

FILE NO. 010513

RESOLUTION NO. 278-01

1 [Settlement Obligation Bond Sale.]

2
3 **Resolution authorizing and directing the sale of not to exceed \$69,060,000 City and**
4 **County of San Francisco Settlement Obligation Bonds, Series 2001 (Business Tax**
5 **Judgment); prescribing the form and terms of said bonds; authorizing the execution,**
6 **authentication and registration of said bonds; providing for the appointment of**
7 **depositories and other agents for said bonds; providing for the establishment of**
8 **accounts relating thereto; approving the forms of the Official Notice of Sale and the**
9 **Notice of Intention to Sell Bonds; directing the publication of the ~~Official Notice of Sale~~**
10 **~~and~~ Notice of Intention to Sell Bonds; approving the form and execution of the Official**
11 **Statement relating thereto; approving the form of the Continuing Disclosure Certificate;**
12 **approving modifications to the documents approved herein; ratifying certain actions**
13 **previously taken; and granting general authority to City officials to take necessary**
14 **actions in connection with the authorization, issuance, sale and delivery of said bonds.**

15
16 WHEREAS, The City and County of San Francisco (the "City") is subject to a final
17 judgment to be rendered pursuant to Section 998 of the Code of Civil Procedure of the State
18 of California by the Superior Court of the County of San Francisco in connection with various
19 business tax cases as more fully described in Ordinance No. 62-01 adopted by
20 the Board of Supervisors on April 23, 2001 (the "Judgment"), pursuant to which the City is
21 obligated to pay, together with interest on the Judgment and related attorneys' fees, an
22 amount expected to be not less than \$64,000,000; and,

23 WHEREAS, By Resolution No. 277-01, adopted on April , 2001, the Board
24 of Supervisors authorized the issuance of its Settlement Obligation Bonds (the "Authorizing
25 Resolution"); and,

SUPERVISOR AARON PESKIN
BOARD OF SUPERVISORS

1 WHEREAS, It is necessary and desirable to issue the Bonds in a single series as City
2 and County of San Francisco Settlement Obligation Bonds, Series 2001 (Business Tax
3 Judgment) (the "Bonds"); and,

4 WHEREAS, The Bonds are being issued pursuant to the Authorizing Resolution, the
5 Charter of the City and County of San Francisco (the "Charter") and Articles 10 and 11 of
6 Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California,
7 commencing with Section 53570 of said Code (the "Refunding Law" and, together with the
8 Charter, the "Law"); and,

9 WHEREAS, The City expects to pay certain expenditures in connection with the
10 Judgment to be financed by the Bonds prior to the issuance and sale of the Bonds, and the
11 City intends to reimburse itself and to pay third parties for such prior expenditures from the
12 proceeds of the Bonds; and,

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

17 WHEREAS, The Treasury Regulations require that any reimbursement allocation of
18 proceeds of the Bonds be made with respect to expenditures incurred prior to the issuance of
19 the Bonds will occur not later than eighteen (18) months after the later of (i) the date on which
20 the expenditure is paid or (ii) the date on which the project is placed in service or abandoned,
21 but in no event later than three (3) years after the expenditure is paid; and,

22 WHEREAS, The adoption of this Resolution shall constitute authorization of the Bonds
23 within the meaning of Section 864 of the Code of Civil Procedure of the State of California;

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

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

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

7 Section 3. Issuance of Bonds. The Board of Supervisors hereby authorizes the
8 issuance and sale of not to exceed \$69,060,000 principal amount of bonds to be designated
9 as "City and County of San Francisco Settlement Obligation Bonds, Series 2001 (Business
10 Tax Judgment)" for the purposes set forth in the Authorizing Resolution. The Director of
11 Public Finance of the City, or her designee (collectively, the "Director of Public Finance"), is
12 hereby authorized to determine the sale date, the interest payment dates and the redemption
13 provisions of the Bonds, subject to the following terms and conditions: (i) the Bonds shall not
14 have a true interest cost in excess of 12% (as such term is defined in the Official Notice of
15 Sale); (ii) the Bonds shall not have a final maturity date after ~~March~~June 15, 2016, and (iii) any
16 original issue discount on the purchase of the Bonds shall not exceed 2% of the principal
17 amount of the Bonds. The Director of Public Finance is further authorized to assign the
18 Bonds such additional or other series designation as may be necessary or appropriate to
19 distinguish such series and from other bonds issued by the City.

