

File No. 111343

Committee Item No. 16

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: January 11, 2012

Board of Supervisors Meeting

Date \_\_\_\_\_

#### Cmte Board

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| <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"/> | Official Notice of Sale                     |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Notice of Intention to Sell                 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | **Preliminary Official Statement            |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | **CCSF Organization and Finances Appendix A |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                       |
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Completed by: Victor Young

Date: January 6, 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 [General Obligation Bonds - Road Repaving and Street Safety - Not to Exceed \$248,000,000]

2  
3 **Resolution providing for the issuance of not to exceed \$248,000,000 aggregate**  
4 **principal amount of City and County of San Francisco General Obligation Bonds (Road**  
5 **Repaving and Street Safety Bonds, 2011); authorizing the execution, authentication,**  
6 **and registration of said Bonds; providing for the levy of a tax to pay the principal and**  
7 **interest thereof; providing for the appointment of depositories and other agents for**  
8 **said bonds; providing for the establishment of accounts related thereto; ratifying**  
9 **certain actions previously taken; declaring the City's intent to reimburse certain**  
10 **expenditures; and granting general authority to City officials to take necessary actions**  
11 **in connection with the authorization, issuance, sale, and delivery of said bonds.**

12  
13 WHEREAS, By Resolution No. 248-11 adopted by the Board of Supervisors (the  
14 "Board of Supervisors") of the City and County of San Francisco (the "City") on June 7, 2011  
15 and signed by the Mayor of the City on June 13, 2011, it was determined and declared that  
16 public interest and necessity demand the repaving and reconstruction of roads, the  
17 rehabilitation and seismic improvement of street structures, the replacement of sidewalks, the  
18 installation and renovation of curb ramps, the redesign of streetscapes to include pedestrian  
19 and bicycle safety improvements, and the construction, rehabilitation, and renovation of traffic  
20 infrastructure within the City; and

21 WHEREAS, By Ordinance No. 148-11, finally passed by the Board of Supervisors on  
22 July 26, 2011, and signed by the Mayor of the City on July 26, 2011, the Board of Supervisors  
23 duly called a special election to be held on November 8, 2011, for the purpose of submitting to  
24 the electors of the City a proposition to incur bonded indebtedness to finance the repaving

1 and reconstruction of roads, the rehabilitation and seismic improvement of street structures,  
2 the replacement of sidewalks, the installation and renovation of curb ramps, the redesign of  
3 streetscapes to include pedestrian and bicycle safety improvements, and the construction,  
4 rehabilitation, and renovation of traffic infrastructure within the City, as therein described (the  
5 "Project"); and

6 WHEREAS, A special election was held in the City on November 8, 2011, for the  
7 purpose of submitting to the qualified voters of the City Proposition B for incurring bonded  
8 indebtedness of the City in the aggregate principal amount of \$248,000,000 to finance the  
9 Project; and

10 WHEREAS, The Registrar of Voters of the City duly and regularly canvassed the  
11 returns of said election and; as the result of such canvass, certified to the Board of  
12 Supervisors that more than two-thirds of the votes cast on said proposition favored the  
13 incurring of such bonded Indebtedness; and

14 WHEREAS, This Board of Supervisors has determined, and does hereby declare that it  
15 is necessary and desirable that all of said bonds designated generally as City and County of  
16 San Francisco General Obligation Bonds (Road Repaving and Street Safety Bonds, 2011)  
17 (the "Bonds") (each series of such Bonds to bear such additional or other designation as may  
18 be necessary or appropriate to distinguish such series from every other series and from other  
19 bonds issued by the City) in the aggregate principal amount of \$248,000,000, be issued and  
20 sold in series from time to time, for the purposes authorized and on the conditions set forth in  
21 this Resolution of the Board of Supervisors; and

22 WHEREAS, The Bonds will be payable from proceeds of the annual tax levy, as  
23 provided herein, and

24 WHEREAS, The City has paid and expects to pay certain expenditures in connection  
25 with the Project to be financed by the Bonds prior to the issuance and sale of each series of

1 the Bonds to be sold, and the City intends to reimburse itself and to pay third parties for such  
2 prior expenditures from the proceeds of each series of Bonds; and

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

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

12 WHEREAS, The Bonds are being issued pursuant to a resolution duly adopted by the  
13 Board of Supervisors, Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the California  
14 Government Code, the Charter of the City (the "Charter") and a duly held election; and

15 WHEREAS, The adoption of this Resolution shall constitute authorization of the Bonds  
16 within the meaning of Section 864 of the California Code of Civil Procedure; and

17 WHEREAS, Pursuant to Section 9.106 of the Charter, there shall be delivered a  
18 certificate of a duly authorized officer of the City, concurrently with the issuance of each series  
19 of Bonds stating that the outstanding general obligation bonded indebtedness of the City,  
20 including all series of the Bonds issued and to be issued and outstanding on the date of  
21 delivery of such series, will not exceed three percent of the assessed value of all taxable real  
22 and personal property located within the City;

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

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

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 authorizing  
3 the issuance of the Bonds exist, have happened and have been performed in due time, form  
4 and manner in accordance with applicable law, and the City is now authorized pursuant to the  
5 Charter and applicable law to incur indebtedness in the manner and form provided in this  
6 Resolution.

