

**OFFICIAL NOTICE OF SALE**

**AND**

**OFFICIAL BID FORM**

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**\$179,420,000\***

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

**consisting of**

<b>\$25,215,000</b>	<b>\$110,060,000*</b>	<b>\$44,145,000</b>
<b>General Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2010), Series 2016C</b>	<b>General Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2014), Series 2016D</b>	<b>General Obligation Bonds (Road Repaving and Street Safety Bonds, 2011), Series 2016E</b>

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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:

**THE SERIES 2016C BONDS, THE SERIES 2016D BONDS AND THE SERIES 2016E BONDS WILL BE SOLD SOLELY IN THE AGGREGATE, AND NOT AS INDIVIDUAL SERIES. THE WINNING BIDDER WILL RECEIVE ALL OF THE BONDS OF ALL SERIES IDENTIFIED ABOVE.**

SALE DATE: \_\_\_\_\_, April \_\_, 2016  
(Subject to postponement or cancellation in accordance  
with this Official Notice of Sale)

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

PLACE: Controller's Office of Public Finance  
1 Dr. Carlton B. Goodlett Place, Room 336,  
San Francisco, California 94102

DELIVERY DATE: April \_\_, 2016\*

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\* Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

**\$179,420,000\***

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

consisting of

**\$25,215,000**  
**General Obligation Bonds**  
**(Earthquake Safety and**  
**Emergency Response**  
**Bonds, 2010),**  
**Series 2016C**

**\$110,060,000\***  
**General Obligation Bonds**  
**(Earthquake Safety and**  
**Emergency Response**  
**Bonds, 2014),**  
**Series 2016D**

**\$44,145,000**  
**General Obligation Bonds**  
**(Road Repaving and Street**  
**Safety Bonds, 2011),**  
**Series 2016E**

NOTICE IS HEREBY GIVEN that electronic bids and sealed bids will be received in the manner described below, and in the case of electronic bids, through the Ipreo LLC's BiDCOMP™/PARITY® System ("Parity") by the City and County of San Francisco (the "City") for the purchase of \$25,215,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2010), Series 2016C (the "**Series 2016C Bonds**"), \$110,060,000\* aggregate principal amount of City and County of San Francisco General Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2014), Series 2016D (the "**Series 2016D Bonds**") and \$44,145,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Road Repaving and Street Safety Bonds, 2011), Series 2016E (the "**Series 2016E Bonds**" and, together with the Series 2016C Bonds and the Series 2016D Bonds, the "**Bonds**"), more particularly described hereinafter, at the Controller's Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102 on:

\_\_\_\_\_, 2016, at 8:30 a.m. (California time)\*

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

See "TERMS OF SALE—Form of Bids; Delivery of Bids" hereinafter for information regarding the terms and conditions under which bids will be received through electronic transmission.

**THE RECEIPT OF BIDS ON \_\_\_\_\_, \_\_\_\_\_, 2016, 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 PARITY, BLOOMBERG PROFESSIONAL SERVICE, KNOWN AS "BLOOMBERG TERMINAL" ("BLOOMBERG") AND/OR THOMSON REUTERS "THOMSON MUNICIPAL NEWS" ("THOMSON") AS SOON AS PRACTICABLE FOLLOWING SUCH POSTPONEMENT**

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\* Preliminary, subject to change.

**OR CANCELLATION.** [If the sale is postponed, bids will be received at the place set forth above on any weekday during the period from \_\_\_\_\_, 2016 through \_\_\_\_\_, 2016, as the City may determine.] Notice of the new date and time(s) for receipt of bids will be given through Parity, Bloomberg and/or Thomson as soon as practicable following a postponement and no later than 1:00 p.m. (California time) on the date preceding the original or new date for receiving bids.

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: (i) Kitahata & Company, 137 Joost Avenue, San Francisco, California 94131; Attention: Gary Kitahata (email: gkitahata@gmail.com); and (ii) Fieldman, Rolapp & Associates, Inc., 19900 MacArthur Blvd., Suite 1100, Irvine, California 92612; Attention: James Fabian (email: jfabian@fieldman.com) (collectively, “**Co-Financial Advisors**”), provided, however, that failure of any bidder to receive such supplemental notice shall not affect the sufficiency of any required notice or the legality of the sale. See “TERMS OF SALE–Postponement or Cancellation of Sales.”

The City reserves the right to modify or amend this Official Notice of Sale in any respect; *provided*, that any such modification or amendment will be communicated to potential bidders through Parity, Bloomberg and/or Thomson 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 sales. See “TERMS OF SALE–Right to Modify or Amend.”

