

PRELIMINARY OFFICIAL STATEMENT DATED MAY ___, 2013

NEW ISSUE - BOOK-ENTRY ONLY

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

In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Bonds is exempt from State of California personal income taxes. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.



\$(Par Amount)*
CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION
LEASE REVENUE BONDS, SERIES 2013A
(EQUIPMENT PROGRAM)

Dated: Date of Delivery

Due: April 1 and October 1, see 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 Bonds captioned above (the "Bonds") are being issued to: (i) finance the acquisition and installation of certain equipment (the "Equipment" or the "Project"); (ii) pay costs associated with the issuance of the Bonds; (iii) fund the Series 2013A Reserve Account established under the Indenture for the Bonds; (iv) fund the Working Capital Fund established under the Indenture; and (v) fund capitalized interest payable with respect to a portion of the Bonds through August 1, 2014. See "ESTIMATED SOURCES AND USES OF FUNDS."

The Bonds are issued pursuant to an Indenture, dated as of January 1, 1991, as amended and restated as of October 15, 1998, and as supplemented by the Twentieth Supplemental Indenture, dated as of May 1, 2013 (collectively, the "Indenture"), by and between the City and County of San Francisco Finance Corporation (the "Corporation"), and U.S. Bank National Association, as trustee (the "Trustee"), and in accordance with the Charter of the City and County of San Francisco (the "City"). See "THE BONDS – Authority For Issuance." Principal of and interest on the Bonds are payable from certain funds held under the Indenture, including principally Base Rental payable by the City related to the Equipment pursuant to an Equipment Lease, dated as of January 1, 1991, as amended and restated as of October 15, 1998, and as supplemented by Equipment Lease Supplement No. 19, dated as of May 1, 2013, by and between the Corporation, as lessor, and the City, as lessee (collectively, the "Lease"). The City has covenanted in the Lease to take such action as may be necessary to include and maintain all Base Rental and Additional Rental payments in its annual budget, and to make necessary annual appropriations therefor. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Covenant to Budget." The obligation of the City to pay Base Rental is in consideration for the use and possession of the Equipment, and such obligation may be abated in whole or in part if there is substantial interference with the City's use and possession of the Equipment. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Abatement of Base Rental Payments" and "CERTAIN RISK FACTORS – Abatement."

The Bonds will be issued only as fully registered bonds without coupons, and when issued will be registered in the name of Cede & Co., as the 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 Trustee to DTC, which in turn is required to remit such principal and interest to DTC participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – Form and Registration" and APPENDIX F: "DTC AND THE BOOK-ENTRY ONLY SYSTEM." The Bonds will be dated and bear interest from their date of delivery. Interest on the Bonds will be payable on April 1 and October 1 of each year, commencing October 1, 2013. Principal is payable in accordance with the maturity schedule shown on the inside cover.

The Bonds are subject to special redemption prior to their respective stated maturities. The Bonds are not subject to optional redemption. See "THE BONDS – Redemption Provisions."

THE BONDS ARE LIMITED OBLIGATIONS OF THE CORPORATION PAYABLE SOLELY FROM BASE RENTAL PAYMENTS MADE BY THE CITY PURSUANT TO THE LEASE RELATED TO THE EQUIPMENT AND OTHER AMOUNTS (INCLUDING THE PROCEEDS OF THE SALE OF THE BONDS) HELD IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED PURSUANT TO THE INDENTURE, OTHER THAN THE REBATE FUND. USE OF AMOUNTS HELD IN SUCH FUNDS AND ACCOUNTS IS SUBJECT TO THE PROVISIONS OF THE INDENTURE PERMITTING THE APPLICATION OF SUCH AMOUNTS FOR THE PURPOSES AND ON THE TERMS AND CONDITIONS SET FORTH IN THE INDENTURE. THE CORPORATION SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS ONLY FROM THE FUNDS DESCRIBED IN THE INDENTURE AND NEITHER THE CORPORATION NOR ANY MEMBER OF ITS BOARD OF DIRECTORS SHALL INCUR ANY LIABILITY OR ANY OTHER OBLIGATION WITH RESPECT TO THE ISSUANCE OF THE BONDS. THE OBLIGATION OF THE CITY TO MAKE RENTAL PAYMENTS UNDER THE LEASE DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE RENTAL PAYMENTS UNDER THE LEASE CONSTITUTES A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF

* 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.