7           Section 3. Issuance of the Bonds. The Board of Supervisors hereby authorizes the  
8 issuance and sale of not to exceed \$248,000,000 aggregate principal amount of the Bonds for  
9 the following proposition:

10           “SAN FRANCISCO ROAD REPAVING AND STREET SAFETY BONDS, 2011. To fix  
11 potholes and repave deteriorating streets in neighborhoods throughout San Francisco, repair  
12 and strengthen deteriorating stairways, bridges and overpasses, improve safety for  
13 pedestrians and bicyclists, improve disabled access to sidewalks, and construct and renovate  
14 traffic infrastructure to improve Municipal Transportation Agency transit reliability and traffic  
15 flow on local streets, shall the City and County of San Francisco issue \$248,000,000 in  
16 general obligation bonds subject to independent oversight and regular audits?”

17           The Bonds may be sold in one or more series, as the Board of Supervisors shall  
18 determine, and shall be sold in accordance with law, as such law may from time to time be  
19 amended, supplemented or revised, and on the terms and conditions approved by the Board  
20 of Supervisors in this Resolution, as supplemented by such other resolution or resolutions  
21 relating to such series of Bonds and as provided in the resolution of the Board of Supervisors  
22 authorizing and directing the sale of each series of the Bonds (each, a “Sale Resolution”).  
23 The offering and sale of the Bonds may be aggregated with the offering and sale of other  
24 general obligation bonds being issued by the City, as authorized from time to time by the  
25 Board of Supervisors.

1           Section 4. Execution and Authentication. The Sale Resolution authorizing the sale of  
2 any series of the Bonds shall set forth the form of such Bond, with such necessary or  
3 appropriate variations, omissions and insertions as may be permitted by such Sale  
4 Resolution. "CUSIP" identification numbers may be imprinted on the Bonds, but such  
5 numbers shall not constitute a part of the contract evidenced by the Bonds and any error or  
6 omission with respect thereto shall not constitute cause for refusal of any purchaser to accept  
7 delivery of and to pay for the Bonds. In addition, failure on the part of the City to use such  
8 CUSIP numbers in any notice to owners of the Bonds shall not constitute an event of default  
9 or any violation of the City's contract with such owners and shall not impair the effectiveness  
10 of any such notice.

11           The Bonds shall be signed by the Mayor of the City and countersigned by the Clerk of  
12 the Board of Supervisors. All signatures hereinbefore referred to may be facsimile or manual.  
13 The Treasurer of the City or his or her designee (the "City Treasurer") shall authenticate the  
14 Bonds by manual signature, and when so executed and authenticated, the Controller of the  
15 City or his or her designee (the "Controller") shall cause the Bonds to be delivered to or for the  
16 account of the purchaser in exchange for the purchase price thereof.

17           In case any of such officers whose signatures or countersignatures appear on a Bond  
18 shall cease to be such officers before the delivery of such Bond to the purchaser, such  
19 signatures or countersignatures shall nevertheless be valid and sufficient for all purposes as if  
20 they had remained in office until the delivery of such Bond.

21           Section 5. Transfer or Exchange and Registration of Bonds. Any Bond may be  
22 transferred or exchanged in accordance with its terms and the Sale Resolution authorizing its  
23 sale. Each Bond shall be registered in accordance with the Sale Resolution authorizing its  
24 sale.  
25

1 Section 6. General Redemption Provisions. The terms of redemption (whether  
2 optional redemption, special optional redemption, or mandatory redemption), if any, of any  
3 series of Bonds and the manner prescribed for notice of any redemption of such series of  
4 Bonds shall be set forth in the Sale Resolution authorizing the sale of the Bonds to be  
5 redeemed.

6 The Sale Resolution authorizing the sale of each series of Bonds shall provide that the  
7 City Treasurer shall establish a Redemption Account for such series of Bonds and shall  
8 further provide for the deposit and application of moneys in such Redemption Account.

9 Section 7. Tax Levy. For the purpose of paying the principal of and interest on the  
10 Bonds, the Board of Supervisors at the time of fixing the general tax levy shall fix, and in the  
11 manner provided for such general tax levy, levy and collect annually until the Bonds are paid  
12 or until there shall be a sum set apart for that purpose in the treasury of the City sufficient to  
13 meet all sums coming due for payment of principal of and interest on the Bonds, a tax  
14 sufficient to pay the annual interest on the Bonds as the same becomes due and also such  
15 part of the principal thereof as shall become due.