Bidders are referred to the Preliminary Official Statement, dated \_\_\_\_\_, 2016, of the City with respect to the Bonds (the “**Preliminary Official Statement**”) for additional information regarding the City, the Bonds, the security for the Bonds and other matters. The Preliminary Official Statement will be posted electronically at Ipreo’s iProspectus at [www.i-dealprospectus.com](http://www.i-dealprospectus.com). See “CLOSING PROCEDURES AND DOCUMENTS–Official Statement.” Capitalized terms used and not defined in this Official Notice of Sale 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**

**IMPORTANT INFORMATION REGARDING THE BONDS, INCLUDING THE SECURITY AND SOURCES OF PAYMENT THEREFOR, AND THE CITY IS PRESENTED IN THE PRELIMINARY OFFICIAL STATEMENT, WHICH EACH BIDDER MUST REVIEW AND WILL BE DEEMED TO HAVE 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 Bonds will be issued as fully registered bonds without coupons in book-entry form in denominations of \$5,000 or any integral multiple of that amount, as designated by the successful bidder (the “**Purchaser**”), all dated the date of delivery, which is expected to be April \_\_, 2016\*. If the sale is postponed, notice of the new date of the sale will also set forth the new expected 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. The interest on the Bonds will be payable on June 15 and December 15 of each year, beginning June 15, 2016 (each an “**Interest Payment Date**”). Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months, 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 may not exceed twelve percent (12%) per annum;
- (iii) no Bond may bear a zero rate of interest;
- (iv) each Bond must 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 must bear the same rate of interest.

Premium Bids; No Net Discount Bids. Bids may include a net premium on the par value of the Bonds; provided that the bid price with respect to the Bonds may not exceed one hundred \_\_\_\_ percent (1\_\_%). No net discount bids will be accepted.

Principal Payments. The Bonds will be serial and/or term Bonds, as specified by each bidder, and principal will be payable on June 15 of each year, commencing on

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\* Preliminary, subject to change.

June 15, 2016 as shown below. The final maturity of the Bonds will be June 15, 2035. The principal amount of the Bonds maturing or subject to mandatory sinking fund redemption in any year must be in integral multiples of \$5,000. 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. **The Series 2016C Bonds, the Series 2016D Bonds and the Series 2016E Bonds will be sold solely in the aggregate, and not as individual series. 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:

<b>Principal Payment Date (<u>June 15</u>)</b>	<b>Series 2016C Bonds Principal Amount*</b>	<b>Series 2016D Bonds Principal Amount*</b>	<b>Series 2016E Bonds Principal Amount*</b>	<b>Total Principal Amount*</b>
TOTAL	\$25,215,000	\$110,060,000*	\$44,145,000	\$179,420,000*

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 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**

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\* Preliminary, subject to change.

increments of \$5,000, as determined in the sole discretion of the City. Any such adjustment of principal payments on the Bonds will 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, 2023, will not be subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after June 15, 2024, 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, 2023, 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 Sinking Fund 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, 2024, 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.

## TERMS OF SALE

Par and Premium Bids. All bids must be for par or better; no net discount bids will be accepted. **The bid price shall be not more than one hundred \_\_\_ percent (1\_\_%) of par.**

Form of Bids; Delivery of Bids. Each bid for the Bonds must be: (1) for not less than all of the Bonds, (2) unconditional, and (3) either (i) submitted on the Official Bid Form attached as *Exhibit A* and signed by the bidder, or (ii) submitted via Parity, along with a facsimile transmission by the winning bidder, after the verbal award, of the completed and signed applicable Official Bid Form conforming to the Parity bid, with any adjustments made by the City pursuant hereto, by not later than 11:00 a.m. California time on the sale date. Electronic bids must conform to the procedures established by Parity. Sealed bids must be enclosed in a sealed envelope, delivered to the City and County of San Francisco c/o Nadia Sesay 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, as hereinafter described, and received by 8:30 a.m. California time, at the Controller's 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 may be withdrawn or modified by the bidder.

**All bids will be deemed to incorporate all of the terms of this Official Notice of Sale. If the sale of the Bonds is canceled or postponed, all bids will be rejected. No bid submitted to the City may be withdrawn or modified by the bidder. No bid will be accepted after the time for receiving bids. The City retains absolute discretion to determine whether any bidder is a responsible bidder and whether any bid 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. For further information about Parity, potential bidders may contact either of the Co-Financial Advisors or Parity, phone: (212) 404-8107.