PRELIMINARY OFFICIAL STATEMENT DATED MAY ____, 2013

WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA OR ANY STATUTORY DEBT LIMITATION OR RESTRICTION.

MATURITY SCHEDULE

(See inside cover)

The Bonds are offered when, as and if issued by the Corporation and accepted by the initial purchaser, subject to the approval of legality by Squire Sanders (US) LLP, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Corporation by its counsel, Dannis Woliver Kelley, San Diego, California, and for the City by the City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel. It is expected that the Bonds will be available for delivery in book-entry form through the facilities of DTC in New York, New York, on or about May ____, 2013.

Dated: May ____, 2013

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.

MATURITY SCHEDULE
(Base CUSIP Number: _____¹)

SERIES 2013A BONDS

Maturity Date	Principal Amount	Interest Rate	Yield²	CUSIP Suffix¹
April 1, 2014				
October 1, 2014				
April 1, 2015				
October 1, 2015				
April 1, 2016				
October 1, 2016				
April 1, 2017				
October 1, 2017				
April 1, 2018				
October 1, 2018				
April 1, 2019				

No dealer, broker, salesperson or other person has been authorized by the City or the Corporation to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Corporation. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The information set forth herein other than that provided by the City or the Corporation, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the Corporation since the date hereof.

The City maintains a website. The information presented on such website is *not* incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. Various other websites referred to in this Official Statement also are not incorporated herein by such references.

This Official Statement is not to be construed as a contract with the initial purchaser of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 in reliance upon the exemption provided thereunder by Section 3(a)(2) for the issuance and sale of municipal securities.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

¹ CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP numbers are provided for convenience of reference only. Neither the City, the Corporation nor the initial purchaser take any responsibility for the accuracy of such numbers.

² Reoffering prices/yields furnished by the initial purchaser. Neither the Corporation nor the City takes any responsibility for the accuracy thereof.

CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION

BOARD OF DIRECTORS

Pamela S. Jue, *President*
Arnold Laub, *Chief Financial Officer*
Ken Cleaveland, *Secretary*

CITY AND COUNTY OF SAN FRANCISCO

MAYOR

Edwin M. Lee

BOARD OF SUPERVISORS

David Chiu, *Board President, District 3*

Eric Mar, *District 1*
Mark Farrell, *District 2*
Katy Tang, *District 4*
London Breed, *District 5*
Jane Kim, *District 6*

Norman Yee, *District 7*
Scott Wiener, *District 8*
David Campos, *District 9*
Malia Cohen, *District 10*
John Avalos, *District 11*

CITY ATTORNEY

Dennis J. Herrera

CITY TREASURER

José Cisneros

OTHER CITY AND COUNTY OFFICIALS

Naomi M. Kelly, *City Administrator*
Benjamin Rosenfield, *Controller*

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Squire Sanders (US) LLP
San Francisco, California

Financial Advisor

Kitahata & Company
San Francisco, California

Corporation Counsel

Dannis Woliver Kelley
San Diego, California

Disclosure Counsel

Hawkins Delafield & Wood LLP
San Francisco, California

Trustee

U.S. Bank National Association
San Francisco, California

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[Par Amount]*
CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION
LEASE REVENUE BONDS, SERIES 2013A
(EQUIPMENT PROGRAM)

INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is provided to furnish information in connection with the offering by the City and County of San Francisco Finance Corporation (the "Corporation") of the above-named Bonds (the "Bonds"). Any capitalized term not defined herein shall have the meaning given to such term in APPENDIX D: "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LEASE – CERTAIN DEFINED TERMS."

This Introduction is designed to give an overview of the transaction and serve as a guide to the contents of this Official Statement.

Overview of the Transaction. The Bonds are being sold to provide funds to finance the acquisition and installation of certain equipment (as more fully described herein, the "Equipment") to be leased to the City and County of San Francisco (the "City"). The City, exercising its Charter powers to lease-purchase equipment through a nonprofit corporation, will lease the Equipment from the Corporation for the general governmental purposes of the City. The City will be obligated under the Lease (as hereinafter defined) to pay Base Rental payments and other payments to the Corporation related to the Equipment each year during the term of the Lease, subject to certain conditions under which the obligation to pay Base Rental may be abated as discussed herein. Pursuant to the Indenture (as hereinafter defined), the Corporation has assigned to U.S. Bank National Association, as trustee (the "Trustee"), for the benefit of the Owners, substantially all of its rights under the Lease (excluding certain rights as set forth herein) including its right to receive and collect Base Rental payments from the City under the Lease and its right as may be necessary to enforce payment of the Base Rental payments. The Trustee will apply Base Rental it receives to pay principal and interest on the Bonds when due according to the Indenture, which governs the security and terms of payment of the Bonds. The Corporation has entered into an agreement with the City pursuant to which the City is appointed as agent of the Corporation in connection with the acquisition and installation of the Equipment.