20 Section 4. Execution, Authentication and Registration of the Bonds. The officers of the
21 City are hereby directed to cause the Bonds to be prepared in sufficient quantity for delivery to
22 the purchaser thereof and the Clerk of the Board of Supervisors is hereby directed to cause
23 the blanks therein to be completed in accordance with the Authorizing Resolution, to cause
24 the seal of the City to be reproduced or impressed thereon, to procure their execution by the
25

1 proper officers of the City, and to deliver the Bonds when so executed to said purchaser in
2 exchange for the purchase price thereof.

3 The Bonds and the City Treasurer's certificate of authentication and registration and
4 the form of assignment to appear thereon shall be substantially in the form attached hereto as
5 Exhibit A (which is hereby declared to be a part of this Resolution as if fully set forth herein)
6 with necessary or appropriate variations, omissions and insertions as permitted or required by
7 this Resolution (provided that if a portion of the text of the Bonds is printed on the reverse of
8 the Bonds, the following legend shall be printed on the face of the Bonds: "THE
9 PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SUCH
10 CONTINUED PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS
11 THOUGH FULLY SET FORTH HERE.")

12 Only such of the Bonds as shall bear thereon a certificate of authentication and
13 registration in the form herein recited, executed by the City Treasurer, shall be valid or
14 obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of
15 the City Treasurer shall be conclusive evidence that the Bonds so authenticated have been
16 duly authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

17 The City Treasurer shall assign a distinctive letter, or number, or letter and number to
18 each Bond authenticated and registered by him or her and shall maintain a record thereof
19 which shall be available for inspection.

20 Section 5. Registration Books. The City Treasurer shall keep or cause to be kept, at
21 the office of the City Treasurer, sufficient books for the registration and transfer of the Bonds,
22 which shall at all times be open to inspection, and upon presentation for such purpose, the
23 City Treasurer shall, under such reasonable regulations as he or she may prescribe, register
24 or transfer or cause to be registered or transferred, on said books, Bonds as herein provided.
25

1 Section 6. Transfer or Exchange of Bonds. Any Bond may, in accordance with its
2 terms, be transferred upon the books required to be kept pursuant to the provisions of
3 Section 5 hereof, by the person in whose name it is registered, in person or by the duly
4 authorized attorney of such person in writing, upon surrender of such Bond for cancellation,
5 accompanied by delivery of a duly executed written instrument of transfer in a form approved
6 by the City Treasurer.

7 Any Bonds may be exchanged at the office of the City Treasurer for a like aggregate
8 principal amount of other authorized denominations of the same interest rate and maturity.

9 Whenever any Bond shall be surrendered for transfer or exchange, the designated City
10 officials shall execute (as provided in Section 4 hereof) and the City Treasurer shall
11 authenticate and deliver a new Bond or Bonds of the same interest rate and maturity in a like
12 aggregate principal amount. The City Treasurer shall require the payment by any bond owner
13 requesting any such transfer of any tax or other governmental charge required to be paid with
14 respect to such transfer or exchange.

15 No transfer or exchange of Bonds shall be required to be made by the City Treasurer
16 during the period from the Record Date (as defined herein) next preceding each interest
17 payment date to such interest payment date or after a notice of redemption shall have been
18 mailed with respect to such Bond.

19 Section 7. Form of the Bonds; Terms of the Bonds; General Redemption Provisions.
20 The Bonds shall each be dated the date of delivery or such other date (the "Dated Date") as
21 specified in the award of the Bonds pursuant to Section 12 hereof and shall be substantially in
22 the form set forth as Exhibit A hereto. The Bonds shall bear interest from the date thereof
23 until paid at rates not to exceed twelve percent (12%) per annum (the exact rates to be
24 determined upon sale of the Bonds) calculated on the basis of a 360-day year comprised of
25 twelve 30-day months, payable on March 15, 2002 (or such ~~later year~~ other date as shall be

1 designated in a certificate of the Director of Public Finance), and semiannually thereafter on
2 September 15 and March 15 of each year (or such other dates as may be designated in a
3 certificate of the Director of Public Finance). The Bonds shall be in fully registered form
4 without coupons in denominations of \$5,000 or any integral multiple thereof and shall either
5 mature or be subject to mandatory redemption (as herein provided) on March 15 (or such
6 other date as may be designated in a certificate of the Director of Public Finance) of the years,
7 and in the amounts, as set forth in the Official Statement (defined herein) relating to the
8 Bonds.