16 Said tax shall be in addition to all other taxes levied for City purposes, shall be  
17 collected at the same time and in the same manner as other taxes of the City are collected,  
18 and shall be used only for the payment of the Bonds and the interest thereon.

19 All taxes collected pursuant to this Section 7 shall be deposited forthwith in a special  
20 account to be designated as the "General Obligation Bonds (Road Repaving and Street  
21 Safety Bonds, 2011) Bond Account" (the "Bond Account") and each and every series of Bonds  
22 issued under this Resolution shall be equally and ratably secured by the taxes collected  
23 pursuant to this Section 7. The Bond Account shall be administered by the City Treasurer and  
24 kept separate and apart from all other accounts. Pursuant to the Sale Resolution authorizing  
25 the sale of any series of the Bonds, the City Treasurer may establish such additional accounts

1 and subaccounts within the Bond Account or with any agent, including but not limited to any  
2 paying agent or fiscal agent, as may be necessary or convenient in connection with the  
3 administration of any series of the Bonds. The Sale Resolution authorizing the sale of any  
4 series of the Bonds shall establish subaccounts within the Bond Account for each series of the  
5 Bonds to provide for the payment of principal and interest on such series of Bonds.

6 The City Treasurer shall also deposit in the Bond Account from the proceeds of sale of  
7 a series of the Bonds, any moneys received on account of original issue premium and interest  
8 accrued on the Bonds to the date of payment of the purchase price thereof, and such other  
9 moneys, if any, as may be specified in the Sale Resolution authorizing the sale of such series  
10 of Bonds. So long as any of the Bonds are outstanding, moneys in the Bond Account shall be  
11 used and applied by the City Treasurer solely for the purpose of paying the principal of and  
12 interest on the Bonds as such principal and interest shall become due and payable, or for  
13 purchase of Bonds if permitted by the Sale Resolution authorizing the sale of such series of  
14 Bonds; provided, however, that when all of the principal of and interest on the Bonds have  
15 been paid, any moneys then remaining in said Bond Account shall be transferred to the  
16 General Fund of the City or as otherwise permitted by law. The Board of Supervisors shall  
17 take such actions annually as are necessary or appropriate to cause the debt service on the  
18 Bonds due in any fiscal year to be included in the budget for such fiscal year and to make the  
19 necessary appropriations therefor.

20 Section 8. Administration and Disbursements From Bond Account.

21 (a) Interest. On or before June 15 and December 15 in each year (or on such other  
22 dates as provided in a Sale Resolution) that any of the Bonds are outstanding, the City  
23 Treasurer shall transfer to and set aside in the Bond Account and the appropriate  
24 subaccounts therein relating to each series of the Bonds an amount which, when added to the  
25 amount contained in the Bond Account and subaccounts therein on that date, if any, will be



1 equal to the aggregate amount of the interest becoming due and payable on each series of  
2 the Bonds outstanding on such interest payment date.

3 (b) Principal. On or before June 15 in each year (or on such other dates as  
4 provided in a Sale Resolution) that any of the Bonds are outstanding, the City Treasurer shall  
5 transfer to and set aside in the Bond Account and the appropriate subaccounts therein  
6 relating to each series of the Bonds an amount which will be equal to the principal on each  
7 series of the Bonds outstanding that will become due and payable on said June 15, including  
8 those Bonds subject to mandatory redemption on such date pursuant to the provisions of the  
9 Sale Resolution authorizing the sale of such Bonds.

10 All moneys in the Bond Account shall be used and withdrawn by the City Treasurer  
11 solely for the purpose of paying the principal of and interest on each series of the Bonds as  
12 the same shall become due and payable. On June 15 and December 15 in each year that  
13 any Bond is outstanding, the City Treasurer shall allocate, transfer and apply to the various  
14 subaccounts in the Bond Account created pursuant to the Sale Resolutions authorizing the  
15 sale of a series of Bonds, on such date on which payment of principal or interest on any series  
16 of Bonds is due, from moneys on deposit in the Bond Account, an amount equal to the  
17 amount of principal of, premium, if any, or interest due on said date with respect to each  
18 series of the Bonds then outstanding. Unless other provision shall have been made pursuant  
19 to this Resolution for the payment of any Bond, all amounts held in the various subaccounts of  
20 the Bond Account created pursuant to the Sale Resolutions authorizing the sale of any series  
21 of Bonds shall be used and applied by the City Treasurer to pay principal of, premium, if any,  
22 and interest due on the series of the Bonds to which such subaccount relates, as and when  
23 due.

24 Section 9. 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 may authorize such depository to perform, under the supervision of the City  
2 Treasurer, any of the City Treasurer's duties and responsibilities under this Resolution and  
3 each Sale Resolution, to the extent permitted by applicable law.