Guide to this Official Statement. The Project and the Equipment are described herein in the section "THE PROJECT." The application of the proceeds of sale of the Bonds is described in the section "ESTIMATED SOURCES AND USES OF FUNDS." The terms of the Bonds and repayment thereof and security for the Bonds are described in the sections "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," and other sections in the front portion of this Official Statement. Current information about the Corporation is provided in the section "THE CORPORATION." Current information about the City, its finances and governance, are provided in Appendix A. The City's most recent comprehensive annual financial report appears in Appendix B. A summary of the Indenture and the Lease is provided in Appendix D.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate to be executed by the City, the City and the Corporation have no obligation to update the information in this Official Statement. See "CONTINUING DISCLOSURE" herein and APPENDIX E: "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Quotations from and summaries and explanations of the Bonds, the Indenture, the Lease, the resolutions providing for the issuance of the Bonds, provisions of the constitution and statutes of the State of California (the "State"), the City's charter and ordinances, and other documents described herein, do not purport to be complete, and reference is made to said laws and documents for the complete provisions thereof. Copies of those documents and information concerning the Bonds are available from the City through the Office of Public Finance, City Hall Room 336, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4682. Reference is made herein to various other documents, reports, websites, etc., which are not incorporated herein by such references nor deemed a part of this Official Statement.

* Preliminary, subject to change.

THE CITY AND COUNTY OF SAN FRANCISCO

The City is the economic and cultural center of the San Francisco Bay Area and northern California. The corporate limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay (the "Bay"). The City is located at the northern tip of the San Francisco Peninsula, bounded by the Pacific Ocean to the west, the Bay and the San Francisco-Oakland Bay Bridge to the east, the entrance to the Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon Valley is about a 40-minute drive to the south, and the wine country is about an hour's drive to the north. The City's most recently completed and adopted Comprehensive Annual Financial Report (the "CAFR") for fiscal year 2011-12 estimated the City's fiscal year 2011-12 population at 820,466.

The San Francisco Bay Area consists of the nine counties contiguous to the Bay: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma Counties (collectively, the "Bay Area"). The economy of the Bay Area includes a wide range of industries, supplying local needs as well as the needs of national and international markets. Major business sectors in the Bay Area include retail, entertainment and the arts, conventions and tourism, service businesses, banking, professional and financial services, corporate headquarters, international and wholesale trade, multimedia and advertising, biotechnology and higher education.

The City is a major convention and tourist destination. According to the San Francisco Travel Association, a nonprofit membership organization, during the calendar year 2011, approximately 16.35 million people visited the City and spent an estimated \$8.46 billion during their stay. The City is also a leading center for financial activity in the State and is the headquarters of the Twelfth Federal Reserve District, the Eleventh District Federal Home Loan Bank, and the San Francisco regional Office of Thrift Supervision.

The City benefits from a highly skilled, educated and professional labor force. The CAFR estimates that per-capita personal income of the City for fiscal year 2011-12 was \$74,040. The San Francisco Unified School District operates 71 elementary and K-8 school sites, 13 middle schools, 17 senior high schools (including two continuation schools and an independent study school), and 36 state-funded preschool sites, and sponsors 9 independent charter schools. Higher education institutions located in the City include the University of San Francisco, California State University – San Francisco, University of California – San Francisco (a medical school and health science campus), the University of California Hastings College of the Law, the University of the Pacific's School of Dentistry, Golden Gate University, City College of San Francisco (a public community college), the Art Institute of California – San Francisco, the San Francisco Conservatory of Music, the California Culinary Academy, and the Academy of Art University.