**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 (defined below) assumes any responsibility for any error contained in any bid submitted electronically or for the 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.

Process of Award. The City will take final 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.

The following six (6) steps constitute the City's process for a final award of the Bonds:

(1) The Co-Financial Advisors, on behalf of the City, will give a verbal notice of award to the apparent winning bidder (the "**Apparent Winning Bidder**") to be determined as described below under "–Basis of Award;"

(2) The Apparent Winning Bidder for the Bonds shall provide within the time specified by the City the Reoffering Price Certificate described under "–Reoffering Prices and Certificate;"

(3) If the Apparent Winning Bidder submitted its bid via Parity, such Apparent Winning Bidder shall, promptly after verbal award, but no later than one hour after the City has given notice of such verbal award, fax or email to the City (in c/o its Co-Financial Advisors and to the City's Director of Public Finance at the fax and/or email addresses provided for such purpose) the executed and completed Official Bid Form (attached hereto as Exhibit A), executed on the Apparent Winning Bidder's behalf by a duly authorized signatory;

(4) The Apparent Winning Bidder shall provide the Good Faith Deposit by wire transfer, as described under "–Good Faith Deposit;"

(5) The Co-Financial Advisors will fax or email to the Apparent Winning Bidder confirmation of the final principal amortization schedule and purchase price for the Bonds, after adjustments, if any, are made, as described under "TERMS RELATING TO THE BONDS–Adjustment of Principal Payments;" and

(6) The City will fax or email to the Apparent Winning Bidder its written final award.

Upon completion of all five (5) steps described above, the Apparent Winning Bidder will be deemed the Purchaser of the Bonds and will be contractually bound by the terms of this Official Notice of Sale to purchase the Bonds, which contract shall consist of: (a) this

Official Notice of Sale; (b) the information that is transmitted electronically by the bidder through Parity or provided in the bidder's written sealed bid, as applicable; (c) any adjustments to the final principal amortization schedule and purchase price made as described under "TERMS RELATING TO THE BONDS—Adjustment of Principal Payments;" and (d) the Official Bid Form executed and delivered, provided, however, in case of any inconsistencies between the information in the bid as originally transmitted by the Apparent Winning Bidder (either electronically or in the form of a written sealed bid) and the Official Bid Form subsequently submitted by such Apparent Winning Bidder, the data submitted electronically through Parity (or the written sealed bid, as applicable) shall control.

Basis of Award. The City reserves the right to reject all the bids or postpone the bids for any reason. Unless all bids are rejected, the Bonds will be awarded to the responsible bidder which timely submits a conforming bid that represents the lowest true interest cost ("TIC") to the City and which timely provides the Good Faith Deposit as described under "—Good Faith Deposit" below. 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 the Bonds plus the amount of any net premium bid. For the purpose of calculating the TIC, mandatory sinking fund payments for any Term Bonds specified by each bidder will be treated as Bonds the principal of which becomes due on the dates of such mandatory sinking fund payments. If 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. If multiple bids are received from a single bidder by any means or combination of means, the City will 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. A good faith deposit (a "**Good Faith Deposit**") satisfying the requirements set forth below is required for each bid. The amount of the Good Faith Deposit for the Bonds is \$1,500,000.

Except as otherwise provided below, a 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 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 to wire transfer such amount as instructed by the City or its Co-Financial Advisors) not later than 10:00 a.m. (California 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 which 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 to the City and the winning bidder will provide the Federal wire reference number of such Good Faith Deposit to the Co-Financial Advisors within 90 minutes of such request by the Co-Financial Advisors.

U.S. Bank National Association Wire Instructions:

U.S. Bank  
ABA 091000022  
BNF U.S. Bank National Association  
Acct 180121167365  
Ref CCSF GO Bonds Good Faith

The Bonds will not be officially awarded to a bidder which 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 will be paid upon the Good Faith Deposit made by any bidder. The Good Faith Deposit of the Purchaser will immediately become the property of the City. The Good Faith Deposit will be held and invested for the exclusive benefit of the City. The Good Faith Deposit, without interest thereon, will be credited against the purchase price of the Bonds purchased by the Purchaser at the time of delivery thereof.

If the purchase price is not paid in full upon tender of the Bonds, the City shall retain the Good Faith Deposit and the Purchaser will have no right in or to the Bonds or to the recovery of its Good Faith Deposit, or to any allowance or credit by reason of such deposit, unless it shall appear that the Bonds would not be validly delivered to the Purchaser in the form and manner proposed, except pursuant to a right of cancellation. See "CLOSING PROCEDURES AND DOCUMENTS—Right of Cancellation." In the event of nonpayment for the Bonds by a successful bidder, the City reserves any and all rights granted by law to recover the full purchase price of the Bonds and, in addition, any damages suffered by the City.