4 The City Treasurer is hereby also authorized and directed to appoint one or more  
5 agents as he or she may deem necessary or desirable. To the extent permitted by applicable  
6 law and under the supervision of the City Treasurer, such agents may serve as paying agent,  
7 fiscal agent, escrow agent or registrar for the Bonds or may assist the City Treasurer in  
8 performing any or all of such functions and such other duties as the City Treasurer shall  
9 determine including such duties and responsibilities of the City Treasurer provided for in this  
10 Resolution. Such agents shall serve under such terms and conditions as the City Treasurer  
11 shall determine. The City Treasurer may remove or replace agents appointed pursuant to this  
12 paragraph at any time.

13 Section 10. Project Account. There is hereby established a project account to be  
14 designated as the "General Obligation Bonds (Road Repaving and Street Safety Bonds,  
15 2011) Project Account" (the "Project Account"). The Project Account shall be maintained by  
16 the City Treasurer, as a separate account, segregated and distinct from all other accounts.  
17 The City Treasurer may establish such accounts and subaccounts within the Project Account  
18 as may be necessary or convenient in connection with the administration of the Project or the  
19 Bonds.

20 All of the proceeds of the sale of the Bonds (excluding any premium and accrued  
21 interest received thereon, unless otherwise determined by the Director of Public Finance)  
22 shall be deposited by the City Treasurer to the credit of the Project Account and shall be  
23 applied exclusively to the objects and purposes specified in the proposition set forth in Section  
24 3 hereof. When such objects and purposes have been accomplished, any moneys remaining  
25 in such account shall be transferred to the Bond Account established pursuant to Section 7

1 hereof and applied to the payment of the principal of and interest on any series of Bonds.  
2 Amounts in the Project Account may be applied to the payment of costs of issuance of the  
3 Bonds, including, without limitation, bond and financial printing expenses, mailing and  
4 publication expenses, rating agency fees, and the fees and expenses of paying agents,  
5 registrars, financial consultants, disclosure counsel and bond counsel.

6 Section 11. Defeasance Provisions. The Sale Resolution authorizing the sale of any  
7 series of Bonds may provide for the defeasance of such series of Bonds. Any Bonds that  
8 have been deemed paid in accordance with the defeasance provisions of the Sale Resolution  
9 authorizing their sale shall no longer be deemed outstanding under this Resolution.

10 Section 12. Tax Covenants. The Bonds may be issued as bonds the interest on which  
11 is excluded from gross income for federal or state income tax purposes or as bonds the  
12 interest on which is included in gross income for federal or state income tax purposes. With  
13 respect to any series of the Bonds the interest on which is excluded from gross income for  
14 federal or state income tax purposes, the City may make such covenants and representations  
15 as are necessary or convenient to comply with applicable laws and regulations.

16 Section 13. Other Terms and Provisions Relating To the Bonds. The Sale Resolution  
17 providing for the sale of any series of Bonds may provide for (a) the purchase of bond  
18 insurance or other credit enhancement relating to such series of Bonds and to the  
19 establishment of such additional terms and procedures as may be necessary to provide for  
20 the application of such bond insurance or other credit enhancement for the benefit of such  
21 Bondholders; (b) the investment of moneys held in any fund or account relating to such series  
22 of the Bonds in specific categories or types of investments, so long as such investments are  
23 legal investments for the City and in compliance with any policy or guideline of the City  
24 applicable thereto; and (c) the adoption of any supplemental resolutions relating solely to such  
25 series of Bonds.

1 Section 14. Supplemental Resolutions. For any one or more of the following purposes  
2 and at any time or from time to time, a supplemental resolution may be adopted by the Board  
3 of Supervisors, which supplemental resolution, without the requirement of consent of the  
4 owners of the Bonds, shall be fully effective in accordance with its terms:

5 (a) To add to the covenants and agreements of the City in this Resolution or any  
6 Sale Resolution authorizing the sale of any series of Bonds, other covenants and agreements  
7 to be observed by the City which are not contrary to or inconsistent with this Resolution or any  
8 Sale Resolution as then in effect;

9 (b) To add to the limitations and restrictions in this Resolution or any Sale  
10 Resolution authorizing the sale of any series of Bonds, other limitations and restrictions to be  
11 observed by the City which are not contrary to or inconsistent with this Resolution or Sale  
12 Resolution as then in effect;

13 (c) To confirm, as further assurance, any pledge under, and the subjection to any  
14 lien or pledge created or to be created by, this Resolution or any Sale Resolution as then in  
15 effect, of any moneys, securities or funds, or to establish any additional funds or accounts to  
16 be held under this Resolution or any Sale Resolution authorizing the sale of any series of  
17 Bonds;

18 (d) To cure any ambiguity, supply any omission, or cure or correct any defect or  
19 inconsistent provision in this Resolution or any Sale Resolution as then in effect; or

20 (e) To make such additions, deletions or modifications as shall not, in the  
21 determination of the Board of Supervisors, be materially adverse to the owners of the Bonds.