9 The principal of the Bonds shall be payable in lawful money of the United States of
10 America to the owner thereof, upon the surrender thereof at maturity or earlier redemption at
11 the office of the City Treasurer. The interest on the Bonds shall be payable in like lawful
12 money to the person whose name appears on the bond registration books of the City
13 Treasurer as the owner thereof as of the close of business on the last day of the month
14 immediately preceding an interest payment date (the "Record Date"), whether or not such day
15 is a Business Day (as herein defined).

16 Each Bond shall bear interest from the interest payment date next preceding the date
17 of authentication thereof unless it is authenticated as of a day during the period from the
18 Record Date next preceding any interest payment date to the interest payment date, inclusive,
19 in which event it shall bear interest from such interest payment date, or unless it is
20 authenticated on or before February 28, 2002 (or such other date as may be designated in a
21 certificate of the Director of Public Finance), in which event it shall bear interest from the
22 Dated Date; provided, however, that if, at the time of authentication of any Bond, interest is in
23 default on the Bonds, such Bond shall bear interest from the interest payment date to which
24 interest has previously been paid or made available for payment on the Bonds or from the
25 Dated Date if the first interest payment is not made. Payment of the interest on any Bond

1 shall be paid by check mailed to such owner at such owner's address as it appears on the
2 registration books as of the Record Date; provided, however, if any interest payment occurs
3 on a day that banks in California and New York are closed for business, then such payment
4 shall be made on the next succeeding day that banks in both California and New York are
5 open for business and the New York Stock Exchange is open for business (a "Business
6 Day"); and provided, further, that the registered owner of an aggregate principal amount of at
7 least \$1,000,000 of the Bonds may submit a written request to the City Treasurer on or before
8 a Record Date preceding an interest payment date for payment of interest by wire transfer to
9 a commercial bank located within the continental United States. For so long as Cede & Co. or
10 its registered assigns is the registered owner of all of the Bonds, payment shall be made by
11 wire transfer of immediately available funds to Cede & Co.

12 The Bonds maturing on or before March 15, 20__ ~~(in such year~~(or such other date as
13 shall be designated in a certificate of the Director of Public Finance) shall not be subject to
14 optional redemption prior to maturity. The Bonds maturing on or after March 15, 20__ ~~(in such~~
15 ~~year~~(or such other date as shall be designated in a certificate of the Director of Public Finance)
16 may be subject to optional redemption prior to their respective stated maturities, at the option
17 of the City, from any source of available funds, as a whole or in part on any date (with the
18 maturities to be redeemed to be determined by the City and by lot within a maturity) on or
19 after March 15, 20__ ~~(in such year~~(or such other date as shall be designated in a certificate of
20 the Director of Public Finance), at redemption prices equal to a percentage of the principal
21 amount redeemed in the first year the Bonds are subject to optional redemption (with such
22 redemption price declining to 100% at the rate of 1% annually), as designed in a certificate of
23 the Director of Public Finance, together with accrued interest to the date of redemption.

24 The Bonds shall be subject to mandatory redemption at par, by lot, in any year for
25 which the successful bidder therefor has designated that the principal amount payable with

1 respect to that year shall constitute a mandatory sinking fund payment as permitted by the
2 Official Notice of Sale (as more fully described in Section 12 hereof). Any Bonds subject to
3 mandatory redemption shall be designated in the successful bid that shall be awarded by the
4 Director of Public Finance prior to the delivery of the Bonds. The principal and interest on
5 Bonds subject to mandatory redemption shall be paid from the Bond Account pursuant to
6 Section 8 hereof. In lieu of any such mandatory redemption, at any time prior to the selection
7 of the Bonds for redemption, the City may apply such amounts on deposit in the Bond
8 Account (as defined in Section 8 hereof) to make such payment to the purchase of Bonds
9 subject to such redemption at public or private sale, as and when and at such prices not in
10 excess of the principal amount thereof (including brokerage and other charges but excluding
11 accrued interest), as the City may determine.

