subject to mandatory sinking fund redemption in any year shall be in integral multiples of \$5,000. No serial Bonds may mature following the commencement of the

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\* Preliminary, subject to change.

first mandatory sinking fund payment. For any term Bonds specified, the principal amount for a given year may be allocated only to a single term Bond and must be part of an uninterrupted annual sequence from the first mandatory sinking fund payment to the term Bond maturity. The aggregate amount of the principal amount of the serial maturity or mandatory sinking fund payment for the individual series of Bonds is shown below for information purposes only. Bidders will provide bids on the Total Principal Amount only. Subject to adjustment as hereinafter provided, the aggregate principal amount of the serial maturity or mandatory sinking fund payment for the Bonds in each year is as follows:

Principal Payment Date (June 15)	Series 2012A Bonds Principal Amount*	Series 2012B Bonds Principal Amount*	Series 2012C Bonds Principal Amount*	Total Principal Amount*
2012	\$	\$	\$	\$
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
TOTAL				

Adjustment of Principal Payments. The principal amounts set forth in this Official Notice of Sale reflect certain estimates of the City with respect to the likely interest rates of the winning bid and the premium contained in the winning bid. **The City reserves the right to change the**

\* Preliminary, subject to change.

principal payment schedule set forth above after the determination of the winning bidder, by adjusting one or more of the principal payments of the Bonds in increments of \$5,000, as determined in the sole discretion of the City. Any such adjustment of principal payments on the Bonds shall be based on the schedule of principal payments provided by the City to be used as the basis of bids for the Bonds. Any such adjustment will not change the average per Bond dollar amount of underwriter's discount. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and no successful bid may be withdrawn.

**THE BIDDER AWARDED THE BONDS BY THE CITY (THE "PURCHASER") WILL NOT BE PERMITTED TO WITHDRAW ITS BID, CHANGE THE INTEREST RATES IN ITS BID OR THE REOFFERING PRICES IN ITS REOFFERING PRICE CERTIFICATE AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL PAYMENTS OF THE BONDS IN ACCORDANCE WITH THIS OFFICIAL NOTICE OF SALE.**

Redemption. (a) Optional Redemption. The Bonds maturing on or before [June 15, 2022], will not be subject to optional redemption prior to their respective stated maturity dates. The Bonds, if any, maturing on or after [June 15, 2023], are subject to optional redemption prior to their respective stated maturity dates, at the option of the City, from any source of available funds (other than mandatory sinking fund payments), as a whole or in part on any date (with the maturities to be redeemed to be determined by the City and by lot within a maturity), on or after [June 15, 2022], at the redemption price equal to the principal amount of the Bonds redeemed, together with accrued interest to the date fixed for redemption, without premium.

(b) Mandatory Redemption. Term Bonds, if any, are also subject to redemption prior to their respective stated maturity dates, in part, by lot, from mandatory sinking fund payments, on each June 15 on or after [June 15, 2023], designated by the successful bidder as a date upon which a mandatory sinking fund payment is to be made, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium. No term Bonds may be redeemed from mandatory sinking fund payments until all term Bonds maturing on preceding term maturity dates, if any, have been retired.

Legal Opinion and Tax Matters. Upon delivery of the Bonds, Co-Bond Counsel, Goodwin Procter LLP and GCR, LLP (collectively, "Co-Bond Counsel"), will deliver an opinion for each series of the Bonds to the effect that in the opinion of such Co-Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants and requirements, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is exempt from State of California personal income taxes. In the further opinion of Co-Bond Counsel, interest on the Bonds is not a specific preference item for purposes of federal individual or corporate alternative minimum taxes, although Co-Bond Counsel observe that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. See "TAX MATTERS" in the Preliminary Official Statement.

Complete copies of the proposed form of opinions of Co-Bond Counsel is set forth in Appendix F to the Preliminary Official Statement. The approving legal opinions of Co-Bond Counsel will be furnished to the Purchaser upon delivery of the Bonds. Copies of said opinions will

be filed with The Depository Trust Company (“DTC”) and with the Treasurer of the City (the “City Treasurer”).

## TERMS OF SALE

**Form of Bids; Delivery of Bids.** Each bid for the Bonds must be: (1) for not less than all of the Bonds hereby offered for sale, (2) submitted with a Good Faith Deposit (see “– Good Faith Deposit”), (3) unconditional, and (4) (i) submitted on the Official Bid Form attached hereto as Exhibit A and signed by the bidder, or (ii) submitted via Parity. Electronic bids must conform to the procedures established by Parity. Sealed bids must be enclosed in a sealed envelope, delivered to the City c/o Anthony Ababon at the address set forth on the cover and clearly marked “Bid for the City and County of San Francisco General Obligation Bonds” or words of similar import or submitted in electronic form, as hereinafter described and received by 8:30 a.m. California time, at the offices of the Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102; phone: (415) 554-5956. No bid submitted to the City is subject to withdrawal or modification by the bidder.