22 In addition, any modification or amendment of this Resolution or any Sale Resolution  
23 authorizing the sale of any series of Bonds and of the rights and obligations of the City and of  
24 the owners of the Bonds, in any particular, may be made by a supplemental resolution, with  
25 the written consent of the owners of at least a majority in aggregate principal amount of the

1 Bonds outstanding at the time such consent is given (except as otherwise provided in the  
2 preceding paragraphs of this Section 14). No such modification or amendment shall permit a  
3 change in the terms or maturity of the principal of any outstanding Bonds or of any interest  
4 payable thereon or a reduction in the principal amount thereof or in the rate of interest  
5 thereon, or shall reduce the percentage of Bonds the consent of the owners of which is  
6 required to effect any such modification or amendment, or shall reduce the amount of moneys  
7 for the repayment of the Bonds without the consent of all the owners of such affected Bonds.

8 Section 15. Reimbursement. The City hereby declares its official intent to reimburse  
9 prior expenditures of the City, incurred prior to the issuance and sale of each series of Bonds,  
10 related to the Project or portions thereof to be financed by each series of Bonds. The Board  
11 of Supervisors hereby declares the City's intent to reimburse the City with the proceeds of  
12 each series of Bonds for the expenditures with respect to the Project (the "Expenditures" and  
13 each, an "Expenditure") made on and after that date that is no more than 60 days prior to  
14 adoption of this Resolution. The City reasonably expects on the date hereof that it will  
15 reimburse the Expenditures with the proceeds of each series of Bonds.

16 Each Expenditure was and will be either (a) of a type properly chargeable to a capital  
17 account under general federal income tax principles (determined in each case as of the date  
18 of the Expenditure), (b) a cost of issuance with respect to a series of Bonds, (c) a  
19 nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a  
20 party that is not related to or an agent of the City so long as such grant does not impose any  
21 obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the  
22 City. The maximum aggregate principal amount of the Bonds expected to be issued for the  
23 Project is \$248,000,000. The City shall make a reimbursement allocation, which is a written  
24 allocation by the City that evidences the City's use of proceeds of the applicable series of  
25 Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on

1 which the Expenditure is paid or the Project is placed in service or abandoned, but in no event  
2 more than three years after the date on which tile Expenditure is paid.

3 The City recognizes that exceptions are available for certain "preliminary expenditures,"  
4 costs of issuance, certain de minimis amounts, expenditures by "small issuers" (based on the  
5 year of issuance and not the year of expenditure) and expenditures for construction projects  
6 of at least five years.

7 Section 16. Citizens' Oversight Committee. The Bonds are subject to, and incorporate  
8 by reference, the applicable provisions of San Francisco Administrative Code Sections 5.30 –  
9 5.36 (the "Citizens' General Obligation Bond Oversight Committee"). Under Section 5.31 of  
10 the Citizens' General Obligation Bond Oversight Committee, to the extent permitted by law,  
11 one-tenth of one percent (0.1%) of the gross proceeds of each series of the Bonds shall be  
12 deposited in a fund established by the Controller's Office and appropriated by the Board of  
13 Supervisors at the direction of the Citizens' General Obligation Bond Oversight Committee to  
14 cover the costs of such Committee.

15 Section 17. Ratification. All actions heretofore taken by officials, employees and  
16 agents of the City with respect to the sale and issuance of the Bonds are hereby approved,  
17 confirmed and ratified.

18 Section 18. General Authority. The Clerk of the Board of Supervisors, the Budget and  
19 Finance Committee of the Board of Supervisors, the Mayor, the City Treasurer, the City  
20 Administrator, the City Attorney, the Director of Public Finance of the City and the Controller  
21 are each hereby authorized and directed in the name and on behalf of the City to take any  
22 and all steps and to issue and deliver any and all certificates, requisitions, agreements,  
23 notices, consents, and other documents, including but not limited to, letters of representations  
24 to any securities depository or depositories, which they or any of them might deem necessary  
25

1 or appropriate in order to consummate the lawful issuance, sale and delivery of the Bonds and  
2 otherwise to give effect to this Resolution.