12 The date on which the Bonds which are called for redemption are to be presented for
13 redemption is herein sometimes called the "redemption date." Notice of any redemption of
14 Bonds shall be mailed, postage prepaid, to the respective registered owners thereof at the
15 addresses appearing on the bond registration books not less than thirty (30) nor more than
16 sixty (60) days prior to the redemption date. The notice of redemption shall (a) state the
17 redemption date; (b) state the redemption price; (c) state the dates of maturity of the Bonds
18 and, if less than all of any such maturity is called for redemption, the distinctive numbers of
19 the Bonds of such maturity to be redeemed, and in the case of Bonds redeemed in part only,
20 the respective portions of the principal amount thereof, to be redeemed; (d) state the CUSIP
21 number, if any, of each Bond to be redeemed; (e) require that such Bonds be surrendered by
22 the owners at the office of the City Treasurer or his or her agent; and (f) give notice that
23 interest on such Bonds will cease to accrue after the designated redemption date.

24 The actual receipt by the owner of any Bond of notice of such redemption shall not be a
25 condition precedent to redemption, and failure to receive such notice, or any defect in such

1 notice shall not affect the validity of the proceedings for the redemption of such Bonds or the
2 cessation of accrual of interest on the redemption date.

3 At least five (5) days before the above notice date, notice also shall be given by
4 (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission,
5 (iii) confirmed electronic transmission or (iv) overnight delivery service, to each of the following
6 securities depositories and information services or their successors, or such other
7 depositories and/or information services as may hereafter be designated by the City:

8 Securities Depositories

- 9 (1) The Depository Trust Company
10 711 Stewart Avenue
11 Garden City, New York 11503
Facsimile transmission: (516) 227-4039
(516) 227-4190

12 Information Services

- 13 (1) Financial Information, Inc.'s Financial
14 Daily Called Bond Service
30 Montgomery Street, 10th Floor
15 Jersey City, New Jersey 07302
Attention: Editor
- 16 (2) Interactive Data Corporation's Bond Service
17 22 Cortland Street
New York, New York 10007
- 18 (3) Kenny Standard & Poor
19 55 Water Street, 45th Floor
New York, New York 10041
Attention: Notification Department
- 20 (4) The Bond Buyer
21 One State Street Plaza
New York, New York 10004
22 Attention: Bond Notices
- 23 (5) Mergent/FIS, Inc.
24 5250 77 Center Drive, Suite 150
Charlotte, North Carolina 28217
25 Attention: Call Bond Department

1 The notice or notices required for redemption shall be given by the City Treasurer, or
2 any agent appointed by the City. A certificate of the City Treasurer or such other appointed
3 agent of the City that notice of redemption has been given to the owner of any Bond in
4 accordance with this Resolution shall be conclusive against all parties.

5 At the time the City Treasurer or Controller determines to optionally call and redeem
6 any of the Bonds, the City Treasurer or his or her agent shall establish a redemption account
7 to be described or known as the "Settlement Obligation Bonds, Series 2001 (Business Tax
8 Judgment) Redemption Account" (the "Redemption Account") and prior to or on the
9 redemption date there must be set aside in said Redemption Account moneys available for
10 the purpose and sufficient to redeem as provided in this Resolution, the Bonds designated in
11 said notice of redemption. Said moneys must be set aside in the Redemption Account solely
12 for the purpose and shall be applied on or after the redemption date to payment for the Bonds
13 to be redeemed upon presentation and surrender of such Bonds. Any interest due on or prior
14 to the redemption date shall be paid from the Bond Account as provided in Section 8 hereof or
15 from the Redemption Account. Moneys held from time to time in the Redemption Account
16 shall be invested by the City Treasurer pursuant to the City's policies and guidelines for
17 investment of General Fund moneys or pursuant to any resolution authorizing the issuance of
18 refunding bonds or escrow agreement relating thereto. If, after all of the Bonds have been
19 redeemed and canceled or paid and canceled, there are moneys remaining in said
20 Redemption Account, said moneys shall be transferred to the General Fund of the City
21 provided, however, that if said moneys are part of the proceeds of refunding bonds, said
22 moneys shall be transferred pursuant to the resolution authorizing such refunding bonds.

23 When notice of optional redemption has been given, substantially as provided herein,
24 and when the amount necessary for the redemption of the Bonds called for redemption
25 (principal and premium, if any) is set aside for that purpose in said Redemption Account, as

1 provided herein, the Bonds designated for redemption shall become due and payable on the
2 date fixed for redemption thereof, and upon presentation and surrender of said Bonds at the
3 place specified in the notice of redemption, such Bonds shall be redeemed and paid at said
4 redemption price out of said Redemption Account, no interest will accrue on such Bonds
5 called for redemption after the redemption date and the registered owners of such Bonds shall
6 look for payment of such Bonds only to said Redemption Account. All Bonds redeemed shall
7 be canceled forthwith by the City Treasurer and shall not be reissued.