**All bids will be deemed to incorporate and be subject to all of the terms of this Official Notice of Sale. If the sale of the Bonds is canceled or postponed, all bids shall be rejected. No bid submitted to the City is subject to withdrawal or modification by the bidder. No bid will be accepted after the time for receiving bids. The City retains absolute discretion to determine whether any bid, sealed or electronic, is timely, legible and complete and conforms to this Official Notice of Sale. The City takes no responsibility for informing any bidder prior to the time for receiving bids that its bid is incomplete, illegible or nonconforming with this Official Notice of Sale or has not been received.**

Solely as an accommodation to bidders, electronic bids will be received exclusively through Parity in accordance with this Official Notice of Sale, but no bid will be accepted after the time specified for received bids. For further information about Parity, potential bidders may contact either of the Co-Financial Advisors or Parity, phone: (212) 849-5021.

**Warnings Regarding Electronic Bids.** Bids for the Bonds may be submitted electronically via Parity. The City will attempt to accommodate bids submitted electronically via Parity. However, the City does not endorse or encourage the use of such electronic bidding service. None of the City, the City Attorney, the Co-Financial Advisors or Co-Bond Counsel assumes any responsibility for any error contained in any bid submitted electronically or for failure of any bid to be transmitted, received or opened by the time for receiving bids, and each bidder expressly assumes the risk of, any incomplete, illegible, untimely or nonconforming bid submitted by electronic transmission by such bidder, including without limitation, by reason of garbled transmissions, mechanical failure, engaged telecommunications lines, or any other cause arising from submission by electronic transmission. The time for receiving bids will be determined by the City at the place of bid opening, and the City will not be required to accept the time kept by Parity.

If a bidder submits an electronic bid for the Bonds through Parity, such bidder thereby agrees to the following terms and conditions: (1) if any provision in this Official Notice of Sale with respect to the Bonds conflicts with information or terms provided or required by Parity, this Official Notice of Sale, including any amendments or modifications issued through Parity,

will control; (2) each bidder will be solely responsible for making necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale; (3) the City will not have any duty or obligation to provide or assure access to Parity to any bidder, and the City will not be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use of Parity or any incomplete, inaccurate or untimely bid submitted by any bidder through Parity; (4) the City is permitting use of Parity as a communication mechanism, and not as an agent of the City, to facilitate the submission of electronic bids for the Bonds; Parity is acting as an independent contractor, and is not acting for or on behalf of the City; (5) the City is not responsible for ensuring or verifying bidder compliance with any procedures established by Parity; (6) the City may regard the electronic transmission of a bid through Parity (including information regarding the purchase price for the Bonds or the interest rates for any maturity of the Bonds) as though the information were submitted on the Official Bid Form and executed on the bidder's behalf by a duly authorized signatory; (7) if the bidder's bid is accepted by the City, the signed, completed and conforming Official Bid Form submitted by the bidder by facsimile transmission after the verbal award, this Official Notice of Sale and the information that is transmitted electronically through Parity will form a contract, and the bidder will be bound by the terms of such contract; and (8) information provided by Parity to bidders will form no part of any bid or of any contract between the Purchaser and the City unless that information is included in this Official Notice of Sale or the Official Bid Form.

Basis of Award. Unless all bids are rejected, the Bonds will be awarded to the responsible bidder who submits a conforming bid that represents the lowest true interest cost ("TIC") to the City. The TIC will be that nominal interest rate that, when compounded semiannually and applied to discount all payments of principal and interest payable on the Bonds to the dated date of the Bonds, results in an amount equal to the principal amount of such Bonds plus the amount of any net premium. For the purpose of calculating the TIC, mandatory sinking fund payments for any term Bonds specified by each bidder will be treated as Bonds maturing on the dates of such mandatory sinking fund payments. In the event that two or more bidders offer bids for the Bonds at the same lowest TIC, the City will determine by lot which bidder will be awarded the Bonds. Bid evaluations or rankings made by Parity are not binding on the City.

Estimate of TIC. Each bidder is requested, but not required, to supply an estimate of the TIC based upon its bid, which will be considered as informative only and not binding on either the bidder or the City.