3

4 APPROVED AS TO FORM:

5 DENNIS J. HERRERA, City Attorney

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7

8 BY Kenneth David Roux  
KENNETH DAVID ROUX  
Deputy City Attorney

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Items 15, 16 and 17  
Files 11-1335, 11-1343 and 11-1346

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

## EXECUTIVE SUMMARY

### Legislative Objectives

- File 11-1343: Resolution providing for the issuance of up to \$248,000,000 of Road Repaving and Street Safety (RRSS) General Obligation Bonds, based on San Francisco voters approval of Proposition B in November of 2011.
- File 11-1346: Resolution authorizing and directing the sale of up to \$76,500,000 in Road Repaving and Street Safety General Obligation Bonds.
- File 11-1335: Ordinance appropriating \$76,500,000 of Road Repaving and Street Safety Bond proceeds, including (a) \$68,780,427 to the Department of Public Works (DPW) for project costs, (b) \$4,720,000 to the Municipal Transportation Agency (MTA) for project costs, (c) \$704,573 for issuance and related costs, (d) \$2,295,000 to allow for fluctuations in market conditions, and (e) placing the entire \$76,500,000 on Controller's Reserve pending the sale of the Bonds.

### Key Points

- The proposed resolution authorizes the issuance of up to \$248,000,000 in RRSS General Obligation (GO) Bonds, which were approved by San Francisco voters on November 8, 2011, as Proposition B. The RRSS Bonds will finance the repaving and reconstruction of roads, the rehabilitation and seismic improvement of street structures, the replacement of sidewalks, the installation and renovation of curb ramps, the redesign of streetscapes, and the construction, rehabilitation and renovation of traffic signal infrastructure to support transit priority.
- The proposed resolution directing the sale of up to \$76,500,000 of RRSS GO Bonds would be the first in a series of three RRSS GO Bond sales under the \$248,000,000 authorized by Proposition B.
- The proposed appropriation ordinance for \$76,500,000 in RRSS GO Bond funds includes \$73,500,427 for project-related costs, \$704,573 for bond oversight and cost of issuance, and \$2,295,000 for a reserve to allow for fluctuations in the financing market between the date when the Board of Supervisors adopts the proposed legislation and the sale date.
- Under the proposed appropriation ordinance, project-related costs will total \$73,500,427. DPW will use (a) \$44,153,496 for the street resurfacing project, (b) \$8,835,199 for the curb ramp improvement project, (c) \$5,036,404 for the sidewalk improvement project, (d) 5,200,000 for the street structures project and (e) \$5,555,328 for the streetscape project, for a total of \$70,223,681. MTA will use (a) \$4,220,000 for upgrades to traffic signal controller equipment, (b) \$250,000 for the installation of new traffic signals, and (c) \$250,000 for other traffic signal infrastructure upgrades.

### Fiscal Impact

- The proposed resolution authorizing the sale of up to \$76,500,000 in RRSS GO Bonds will have a projected annual interest rate of 6.0 percent over approximately 20 years, with estimated total debt service payments of \$131,872,035, including \$57,667,035 in interest and \$74,205,000 in principal, with estimated average annual debt service payments of \$6,593,602. 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 additional Property Taxes of approximately \$14.30 per year.

### Recommendation

Approve the proposed ordinance (File No. 11-1335) and the proposed resolutions (File Nos. 11-1343 and 11-1346).



## MANDATE STATEMENT / BACKGROUND

### Mandate Statement

Section 9.106 of the City's Charter provides that the Board of Supervisors is authorized to provide for 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 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 November 8, 2011, the voters of San Francisco approved Proposition B, which authorized the issuance of \$248,000,000 of Road Repaving and Street Safety (RRSS) General Obligation Bonds. The RRSS Bonds will finance the repaving and reconstruction of roads, the rehabilitation and seismic improvement of street structures, the replacement of sidewalks, the installation and renovation of curb ramps, the redesign of streetscapes, and the construction, rehabilitation and renovation of traffic signal infrastructure. As shown in Table 1 below, the total not-to-exceed RRSS Bond Program Budget is \$248,000,000.

**Table 1: Road Repaving and Street Safety General Obligation Bond Budget**

Description	Total Budget
Street Repaving and Reconstruction	\$149,00,000
Streetscape, Pedestrian, and Bicycle Safety Improvements	50,000,000
Sidewalk Accessibility Improvements (Curb Ramps and Sidewalks)	22,000,000
Street Structures Rehabilitation	7,000,000
<b>DPW Subtotal</b>	<b>228,000,000</b>
Traffic Signal Infrastructure	20,000,000
<b>MTA Subtotal</b>	<b>20,000,000</b>
<b>Total RRSS Budget</b>	<b>\$248,000,000</b>
<b>Source:</b> 2011 Road Repaving and Street Safety Bond Program Brochure	

The street, sidewalk, street structure, and streetscape improvement projects totaling \$228,000,000 will be managed by the Department of Public Works (DPW). The traffic signal projects totaling \$20,000,000 will be managed by the Municipal Transportation Agency (MTA). The single largest project under the subject RRSS General Obligation Bonds will be the repaving, repair and reconstruction of approximately 1,389 street segments at an estimated cost of \$149,000,000.