8 The City shall have the right to rescind any optional redemption for any reason on any
9 date prior to the date fixed for redemption by causing written notice of the rescission to be
10 given to the owners of all Bonds previously called for redemption prior to the redemption date.
11 Any notice of optional redemption shall be canceled and annulled if for any reason funds are
12 not available on the date fixed for redemption of the payment in full of the Bonds then called
13 for redemption. Notice of rescission of redemption, whether resulting from the exercise of the
14 City's discretion or from the unavailability of sufficient funds, shall be given in the same
15 manner notice of redemption was originally provided. The actual receipt by the owner of any
16 Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to
17 receive such notice or any defect in such notice shall not affect the validity of the rescission.

18 Section 8. Bond Account. On or prior to the date on which any payment of principal
19 and interest on the Bonds is due, including any Bonds subject to mandatory redemption on
20 said date, the City Treasurer shall allocate to and deposit in the Bond Account pursuant to
21 Section 11 of the Authorizing Resolution, an amount which, when added to any available
22 moneys contained in the Bond Account, is sufficient to pay principal and interest on the Bonds
23 on such date. All interest earned on amounts on deposit in the Payment Account (as defined
24 in Section 9 hereof) shall be deposited in the Bond Account.

1 On or prior to the date on which any Bonds are to be redeemed at the option of the City
2 pursuant to the resolution authorizing the issuance and sale of such series of Bonds, the City
3 Treasurer may allocate to and deposit in the Redemption Account, from amounts held in the
4 Bond Account pursuant to Section 11 of the Authorizing Resolution, an amount which, when
5 added to any available moneys contained in the Bond Account, is sufficient to pay principal
6 and interest and any premium on the Bonds on such date. The City Treasurer may make
7 such other provision for the payment of principal and interest and any redemption premium on
8 the Bonds as is necessary or convenient to permit the optional redemption of the Bonds.

9 Amounts in the Bond Account may be invested in any investment of the City in which
10 moneys in the General Fund of the City are invested. The City Treasurer may commingle any
11 of the moneys held in the Bond Account into a separate fund or funds for investment purposes
12 only; *provided, however,* that all of the moneys held in the Bond Account hereunder shall be
13 accounted for separately notwithstanding any such commingling by the City Treasurer.

14 Section 9. Payment Account. All interest earned on amounts on deposit in the
15 Payment Account established pursuant to Section 13 of the Authorizing Resolution shall be
16 deposited in the Bond Account. Amounts in the Payment Account shall be expended in
17 accordance with the provisions of the Authorizing Resolution.

18 Amounts in the Payment Account may be invested in any investment of the City in
19 which moneys in the General Fund of the City are invested. The City Treasurer may
20 commingle any of the moneys held in the Payment Account into a separate fund or funds for
21 investment purposes only; *provided, however,* that all of the moneys held in the Payment
22 Account hereunder shall be accounted for separately notwithstanding any such commingling
23 by the City Treasurer.

24 Section 10. Appointment of Depositories and Other Agents. The City Treasurer is
25 hereby authorized and directed to appoint one or more depositories as he or she may deem

1 desirable and the provisions of Section 7 relating to payments and redemption notices to
2 owners of the Bonds may be modified to comply with the policies and procedures of such
3 depository. The City will not have any responsibility or obligation to any purchaser of a
4 beneficial ownership interest in any Bonds or to any participants in such a depository with
5 respect to (i) the accuracy of any records maintained by such securities depository or any
6 participant therein; (ii) any notice that is permitted or required to be given to the owners of the
7 Bonds under this Resolution; (iii) the selection by such securities depository or any participant
8 therein of any person to receive payment in the event of a partial redemption of the Bonds;
9 (iv) the payment by such securities depository or any participant therein of any amount with
10 respect to the principal or redemption premium, if any, or interest due with respect to the
11 Bonds; (v) any consent given or other action taken by such securities depository as the owner
12 of the Bonds; or (vi) any other matter.