Multiple Bids. In the event multiple bids are received from a single bidder by any means or combination thereof, the City shall accept the bid representing the lowest TIC to the City, and each bidder agrees by submitting any bid to be bound by the bid representing the lowest TIC to the City.

Good Faith Deposit. Except as otherwise provided below, a good faith deposit (the "Good Faith Deposit") in the form of a certified, treasurer's or cashier's check drawn on a solvent commercial bank or trust company in the United States of America or a financial surety bond (the "Financial Surety Bond") issued by an insurance company licensed to issue such surety bond in the State of California, in the amount of [\$3,420,000] and made payable to the order of the City and County of San Francisco, to secure the City from any loss resulting from the failure of the bidder to comply with the terms of its bid, is required for any bid to be accepted. If a check is used, it must accompany each bid. If a Financial Surety Bond is used, such surety bond must be submitted to the

City or its Co-Financial Advisors prior to the opening of the bids. The Financial Surety Bond must identify each bidder whose Good Faith Deposit is guaranteed by such Financial Surety Bond. If the winning bidder on the Bonds is determined to be a bidder utilizing a Financial Surety Bond, then that bidder is required to submit its Good Faith Deposit to the City in the form of a cashier's check (or wire transfer such amount as instructed by the City or its Co-Financial Advisors) not later than 10:00 a.m. (City's local time) on the next business day following the bid opening. If such Good Faith Deposit is not received by that time, the Financial Surety Bond may be drawn by the City to satisfy the Good Faith Deposit requirement. If the apparent winning bidder on the Bonds is determined to be a bidder who has not submitted a Good Faith Deposit in the form of a Financial Surety Bond or check, as provided above, the Co-Financial Advisors will request the apparent winning bidder to immediately wire the Good Faith Deposit and provide the Federal wire reference number of such Good Faith Deposit to the Co-Financial Advisors within 60 minutes of such request by the Co-Financial Advisors. The Bonds will not be officially awarded to a bidder who has not submitted a Good Faith Deposit in the form of a Financial Surety Bond or check, as provided above, until such time as the bidder has provided a Federal wire reference number for the Good Faith Deposit to the Co-Financial Advisors.

No interest on the Good Faith Deposit will accrue to any bidder. The City will deposit the Good Faith Deposit of the Purchaser. The Good Faith Deposit (without accruing interest) of the Purchaser will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its accepted bid, the Good Faith Deposit plus any interest accrued on the Good Faith Deposit will be retained by the City. Any investment income earned on the Good Faith Deposit will be paid to the successful bidder in the event the City is unable to deliver the Bonds. Good Faith Deposits accompanying bids other than the bid which is accepted will be returned promptly upon the determination of the best bidder.

Reoffering Prices and Certificate. The Purchaser of the Bonds must actually reoffer all of the Bonds to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers).

As soon as is practicable, but not later than one hour after the award of the Bonds, the Purchaser shall provide to the City the initial offering prices at which it has offered all of the Bonds of each maturity to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers), in a bona fide public offering. Prior to delivery of the Bonds, the Purchaser shall provide to the City, Goodwin Procter LLP, 601 S. Figueroa Street, 41<sup>st</sup> Floor, Los Angeles, California 90017; fax: (213) 623-1673; Attention: Bruce J. Graham; e-mail: bgraham@goodwinprocter.com, and GCR, LLP, 6425 Christie Avenue, Suite 270, Emeryville, California 94608; fax: (510) 547-2504; Attention: Krishna L. Pettitt; e-mail: kpettitt@gcrlegal.com, a reoffering price certificate dated the date of delivery of the Bonds (the "Reoffering Price Certificate") in the form attached as Exhibit B. In addition, at the request of Co-Bond Counsel, the Purchaser will provide in the Reoffering Price Certificate information regarding its sales of the Bonds. For the purposes of this paragraph, sales of the Bonds to the other securities brokers or dealers will not be considered sales to the general public.

Electronic Bids; Delivery of Form of Bids. If the City accepts a bidder's bid that was submitted through Parity, the successful bidder shall submit a signed, completed and conforming Official Bid Form by facsimile transmission to Anthony Ababon, fax: (415) 554-4864, as soon as practicable, but not later than one hour after the verbal award of the Bonds.

Right of Rejection and Waiver of Irregularity. The City reserves the right, in its sole discretion, to reject any and all bids for any reason and to waive any irregularity or informality in any bid which does not materially affect such bid or change the ranking of the bids.