<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.  
SAN FRANCISCO BOARD OF SUPERVISORS

**DETAILS OF PROPOSED LEGISLATION**

**File 11-1343:** The proposed resolution would authorize the issuance of up to \$248,000,000 of Road Repaving and Street Safety (RRSS) General Obligation Bonds for all of the RRSS funds approved by the voters on November 8, 2011 under Proposition B..

**File 11-1346:** The proposed resolution would authorize the sale of not-to-exceed \$76,500,000 aggregate principal amount of RRSS General Obligation Bonds.

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 after June 15, 2037;
- Provides for the execution, authentication and registration of the 2011 Road Repaving and Street Safety, Series 2012C Bonds;
- Sets the terms for transferring or redeeming the bonds;
- Provides for defeasance of the bonds;
- Requires a special Series 2012C Bond subaccount for payment of principal and interest; and a special Series 2012B 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) Office Notice of Sale, which announces the date, time and terms of the competitive bond sale; (b) Notice of Intention to Sell 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 2012 C Bonds, including the Controller, Director of Public Finance, and Treasurer, to modify the documents as necessary, except that the Series 2012C Bond amount cannot exceed \$76,500,000; and
- Subjects the Series 2012C Bonds to the reporting requirements of the Citizens' General Obligation Bond Oversight Committee.

**File 11-1335:** The proposed ordinance would appropriate the entire \$76,500,000 from the above-noted first RRSS General Obligation Bond sale. As shown in Table 2 below, of the total \$76,500,000 from the first Bond sale, (a) \$73,500,427 would be for direct project related costs, (b) \$704,573 would be for issuance and related costs, and (c) \$2,295,000 is a reserve to allow for fluctuations in market conditions and the resulting interest rates between the date that subject bonds are appropriated by the Board of Supervisors and February 2012, when the bonds are anticipated to be sold.

Table 2 below identifies that DPW will require (a) \$44,153,496 for the street resurfacing project, (b) \$8,835,199 for the curb ramp improvement project, (c) \$5,036,404 for the sidewalk improvement project, (d) 5,200,000 for the street structures project and (e) \$5,555,328 for the streetscape project, for a total of \$68,780,427.

As shown in Table 2, MTA will use (a) \$4,220,000 for upgrades to traffic signal controller equipment, (b) \$250,000 for traffic signals, and (c) \$250,000 for other traffic signal infrastructure upgrades, for a total of \$4,720,000. According to Ms. Cheryl Liu, Senior Transportation Engineer at MTA, the upgrades to the traffic signal controller equipment are part of the transit signal priority (TSP) engineering strategy used to advance the City's "Transit First" policy by providing green signal indications to transit vehicles when they approach the signalized intersections.

**Table 2: Road Repaving and Street Safety General Obligation Bond  
Total Budget and Proposed Request for Bond Sale and Appropriation**

Description	Total Project Budget	First Bond Sale and Appropriation for Direct Project Costs	First Bond Sale and Appropriation for Cost of Issuance, Bond Oversight, and Underwriters Discount**	First Bond Sale and Appropriation Total Request	Future Bond Sales and Supplemental Requests
<b>Department of Public Works (DPW)</b>					
Street Resurfacing	\$146,041,893	\$44,153,496	\$423,255	\$44,576,751	\$101,465,142
Curb Ramp Improvement	13,594,484	8,835,199	84,693	8,919,892	4,674,592
Sidewalk Improvement	7,859,962	5,036,404	48,279	5,084,683	2,775,279
Street Structures	7,212,546	5,200,000	49,847	5,249,847	1,962,699
Streetscape	39,246,350	5,555,328	53,254	5,608,582	33,637,768
<b>DPW Subtotal</b>	<b>213,955,235</b>	<b>68,780,427</b>	<b>659,328</b>	<b>69,439,755</b>	<b>144,515,480</b>
<b>Municipal Transportation Agency (MTA)</b>					
Traffic Signal Controller Upgrades	\$17,500,000	\$4,220,000	\$40,452	\$4,260,452	\$13,239,548
New Traffic Signals	2,210,000	250,000	2,396	252,396	1,957,604
Traffic Signal Infrastructure Upgrades	250,000	250,000	2,396	252,396	(2,396)
Streetscape	9,980,000	0	0	0	9,980,000
<b>MTA Subtotal</b>	<b>29,940,000</b>	<b>4,720,000</b>	<b>45,245</b>	<b>4,765,245</b>	<b>25,174,755</b>
<b>Costs of Issuance, Bond Oversight, Underwriters Discount, and Reserve</b>	<b>4,104,765</b>				
<b>RRSS Budget</b>	<b>\$248,000,000</b>	<b>\$73,500,427</b>	<b>\$704,573</b>	<b>\$74,205,000</b>	<b>\$173,795,000</b>
<b>Reserve Pending Subject \$76,500,000 Bond Sale*</b>				<b>2,295,000</b>	
<b>Total</b>				<b>\$76,500,000</b>	<b>\$171,500,000</b>
*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 makes technical adjustments based on the sale results. If the \$2,295,000 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, as opposed to by the DPW or the MTA.					
<b>Sources:</b> San Francisco Department of Public Works, Municipal Transportation Agency, and Office of Public Finance.					