13 The City Treasurer is hereby also authorized and directed to appoint one or more
14 agents as he or she may deem necessary or desirable. To the extent permitted by applicable
15 law and under the supervision of the City Treasurer, such agents may serve as paying agent,
16 fiscal agent, or escrow agent or registrar for the Bonds or may assist the City Treasurer in
17 performing any or all of such functions and such other duties as the City Treasurer shall
18 determine. Such agents shall serve under such terms and conditions as the City Treasurer
19 shall determine. The City Treasurer may remove or replace agents appointed pursuant to this
20 paragraph at any time.

21 Section 11. Defeasance Provisions. Payment of all or any portion of the Bonds may
22 be provided for prior to maturity by irrevocably depositing with the City Treasurer (or any
23 commercial bank or trust company designated by the City Treasurer to act as escrow agent
24 with respect thereto):
25

1 (a) An amount of cash equal to the principal amount of such Bonds or portion
2 thereof, and all unpaid interest thereon to maturity, except that in the case of Bonds
3 which are to be redeemed prior to maturity and in respect of which notice of such
4 redemption shall have been given as provided in Section 7 hereof or an irrevocable
5 election to give such notice shall have been made by the City, the amount to be
6 deposited shall be the principal amount thereof, all unpaid interest thereon to the
7 redemption date, and any premium due on such redemption date; or

8 (b) Defeasance Securities (as herein defined) not subject to call, maturing
9 and paying interest at such times and in such amounts, together with cash, if required,
10 as will, without reinvestment, as certified by an independent certified public accountant,
11 be fully sufficient to pay the principal and all unpaid interest to maturity, or to the
12 redemption date, as the case may be, and any premium due, on the Bonds to be paid
13 or redeemed, as such principal and interest come due; provided, that, in the case of the
14 Bonds which are to be redeemed prior to maturity, notice of such redemption shall be
15 given as provided in Section 7 hereof or an irrevocable election to give such notice
16 shall have been made by the City;

17 then, all obligations of the City with respect to said outstanding Bonds shall cease and
18 terminate, except only the obligation of the City to pay or cause to be paid from the funds
19 deposited pursuant to paragraphs (a) or (b) of this Section 11, to the owners of said Bonds all
20 sums due with respect thereto; provided that the City shall have received an opinion of
21 nationally recognized bond counsel, that provision for the payment of said Bonds has been
22 made in accordance with this Section 11.

23 For purpose of this Section 11, "Defeasance Securities" shall mean any of the following
24 which at the time are legal investments under the laws of the State of California for the
25 moneys proposed to be invested therein:

1 (1) United States Obligations (as herein defined); and

2 (2) Pre-refunded fixed interest rate municipal obligations meeting the
3 following conditions: (a) the municipal obligations are not subject to redemption prior to
4 maturity, or the trustee has been given irrevocable instructions concerning their calling
5 and redemption and the issuer has covenanted not to redeem such obligations other
6 than as set forth in such instructions; (b) the municipal obligations are secured by cash
7 and/or United States Obligations; (c) the principal of and interest on the United States
8 Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the
9 municipal obligations; (d) the United States Obligations serving as security for the
10 municipal obligations are held by an escrow agent or trustee; (e) the United States
11 Obligations are not available to satisfy any other claims, including those against the
12 trustee or escrow agent; and (f) the municipal obligations are rated "AAA" by S&P and
13 "Aaa" by Moody's.

14 For purposes of this Section 11, "United States Obligations" shall mean (i) direct and
15 general obligations of the United States of America, or obligations that are unconditionally
16 guaranteed as to principal and interest by the United States of America, including without
17 limitation, the interest component of Resolution Funding Corporation (REFCORP) bonds
18 which have been stripped by request to the Federal Reserve Bank of New York in book-entry
19 form or (ii) any security issued by any agency or instrumentality of the United States of
20 America which is selected by the Director of Public Finance that results in the escrow fund
21 being rated "AAA" by Standard & Poor's and "Aaa" by Moody's.

22 Section 12. Official Notice of Sale. The form of proposed Official Notice of Sale
23 inviting bids for the Bonds (a copy of which is on file with the Clerk of the Board of Supervisors
24 in File No. 010513 and which is hereby declared to be a part of this Resolution as if
25 fully set forth herein), is hereby approved and adopted as the Official Notice of Sale inviting

1 bids for the Bonds with such changes, additions and completions as may be made in
2 accordance with Section 18 hereof.