Reoffering Prices and Certificate. The successful bidder for 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 successful bidder shall provide to the City the initial offering prices at which it has offered all of the Bonds of each principal payment date 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 successful bidder shall provide a reoffering price certificate, substantially in the form attached hereto as Exhibit B, to the City, Schiff Hardin LLP, One Market, Spear Street Tower, 32nd Floor, San Francisco, California 94105; Attention: William M. Lofton, Esq.; e-mail: blofton@schiffhardin.com and Curls Bartling P.C., 1999 Harrison Street, Suite 610, Oakland, California 94612; Attention: Ericka Curls Bartling, Esq.; e-mail: ericka@curlsbartling.com. In addition, at the request of Co-Bond Counsel, the successful bidder will provide additional 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 must submit a signed, completed and conforming Official Bid Form by facsimile transmission to the Director of Public Finance, 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 (a) to reject any bid for any reason; (b) to reject all bids for any reason; or (c) to waive any irregularity or informality in any bid which does not materially affect such bid or change the ranking of the bids for the Bonds.

Right to Modify or Amend. The City reserves the right to modify or amend this Official Notice of Sale in any respect; *provided*, that any such modification or amendment will be communicated to potential bidders through Parity, Bloomberg and/or Thomson 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 will be given through Parity, Bloomberg and/or Thomson as soon as practicable following such postponement or cancellation. If the sale is postponed, notice of a new sale date will be given through Parity, Bloomberg and/or Thomson not later than 1:00 p.m. (California time) on the business day preceding the new date bids are to be received. 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 of the City 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.

Legal Opinion and Tax Matters. Upon delivery of the Bonds, Co-Bond Counsel, Schiff Hardin LLP and Curls Bartling P.C. (collectively, "**Co-Bond Counsel**"), will each deliver an opinion to the effect that under present California law, interest on the Bonds is exempt from State of California personal income taxes. See "TAX MATTERS" in the Preliminary Official Statement.

A copy of the proposed form of the 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 the opinions will be filed with the Controller.

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, Room 800, San Francisco, California 94102: 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 April \_\_, 2016.** Payment for the Bonds (including any premium) must be made at the time of delivery in immediately available funds to the Treasurer of the City. 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 FORM 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 and collect 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 City will obtain separate CUSIP numbers for each principal payment date of the Bonds. CUSIP data is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bar Association. 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 first 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 50) 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 file promptly a copy of the final Official Statement, including any supplements, with a nationally recognized municipal securities information repository, as defined in Rule 15c2-12; and (3) to take any and all other actions necessary to comply with applicable SEC 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 of the City 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 DTC and its book-entry

system, as to which no view will be expressed), as of the date of sale of the Bonds and as of the date of their 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.

Purchaser's Certificates Concerning Official Statement. As a condition of delivery of the Bonds, the Purchaser will be required to execute and deliver to the City, prior to the delivery date of the Bonds, a certificate to the effect that:

(i) Such successful bidder, as the initial Purchaser of the Bonds, has provided to the City the initial reoffering prices or yields of the Bonds as printed in the Official Statement, and such Purchaser has made a bona fide offering of each maturity of the Bonds to the public at the prices and yields so shown or has purchased the applicable maturity of the Bonds for its own account and not with a view to distribution or resale and not in the capacity of a bond house, broker or other intermediary at the prices and yields so shown.

(ii) While the Purchaser has not undertaken any responsibility for the contents of the Official Statement, the Purchaser, in accordance with and as part of its responsibilities under federal securities laws, has reviewed the information in the Official Statement and has not notified the City of the need to modify or supplement the Official Statement.

Continuing Disclosure. In order to assist bidders in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), the City will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain listed events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be included in the final Official Statement.