Right to Modify or Amend. The City reserves the right to modify or amend this Official Notice of Sale in any respect, including, without limitation, increasing or decreasing the principal amount of any serial maturity or mandatory sinking fund payment for each series of the Bonds and adding or deleting serial or term maturity and mandatory sinking fund payment dates, along with corresponding principal amounts with respect thereto, for any years from 2012 through and including [2037] for the Series 2012A Bonds and the Series 2012C Bonds and for any years from 2012 through and including [2032] for the Series 2012B Bonds; provided, that any such modification or amendment will be communicated to potential bidders through the News Services not later than 1:00 p.m. (California time) on the business day preceding the date for receiving bids. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale.

Postponement or Cancellation of Sale. The City may postpone or cancel the sale of the Bonds at or prior to the time for receiving bids. Notice of such postponement or cancellation shall be given through the News Services as soon as practicable following such postponement or cancellation. If the sale is postponed, notice of a new sale date will be given through the News Services as soon as practicable following a postponement and no later than 1:00 p.m. (California time) on the business day preceding the new date for receiving bids. Failure of any potential bidder to receive notice of postponement or cancellation will not affect the sufficiency of any such notice.

Prompt Award. The Controller will take official action awarding the Bonds or rejecting all bids not later than thirty (30) hours after the time for receipt of bids, unless such time period is waived by the Purchaser.

Equal Opportunity. Pursuant to the spirit and intent of the City's Local Business Enterprise ("LBE") Ordinance, Chapter 14B of the Administrative Code of the City, the City strongly encourages the inclusion of Local Business Enterprises certified by the San Francisco Human Rights Commission in prospective bidding syndicates. A list of certified LBEs may be obtained from the San Francisco Human Rights Commission, 25 Van Ness Avenue, 8th Floor, San Francisco, California; phone: (415) 252-2500.

## **CLOSING PROCEDURES AND DOCUMENTS**

Delivery and Payment. **Delivery of the Bonds will be made through the facilities of DTC in New York, New York, and is presently expected to take place on or about February \_\_, 2012.** Payment for the Bonds (including any premium) must be made at the time of delivery by wire transfer in immediately available funds to the City Treasurer. Any expense for making payment in immediately available funds shall be borne by the Purchaser. The City will deliver to the Purchaser, dated as of the delivery date, the legal opinions with respect to the Bonds described in APPENDIX F – "PROPOSED FORMS OF OPINIONS OF CO-BOND COUNSEL" to the Official Statement.

Qualification for Sale. The City will furnish such information and take such action not inconsistent with law as the Purchaser may request and the City may deem necessary or appropriate to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of



such states and other jurisdictions of the United States of America as may be designated by the Purchaser; provided, that the City will not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. By submitting its bid for the Bonds, the Purchaser assumes all responsibility for qualifying the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of the states and jurisdictions in which the Purchaser offers or sells the Bonds, including the payment of fees for such qualification. Under no circumstances may the Bonds be sold or offered for sale or any solicitation of an offer to buy the Bonds be made in any jurisdiction in which such sale, offer or solicitation would be unlawful under the securities laws of the jurisdiction.

No Litigation. The City will deliver a certificate stating that no litigation is pending with service of process having been accomplished, or, to the knowledge of the officer of the City executing such certificate, threatened, concerning the validity of the Bonds, the ability of the City to levy the ad valorem tax required to pay debt service on the Bonds, the corporate existence of the City, or the title to their respective offices of the officers of the City who will execute the Bonds.

Right of Cancellation. The Purchaser will have the right, at its option, to cancel this contract if the City fails to execute the Bonds and tender the same for delivery within thirty (30) days from the sale date, and in such event the Purchaser will be entitled only to the return of the Good Faith Deposit, without interest thereon.

CUSIP Numbers. It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this contract. The Purchaser, at its sole cost, will obtain separate CUSIP numbers for each maturity of each series of the Bonds. CUSIP data are provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers will be provided for convenience of reference only. The City will take no responsibility for the accuracy of such numbers.

California Debt and Investment Advisory Commission Fee. Pursuant to Section 8856 of the California Government Code, the Purchaser must pay to the California Debt and Investment Advisory Commission within sixty (60) days from the sale date the statutory fee for the Bonds purchased.