3 The Director of Public Finance is hereby authorized and directed to determine a date
4 for the sale of the Bonds, and award the Bonds to the bidder whose bid represents the lowest
5 true interest cost to the City, all in accordance with the procedures described in the Notice of
6 Sale. Proposals shall be received by the Director of Public Finance on the sale date
7 designated by the Director of Public Finance. The Director of Public Finance is hereby
8 authorized and directed to cause to be mailed to prospective bidders for the Bonds copies of
9 said Official Notice of Sale, subject to such corrections, revisions or additions as may be
10 acceptable to the Director of Public Finance.

11 The Director of Public Finance may provide, concurrently with the issuance and
12 delivery of the Bonds to the purchaser or purchasers thereof, a certificate setting forth the
13 definitive terms of the Bonds pursuant to Section 7 hereof and as to the disposition of any
14 proceeds of the Bonds, including any premium thereon.

15 Section 13. Publication of Notice of Intention to Sell Bonds. The form of proposed
16 Notice of Intention to Sell Bonds (a copy of which is on file with the Clerk of the Board of
17 Supervisors in File No. 010513 and which is hereby declared to be a part of this
18 Resolution as if fully set forth herein), is hereby approved and adopted as the Notice of
19 Intention to Sell Bonds, and the Clerk of the Board of Supervisors is hereby authorized and
20 directed to cause said Notice of Intention to Sell Bonds, subject to such corrections, revisions
21 or additions as may be made in accordance with Section 18 hereof, to be published once at
22 least fifteen (15) days before the date of sale in The Bond Buyer, or a financial publication
23 generally circulated throughout the State of California, and once at least ten (10) days before
24 the date of sale in a local publication of general circulation within the City.

1 Section 14. Solicitation of Competitive Bids. This Board of Supervisors hereby
2 authorizes the solicitation of competitive bids for the purchase of the Bonds on the date and at
3 the place determined in accordance with the Official Notice of Sale herein referenced.

4 Section 15. Official Statement. The form of proposed Official Statement describing the
5 Bonds (the "Official Statement") (a copy of which is on file with the Clerk of the Board of
6 Supervisors in File No. 010513 and which is hereby declared to be a part of this
7 Resolution as if fully set forth herein) submitted to the Board of Supervisors is hereby
8 approved and adopted as the Official Statement describing the Bonds, with such additions,
9 corrections and revisions as may be determined to be necessary or desirable and made in
10 accordance with Section 18 hereof. The Controller of the City (the "Controller") is hereby
11 authorized to cause the distribution of a Preliminary Official Statement deemed final for
12 purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, and to sign a
13 certificate to that effect. The Controller is further hereby authorized and directed to sign the
14 final Official Statement. The Director of Public Finance is hereby authorized and directed to
15 cause to be printed and mailed to prospective bidders for the Bonds copies of the Official
16 Statement in substantially the form of the Preliminary Official Statement approved and
17 adopted hereby, as supplemented, corrected or revised.

18 Section 16. Tax Covenant.

19 (a) The City hereby covenants that the City will not make any use of the proceeds of
20 the Bonds or any other funds of the City which would cause the Bonds to be: (i) "arbitrage
21 bonds," the interest on which will be subject to inclusion in gross income for purposes of
22 federal income taxation by reason of Section 148 of the Internal Revenue Code of 1986, as
23 amended (herein called the "Code"); (ii) "private activity bonds," the interest on which will be
24 subject to inclusion in gross income for purposes of federal income taxation by reason of
25 Section 141(a) of the Code; or, (iii) obligations the interest on which will be subject to inclusion

1 in gross income for purposes of federal income taxation because they are "federally
2 guaranteed" as provided in Section 149(b) of the Code; and to that end the City, with respect
3 to the proceeds of the Bonds, will comply with all requirements of such sections of the Code
4 and all regulations of the United States Department of Treasury issued thereunder to the
5 extent that such requirements are, at the time, applicable and in effect, and will comply with
6 the provisions of the Certificate as to Arbitrage and the Certificate Regarding the Use of
7 Proceeds to be executed by the City, dated the delivery date of the Bonds, as originally
8 executed and as they may be amended from time to time (herein called collectively, the "Tax
9 Certificate").