Dated: \_\_\_\_\_, 2016

BID TIME: 8:30 A.M. (California time)

\_\_\_\_\_, April \_\_, 2016

**OFFICIAL BID FORM FOR THE PURCHASE OF**

**\$179,420,000\***

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

**consisting of**

**\$25,215,000**

**General Obligation Bonds**

**(Earthquake Safety and Emergency Response Bonds, 2010)  
Series 2016C**

**\$110,060,000\***

**General Obligation Bonds**

**(Earthquake Safety and Emergency Response Bonds, 2014)  
Series 2016D**

**\$44,145,000**

**General Obligation Bonds**

**(Road Repaving and Street Safety Bonds, 2011),  
Series 2016E**

**THE SERIES 2016C BONDS, THE SERIES 2016D BONDS AND THE SERIES 2016E BONDS WILL BE SOLD SOLELY IN THE AGGREGATE, AND NOT AS INDIVIDUAL SERIES. THE WINNING BIDDER WILL RECEIVE ALL OF THE BONDS OF ALL SERIES IDENTIFIED ABOVE.**

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) 554-6643

**BIDDING FIRM'S NAME:**

\_\_\_\_\_

Subject to the provisions and in accordance with the terms of the Official Notice of Sale dated April \_\_, 2016, 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 \$179,280,000\* aggregate principal amount of the Bonds dated the date of their delivery on the following terms, including the submission of the required Good Faith Deposit in the amount of \$1,500,000 within the time and in the manner specified in the Official Notice of Sale; and to pay therefor the price of \$\_\_\_\_\_, which is equal to the aggregate principal amount of the Bonds plus a net premium of \$\_\_\_\_\_ (not to exceed \_\_%) (such amount being the “**Purchase Price**”). The Bonds will mature and will be subject to mandatory sinking fund redemption commencing no earlier than June 15, 2024 (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 schedules below.

**Combined Maturity Schedule**

(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
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**TOTAL      \$179,420,000\***

\* Subject to adjustment in accordance with the Official Notice of Sale.  
<sup>(1)</sup> Circle the final maturity of each term bond specified.  
<sup>(2)</sup> There may not be serial maturities for dates after the first mandatory sinking fund redemption payment. Mandatory sinking fund payments may not commence earlier than June 15, 2024.

\_\_\_\_\_  
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.**

**REOFFERING PRICE CERTIFICATE**

**(TO BE DELIVERED BY THE PURCHASER AS DESCRIBED UNDER  
“REOFFERING PRICE CERTIFICATE’ IN THE OFFICIAL NOTICE OF SALE”)**

This certificate is being delivered by \_\_\_\_\_, the purchaser (the “Purchaser”) in connection with the issuance of the City and County of San Francisco General Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2010), Series 2016C (the “Series 2016C Bonds”); City and County of San Francisco General Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2014), Series 2016D (the “Series 2016D Bonds”); City and County of San Francisco General Obligation Bonds (Road Repaving and Street Safety Bonds, 2011), Series 2016E (the “Series 2016E Bonds” and collectively, with the Series 2016C Bonds and the Series 2016D Bonds, the “Bonds”).

In connection with the purchase today by the Purchaser of the Bonds, the Purchaser certifies and represents that:

**A. Issue Price**

1. All 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 the reoffering yields and prices set forth in Schedule A attached to this Certificate.

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, except the Bonds maturing in the years 20\_\_ and 20\_\_ through 20\_\_, inclusive, 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*. 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 by the Purchaser 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, set forth in *Schedule A*, and such prices and yields, maturity-by-maturity, represented our best judgment of a fair market value of the Bonds.

3. The unsold Bonds were bought by the Purchaser. 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 Purchaser’s 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*, our reasonable expectations regarding a fair market value of such Bonds, as of the date of the sale of the Bonds, were those reflected as the reoffering yields and prices of such Bonds set forth in *Schedule A*.

4. As of the date of this Certificate, neither the Purchaser nor any affiliate of the Purchaser has participated in offering the City 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 of this Certificate in the form of a purchase discount in the amount of \$\_\_\_\_\_, and no part of such compensation includes any payment for any property or services other than underwriting services relating to the sale and delivery of the Bonds.

The signer is duly authorized by the Purchaser to execute and deliver this Certificate on behalf of the Purchaser. We understand that (a) the representations contained in this Certificate will be relied upon by the City in making certain of the representations contained in the Tax Certificate, and (b) Co-Bond Counsel to the City will 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 in this Certificate 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: [Date], 2016

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Series 2016C Bonds**

**Series 2016C Bonds**  
**Payment Date**  
**(June 15)**

**Principal Amount**

**Interest Rate**

**Reoffering**  
**Price or Yield**

**Series 2016D Bonds**

**Series 2016D Bonds**

**Payment Date**

**(June 15)**

**Principal Amount**

**Interest Rate**

**Reoffering  
Price or Yield**

**Series 2016E Bonds**

**Series 2016E Bonds**  
**Payment Date**  
**(June 15)**

**Principal Amount**

**Interest Rate**

**Reoffering**  
**Price or Yield**

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37941-0013

SF\321761975.2