Official Statement. Copies of the Preliminary Official Statement with respect to the Bonds will be furnished or electronically transmitted to any potential bidder upon request to the Office of Public Finance or to either of the Co-Financial Advisors. In accordance with Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), the City deems such Preliminary Official Statement final as of its date, except for the omission of certain information permitted by Rule 15c2-12. The contact information for the Co-Financial Advisors is set forth on the second page of this Official Notice of Sale. Within seven business days after the date of award of the Bonds, the Purchaser will be furnished with a reasonable number of copies (not to exceed 200) of the final Official Statement, without charge, for distribution in connection with the resale of the Bonds. The Purchaser must notify the City in writing within two days of the sale of the Bonds if the Purchaser requires additional copies of the Official Statement to comply with applicable regulations. The cost for such additional copies will be paid by the Purchaser requesting such copies.

By submitting a bid for the Bonds, the Purchaser agrees: (1) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements, (2) to promptly file a copy of the final Official Statement, including any supplements, with the Municipal Securities Rulemaking Board, and (3) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the Purchaser, including without limitation, the delivery of a final Official Statement to each investor who purchases Bonds.

The form and content of the final Official Statement is within the sole discretion of the City. The Purchaser's name will not appear on the cover of the Official Statement.

Certificate Regarding Official Statement. At the time of delivery of the Bonds, the Purchaser will receive a certificate, signed by an authorized representative of the City, confirming to the Purchaser that, to the best of the knowledge of such authorized representative, the Official Statement (except for information regarding the municipal bond insurance policy, if any, and the provider thereof, DTC and its book-entry system and reoffering information, as to which no view will be expressed), as of the date of sale of the Bonds and as of the date of delivery thereof did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

Continuing Disclosure. In order to assist bidders in complying with Rule 15c2-12, the City will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information, operating data and notices of the occurrence of certain events specified in such Continuing Disclosure Certificate. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

Dated: January \_\_, 2012

**EXHIBIT A**

BID TIME: 8:30 a.m. (California time)

[Day] January \_\_, 2012

**OFFICIAL BID FORM FOR THE PURCHASE OF  
\$342,000,000\*  
CITY AND COUNTY OF SAN FRANCISCO  
GENERAL OBLIGATION BONDS**

consisting of

<p><b>\$192,000,000*</b> <b>GENERAL OBLIGATION BONDS</b> <b>(EARTHQUAKE SAFETY AND EMERGENCY RESPONSE, 2010)</b> <b>SERIES 2012A</b></p>	<p><b>\$76,000,000*</b> <b>GENERAL OBLIGATION BONDS</b> <b>(CLEAN AND SAFE NEIGHBORHOOD PARKS BONDS, 2008)</b> <b>SERIES 2012B</b></p>
--	--

And

**\$74,000,000\***  
**GENERAL OBLIGATION BONDS**  
**(ROAD REPAVING AND STREET SAFETY BONDS, 2011)**  
**SERIES 2012C**

Controller  
City and County of San Francisco  
c/o Office of Public Finance  
1 Dr. Carlton B. Goodlett Place, Room 336  
San Francisco, California 94102  
Confirm Number: (415) 554-6902

BIDDING FIRM'S NAME: \_\_\_\_\_

Subject to the provisions and in accordance with the terms of the Official Notice of Sale dated January \_\_, 2012 (the "Official Notice of Sale"), which is incorporated herein and made a part of this proposal, we have reviewed the Preliminary Official Statement relating to the above-referenced Bonds (the "Bonds") and hereby offer to purchase all of the Bonds described in the Official Notice of Sale on the following terms, including the submission of the required Good Faith Deposit in the amount of [\$3,420,000] in the form of (check one): \_\_\_\_\_ cashiers check or \_\_\_\_\_ wire transfer or \_\_\_\_\_ surety bond; and to pay therefor the price of \$ \_\_\_\_\_, which is equal to the aggregate principal amount of the Bonds plus a net premium of \$ \_\_\_\_\_ (such amount being the "Purchase Price"). The Bonds shall mature and will be subject to mandatory sinking fund redemption commencing no earlier than [June 15, 2023] (if term bonds are specified below) in the amounts and years, and bear interest at the rates per annum (in multiples of 1/8 or 1/20 of 1%), as set forth in the schedule below.