10 (b) In furtherance of the covenants of the City set forth above, this Board of
11 Supervisors will cause the Controller and the City Treasurer and all other appropriate City
12 officials to comply with the Tax Certificate. These covenants shall survive payment in full or
13 defeasance of the Bonds.

14 Section 17. Continuing Disclosure Certificate. The form of Continuing Disclosure
15 Certificate issued by the City to permit the original purchasers of the Bonds to comply with
16 Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities
17 Exchange Act of 1934, as amended (a copy of which is on file with the Clerk of the Board of
18 Supervisors in File No. 010513 and which is hereby declared to be a part of this
19 Resolution as if fully set forth herein) submitted to the Board of Supervisors is hereby
20 approved and adopted as the Continuing Disclosure Certificate, with such additions,
21 corrections and revisions as may be determined to be necessary or desirable made in
22 accordance with Section 18 hereof. The Controller is hereby authorized and directed to enter
23 into the Continuing Disclosure Certificate on behalf of the City.

24 Section 18. Modification to Documents. Any City official authorized by this Resolution
25 to execute any document is hereby further authorized, in consultation with the City Attorney,

1 to approve and make such changes, additions, amendments or modifications to the document
2 or documents such official is authorized to execute as may be necessary or advisable
3 (provided that such changes, additions, amendments or modifications shall not authorize an
4 aggregate principal amount of Bonds in excess of \$69,060,000 or conflict with the provisions
5 of Section 3 hereof). The approval of any change, addition, amendment or modification to any
6 of the aforementioned documents shall be evidenced conclusively by the execution and
7 delivery of the document in question.

8 Section 19. Ratification. All actions heretofore taken by officials, employees and
9 agents of the City with respect to the sale and issuance of the Bonds are hereby approved,
10 confirmed and ratified.

11 Section 20. Relationship to Authorizing Resolutions. In the event of any conflict
12 between this Resolution and the Authorizing Resolution, the terms of this Resolution shall
13 control.

14 Section 21. Reimbursement. The City hereby declares its official intent to reimburse
15 prior expenditures of the City incurred or paid prior to the issuance and sale of the Bonds in
16 connection with the Judgment, including attorneys' fees and other related costs.

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

APPROVED AS TO FORM:

LOUISE H. RENNE, City Attorney

By: *Theresa Alvarez*
THERESA ALVAREZ
Deputy City Attorney



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails Resolution

File Number: 010513

Date Passed:

Resolution authorizing and directing the sale of not to exceed \$69,060,000 City and County of San Francisco Settlement Obligation Bonds, Series 2001 (Business Tax Judgment); prescribing the form and terms of said bonds; authorizing the execution, authentication and registration of said bonds; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts relating thereto; approving the forms of the Official Notice of Sale and the Notice of Intention to Sell Bonds; directing the publication of the Notice of Intention to Sell Bonds; approving the form and execution of the Official Statement relating thereto; approving the form of the Continuing Disclosure Certificate; approving modifications to the documents approved herein; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds.

April 2, 2001 Board of Supervisors — CONTINUED

Ayes: 10 - Ammiano, Daly, Gonzalez, Hall, Leno, Maxwell, McGoldrick, Peskin,
Sandoval, Yee
Excused: 1 - Newsom

April 9, 2001 Board of Supervisors — CONTINUED


Ayes: 10 - Ammiano, Daly, Gonzalez, Hall, Leno, Maxwell, McGoldrick, Peskin,
Sandoval, Yee
Excused: 1 - Newsom

April 16, 2001 Board of Supervisors — ADOPTED

Ayes: 6 - Ammiano, Hall, Leno, Maxwell, McGoldrick, Peskin
Noes: 4 - Daly, Gonzalez, Sandoval, Yee
Excused: 1 - Newsom

File No. 010513

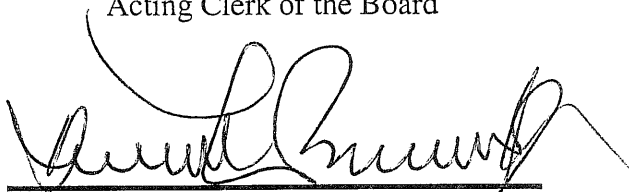
I hereby certify that the foregoing Resolution was ADOPTED on April 16, 2001 by the Board of Supervisors of the City and County of San Francisco.



Jean Lum
Acting Clerk of the Board

APR 20 2001

Date Approved



Mayor Willie L. Brown Jr.