Table 3 below provides a breakdown of the \$704,573 for the cost of issuance, underwriter's discount, allocation to the Controller's Audit Fund, and bond oversight of the proposed not-to-exceed \$76,500,000 RRSS General Obligation Bond issuance and appropriation.

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

Description	Amount
Cost of Issuance <sup>2</sup>	\$112,342
Underwriter's Discount <sup>3</sup>	371,025
City Auditor .1% allocation for the General Obligation Bond Oversight Committee Audits	74,205
City Services Auditor .2% allocation for the Controller's Audit Fund	147,001
<b>Total</b>	<b>\$704,573</b>

Source: San Francisco Office of Public Finance

**FISCAL IMPACTS**

According to Mr. Ababon, the proposed issuance of \$248,000,000 in Road Repaving and Street Safety General Obligation Bonds is expected to be sold in three series between February 2012 and 2014 as shown in Table 4 below.

**Table 4: Three Anticipated Bond Sales**

Date	Direct Project Costs Plus Cost of Issuance and Bond Oversight
February, 2012	\$74,205,000*
2013	67,230,000
2014	85,350,000
<b>Total</b>	<b>\$226,785,000**</b>

\*The anticipated sale amount of \$74,205,000 does not include the \$2,295,000 placed on reserve to provide for market fluctuations between now and the sale date. The total appropriation request of \$76,500,000 includes both the anticipated sale amount (\$74,205,000) and reserves (\$2,295,000) pending the first series of bond sales.

\*\*The total bond sale amount of \$226,785,000 does not include (a) approximately \$5 million in costs for bike and pedestrian streetscape projects that will be incurred after the second bond sale, and (b) approximately \$10 million in costs for street resurfacing that will be incurred after the second bond sale. See description below.

Source: San Francisco Office of the Controller

As shown in Table 4, the total amount of the three bond sales is estimated to be \$226,785,000, which is \$21,215,000 less than the not-to-exceed amount of \$248 million authorized by voters on November 8, 2011. According to Mr. Douglas Legg, Manager of Finance, Budget and Performance at DPW, approximately \$9.98 million of the difference is due to the fact that a street resurfacing project related to the HOPE SF public housing project was not included in the bond expenditure budget, and approximately \$9.98 million of costs anticipated for MTA bike

<sup>2</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>3</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.

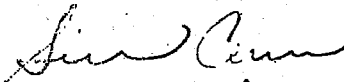
and pedestrian streetscape projects were not included. Neither of these projects will be initiated until after the second bond sale, according to Mr. Legg.

According to the December 12, 2011 Memorandum from Ms. Sesay, the not-to-exceed \$76,500,000 of RRSS General Obligation Bonds are projected to have an annual interest rate of 6.0 percent over approximately 20 years. These bonds will result in estimated total debt service payments of \$131,872,035, including \$57,667,035 in interest and \$74,205,000 in principal, with estimated average annual debt service payments of \$6,593,602.

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 \$0.029 per \$1,000 of assessed valuation over the anticipated 20-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 \$14.30 per year ( $\$500,000 - \$7,000 / \$1,000 \times \$0.029$ ) if the proposed \$76,500,000 RRSS General Obligation Bond is issued and appropriated.

## RECOMMENDATION

Approve the proposed ordinance (File 11-1335) and resolutions (Files 11-1343 and 11-1346).

  
Harvey M. Rose for

cc: Supervisor Chu  
Supervisor Kim  
President Chiu  
Supervisor Avalos  
Supervisor Campos  
Supervisor Cohen  
Supervisor Elsbernd  
Supervisor Farrell  
Supervisor Mar  
Supervisor Wiener  
Clerk of the Board  
Cheryl Adams  
Controller  
Rick Wilson

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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

\_\_\_\_\_  
\* Preliminary, subject to change.

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2011 DEC 13 PM 4:23

**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@pfn.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	____	____	____

**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.



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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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 the Board of Supervisors of the City on November 2, 2010 and \_\_\_\_\_, 2012, Resolution No. 516-10 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 2012B Bonds has been authorized by Resolution No. 343-08 and Resolution No. \_\_\_\_\_, adopted by the Board of Supervisors of the City on \_\_\_\_\_, 2012, and duly approved by the Mayor of the City on \_\_\_\_\_, 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."**

\*\* Complete copy of document is located in

File No. 111343

\* Preliminary, subject to change.

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.