(Check one) <sup>(1)</sup>					(Check one) <sup>(1)</sup>				
Principal Payment Date (June 15)	Annual Principal Payment*	Serial Maturity	Mandatory Sinking Fund Redemption <sup>(2)</sup>	Interest Rate	Principal Payment Date (June 15)	Annual Principal Payment*	Serial Maturity	Mandatory Sinking Fund Redemption <sup>(2)</sup>	Interest Rate
2012	_____	_____	_____	_____	2025	_____	_____	_____	_____
2013	_____	_____	_____	_____	2026	_____	_____	_____	_____
2014	_____	_____	_____	_____	2027	_____	_____	_____	_____
2015	_____	_____	_____	_____	2028	_____	_____	_____	_____
2016	_____	_____	_____	_____	2029	_____	_____	_____	_____
2017	_____	_____	_____	_____	2030	_____	_____	_____	_____
2018	_____	_____	_____	_____	2031	_____	_____	_____	_____
2019	_____	_____	_____	_____	2032	_____	_____	_____	_____
2020	_____	_____	_____	_____	2033	_____	_____	_____	_____
2021	_____	_____	_____	_____	2034	_____	_____	_____	_____
2022	_____	_____	_____	_____	2035	_____	_____	_____	_____
2023	_____	_____	_____	_____	2036	_____	_____	_____	_____
2024	_____	_____	_____	_____	2037	_____	_____	_____	_____

<sup>(1)</sup> Circle the final maturity of each term bond specified.  
<sup>(2)</sup> There shall be no serial maturities for dates after the first mandatory sinking fund redemption payment.

\_\_\_\_\_  
Authorized Signatory  
Title: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Fax Number: \_\_\_\_\_

TIC (optional and not binding): \_\_\_\_\_

**THE BIDDER EXPRESSLY ASSUMES THE RISK OF ANY INCOMPLETE, ILLEGIBLE, UNTIMELY OR OTHERWISE NONCONFORMING BID. THE CITY RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID IS TIMELY, LEGIBLE, COMPLETE AND CONFORMING. NO BID SUBMITTED WILL BE CONSIDERED TIMELY UNLESS, BY THE TIME FOR RECEIVING BIDS, THE ENTIRE BID FORM HAS BEEN RECEIVED BY DELIVERY METHOD PROVIDED IN THE NOTICE OF SALE.**

\* Preliminary, subject to change.

**EXHIBIT B REOFFERING PRICE CERTIFICATE**

**\$342,000,000\***

**CITY AND COUNTY OF SAN FRANCISCO  
GENERAL OBLIGATION BONDS  
consisting of**

**\$192,000,000\***

**GENERAL OBLIGATION BONDS  
(EARTHQUAKE SAFETY AND EMERGENCY RESPONSE,  
2010)  
SERIES 2012A**

**\$76,000,000\***

**GENERAL OBLIGATION BONDS  
(CLEAN AND SAFE NEIGHBORHOOD PARKS BONDS,  
2008)  
SERIES 2012B**

**and**

**\$74,000,000\***

**GENERAL OBLIGATION BONDS  
(ROAD REPAVING AND STREET SAFETY BONDS, 2011)  
SERIES 2012C**

**UNDERWRITER'S CLOSING CERTIFICATE**

This certificate is being delivered by \_\_\_\_\_, the underwriter (the "**Underwriter**") in connection with the issuance of the City and County of San Francisco General Obligation Bonds (i) \$192,000,000\* General Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2010) Series 2012A (the "Series 2012A Bonds"), (ii) \$76,000,000\* General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008) Series 2012B (the "Series 2012B Bonds"), and \$74,000,000\* General Obligation Bonds (Road Repaving and Street Safety Bonds, 2011) Series 2012C (the "Series 2012C Bonds" and, collectively with the Series 2012A Bonds and the Series 2012B Bonds, the "Bonds"). The Underwriter hereby certifies and represents that:

**A. Issue Price.**

1. The Bonds of all maturities have been the subject of an initial offering to the public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) at prices not higher than, or, in the case of obligations sold on a yield basis, at yields not lower than, those set forth in Schedule A attached hereto.

2. On the date of the sale of the Bonds, to the best of our knowledge based on our records, the first price or yield at which at least ten percent (10%) of each maturity, [*if less than 10% of some maturities of the Bonds was sold to the public add:* except the Bonds maturing in the years 20 \_\_, 20 \_\_, 20 \_\_, and 20 \_\_,] was sold to the public (excluding such bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) was not greater than the respective price, or was not lower than the respective yield, set forth in Schedule A attached hereto. At the time we agreed to purchase the Bonds, based on our assessment of the then prevailing market conditions, we had no reason to believe that any of the Bonds would be initially sold to the public (excluding such bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices, or yields lower than the yields, than those set forth in Schedule A attached hereto, and such prices and yields, maturity-by-maturity, represented our best judgment of the fair market value of the Bonds.

\* Preliminary, subject to change.

3. *[if less than 10% of some maturities of the Series Bonds was sold to the public add:* The unsold Bonds were bought by the Underwriter. Even though, on the date of the sale of the Bonds, it was reasonably expected that such unsold Bonds would be held as inventory until sold to the public (as opposed to being held for the bond houses' own accounts), and even though it could then be reasonably expected that such sale to the public might be at prices higher than the prices, or yields lower than the yields, set forth in Schedule A attached hereto, our reasonable expectations regarding the fair market value of such Bonds, as of the date of the sale of the Bonds were those reflected as the public offering prices or yields of such Bonds set forth in Schedule A attached hereto.

4. As of the date hereof, neither the Underwriter nor any affiliate of the Underwriter has participated in offering any derivative product with respect to the Bonds.

**B. Compensation.**

All compensation received for underwriting services (which includes certain expenses) in connection with the sale and delivery of the Bonds is being paid on the date hereof in the form of a purchase discount in the amount of \$[U/W DISCOUNT], and no part of such compensation includes any payment for any property or services other than underwriting services relating to sale and delivery of the Bonds.

We understand that the representations contained herein will be relied upon by the issuer of the Bonds in making certain of the representations contained in the Tax Certificate, and we further understand that Co-Bond Counsel to the issuer may rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Tax Certificate relating to the Bonds to which this certificate is attached as an exhibit.

Dated: [CLOSING DATE], 2012

[UNDERWRITER]

By: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

**The Bonds**

<b><u>Maturity Date</u></b>	<b><u>Principal Amount</u></b>	<b><u>Coupon Rate</u></b>	<b><u>Reoffering Yield</u></b>	<b><u>Price</u></b>
June 15, 2013	\$_____,000	____.____%	____.____%	____.____%
June 15, 2014	_____,000	____.____	____.____	____.____
June 15, 2015	_____,000	____.____	____.____	____.____
June 15, 2016	_____,000	____.____	____.____	____.____
June 15, 2017	_____,000	____.____	____.____	____.____
June 15, 2018	_____,000	____.____	____.____	____.____
June 15, 2019	_____,000	____.____	____.____	____.____
June 15, 2020	_____,000	____.____	____.____	____.____
June 15, 2021	_____,000	____.____	____.____	____.____
June 15, 2022	_____,000	____.____	____.____	____.____
June 15, 2023	_____,000	____.____	____.____	____.____
June 15, 2024	_____,000	____.____	____.____	____.____
June 15, 2025	_____,000	____.____	____.____	____.____
June 15, 2026	_____,000	____.____	____.____	____.____
June 15, 2027	_____,000	____.____	____.____	____.____
June 15, 2028	_____,000	____.____	____.____	____.____
June 15, 2029	_____,000	____.____	____.____	____.____
June 15, 2030	_____,000	____.____	____.____	____.____
June 15, 2031	_____,000	____.____	____.____	____.____
June 15, 2032	_____,000	____.____	____.____	____.____
June 15, 2033	_____,000	____.____	____.____	____.____
June 15, 2034	_____,000	____.____	____.____	____.____
June 15, 2035	_____,000	____.____	____.____	____.____
June 15, 2036	_____,000	____.____	____.____	____.____
June 15, 2037	_____,000	____.____	____.____	____.____

PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2012

**NEW ISSUE – BOOK-ENTRY ONLY**

RATINGS: Moody's: \_\_\_\_\_  
S&P: \_\_\_\_\_  
Fitch: \_\_\_\_\_  
(See "RATINGS" herein)

*In the opinion of Goodwin Procter LLP, Los Angeles, California, and GCR, LLP, Emeryville, California, Co-Bond Counsel to the City, based upon an analysis of existing laws, regulations, rulings, and judicial decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants and requirements, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income taxes. In the further opinion of Co-Bond Counsel, interest on the Bonds is not a specific preference item for purposes of federal individual or corporate alternative minimum taxes, although Co-Bond Counsel observe that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. Co-Bond Counsel express no opinion regarding other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.*



**§[2012A Par]\***  
**CITY AND COUNTY OF SAN FRANCISCO**  
**GENERAL OBLIGATION BONDS**  
**(EARTHQUAKE SAFETY AND**  
**EMERGENCY RESPONSE BONDS, 2010)**  
**SERIES 2012A**

**§[2012B Par]\***  
**CITY AND COUNTY OF SAN FRANCISCO**  
**GENERAL OBLIGATION BONDS**  
**(CLEAN AND SAFE NEIGHBORHOOD**  
**PARKS BONDS, 2008)**  
**SERIES 2012B**

**§[2012C Par]\***  
**CITY AND COUNTY OF SAN FRANCISCO**  
**GENERAL OBLIGATION BONDS**  
**(ROAD REPAVING AND**  
**STREET SAFETY BONDS, 2011)**  
**SERIES 2012C**

**Dated: Date of Delivery**

**Due: June 15, as shown in the inside cover**

*This cover page contains certain information for general reference only. It is not intended to be a summary of the security for or the terms of the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

The City and County of San Francisco General Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2010) Series 2012A (the "2012A Bonds"), the City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008) Series 2012B (the "2012B Bonds") and the City and County of San Francisco General Obligation Bonds (Road Repaving and Street Safety Bonds, 2011) Series 2012C (the "2012C Bonds," and together with the 2012A Bonds and the 2012B Bonds, the "Bonds"), are being issued under the Government Code of the State of California and the Charter of the City and County of San Francisco (the "City"). The issuance of the 2012A Bonds has been authorized by Resolution No. 516-10 and Resolution No. \_\_\_\_\_, adopted by the Board of Supervisors of the City on November 2, 2010 and \_\_\_\_\_, 2012, respectively, and duly approved by the Mayor of the City on November 5, 2010 and \_\_\_\_\_, 2012, respectively. The issuance of the 2012B Bonds has been authorized by Resolution No. 343-08 and Resolution No. \_\_\_\_\_, adopted by the Board of Supervisors of the City on July 29, 2008 and \_\_\_\_\_, 2012, respectively, and duly approved by the Mayor of the City on August 5, 2008 and \_\_\_\_\_, 2012, respectively. The issuance of the 2012C Bonds has been authorized by Resolution No. \_\_\_\_\_, adopted by the Board of Supervisors of the City on \_\_\_\_\_, 2012, and duly approved by the Mayor of the City on \_\_\_\_\_, 2012. See "THE BONDS – Authority for Issuance; Purposes." The proceeds of the 2012A Bonds will be used to finance the improvement, retrofitting, rehabilitation and completion of earthquake safety and emergency responsiveness facilities and infrastructure as described herein, and to pay certain costs related to the issuance of the 2012A Bonds. The proceeds of the 2012B Bonds will be used to finance the construction, reconstruction, and improvement of park and recreation facilities as described herein, and to pay certain costs related to the issuance of the 2012B Bonds. The proceeds of the 2012C Bonds will be used to repair potholes and repave deteriorating streets in neighborhoods throughout the City, repair and strengthen deteriorating stairways, bridges and overpasses, improve safety for pedestrians and bicyclists, improve disabled access to sidewalks[, and construct and renovate traffic infrastructure to improve the San Francisco Municipal Transportation Agency transit reliability and traffic flow on local streets as described herein,] and to pay certain costs related to the issuance of the 2012C Bonds. See "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS."

The Bonds will be issued only in fully registered form without coupons, and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the Bonds will be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Payments of principal of and interest on the Bonds will be made by the City Treasurer, as paying agent, to DTC, which in turn is required to remit such principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – Form and Registration." The Bonds will be dated and bear interest from their date of delivery until paid in full at the rates shown in the maturity schedule on the inside cover hereof. Interest on the Bonds will be payable on June 15 and December 15 of each year, commencing [June 15, 2012]. Principal will be paid at maturity as shown on the inside cover. See "THE BONDS – Payment of Interest and Principal."

**The Bonds will be subject to redemption prior to their respective stated maturities as described herein. See "THE BONDS – Redemption."**

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

\* Preliminary, subject to change.

\*\* Complete copy of document is located in

File No. 111344

\*\* Complete copy of document is located in

File No. 111344

**APPENDIX A**

**CITY AND COUNTY OF SAN FRANCISCO  
ORGANIZATION AND FINANCES**

**This Appendix contains information that is current as of September 12, 2011.**

This Appendix A to the Official Statement of the City and County of San Francisco (the "City" or "San Francisco") covers general information about the City's governance structure, budget processes, property taxation system and other tax and revenue sources, City expenditures, labor relations, employment benefits and retirement costs, and investments, bonds and other long-term obligations.

The various reports, documents, websites and other information referred to herein are not incorporated herein by such references. The City has referred to certain specified documents in this Appendix A which are hosted on the City's website. A wide variety of other information, including financial information, concerning the City is available from the City's publications, websites and its departments. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded and is not a part of or incorporated into this Appendix A. The information contained in this Official Statement, including this Appendix A, speaks only as of its date, and the information herein is subject to change. Prospective investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

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