San Francisco International Airport ("SFO"), located 14 miles south of downtown San Francisco in an unincorporated area of San Mateo County and owned and operated by the City, is the principal commercial service airport for the Bay Area and one of the nation's principal gateways for Pacific traffic. In fiscal year 2011-12, SFO serviced approximately 43.1 million passengers and handled 385,113 metric tons of cargo. The City is also served by the Bay Area Rapid Transit District (electric rail commuter service linking the City with the East Bay and the San Francisco Peninsula, including SFO), Caltrain (a conventional commuter rail line linking the City with the San Francisco Peninsula), and bus and ferry services between the City and residential areas to the north, east and south of the City. San Francisco Municipal Railway, operated by the City, provides bus and streetcar service within the City. The Port of San Francisco (the "Port"), which administers 7.5 miles of Bay waterfront held in "public trust" by the Port on behalf of the people of the State, promotes a balance of maritime-related commerce, fishing, recreational, industrial and commercial activities and natural resource protection.

The City is governed by a Board of Supervisors elected from eleven districts to serve four-year terms, and a Mayor who serves as chief executive officer, elected citywide to a four-year term. Edwin M. Lee is the 43rd and current Mayor of the City, having been elected by the voters of the City in November 2011. The City's fiscal year 2012-13 adopted budget includes \$7.35 billion of expenditures and reserves, of which \$3.49 billion was allocated to the General Fund of the City and \$3.86 billion was allocated to all other funds, including enterprise fund departments, such as SFO, the San Francisco Municipal Transportation Agency, and the San Francisco Public Utilities Commission. The CAFR estimates that the City employed 28,073 full-time-equivalent employees at the end of fiscal year 2011-12. According to the Controller of the City (the "Controller"), fiscal year 2012-13 total net assessed valuation of taxable property in the City is approximately \$165.04 billion.

More detailed information about the City's governance, organization and finances may be found in APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" and in APPENDIX B: "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2012."

The Corporation

The Corporation is a nonprofit public benefit corporation duly organized and validly existing under the Nonprofit Public Benefit Corporation Law (Section 5110 et seq. of the California Corporations Code). The Corporation was formed in 1991 by the Chief Administrative Officer of the City pursuant to a resolution of the Board of Supervisors. The purpose of the Corporation is to provide a means to finance, through lease financings, the acquisition, construction and installation of facilities, equipment and other tangible real and personal property for the City's general governmental purposes. For additional information on the Corporation, see "THE CORPORATION."

[RECENT DEVELOPMENTS]

[The information contained in APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" was prepared by the City for inclusion in official statements relating to debt obligations of the City and updated as of _____, 2013. The following information supplements and amends the information set forth in such Appendices as of the date of this Official Statement:]

[Additional updates to come, if necessary.]

THE BONDS

Authority for Issuance

The Bonds are being issued pursuant to an Indenture, dated as of January 1, 1991, as amended and restated as of October 15, 1998, and as supplemented by the Twentieth Supplemental Indenture, dated as of May 1, 2013 (the "Twentieth Supplemental Indenture"), by and between the Corporation and the Trustee (collectively, the "Indenture"), and in accordance with the Charter of the City and County of San Francisco (the "Charter"). Principal of and interest on the Bonds are payable from, and are secured by a charge and lien on, the Base Rental payments payable by the City relating to the Equipment pursuant to an Equipment Lease, dated as of January 1, 1991, as amended and restated as of October 15, 1998, and as supplemented by Equipment Lease Supplement No. 19, dated as of May 1, 2013 (the "Equipment Lease Supplement"), by and between the Corporation, as lessor, and the City, as lessee (collectively, the "Lease"), and amounts held in certain funds and accounts established pursuant to the Indenture (except the Rebate Fund). The City is obligated under the Lease to pay Base Rental in consideration for its use and right of possession of the Equipment (as hereinafter defined).

The Corporation has entered into an Agency Agreement, dated as of January 1, 1991 (the "Agency Agreement"), with the City pursuant to which the City is appointed as agent of the Corporation in connection with the acquisition and installation of the Equipment.

The Twentieth Supplemental Indenture and the Equipment Lease Supplement were approved by the Board of Supervisors of the City by its Resolution No. _____, adopted on April ____, 2013, and signed by the Mayor on April ____, 2013 (the "Resolution"). The Resolution authorized the issuance of up to \$_____ aggregate principal amount of the Bonds under the Twentieth Supplemental Indenture.

Prior to June 1990, the City Charter prohibited the City from engaging in the lease-purchase of equipment or real property through public entities or nonprofit corporations using tax-exempt obligations without a vote of the electorate. On June 5, 1990, the voters of the City approved Proposition C, which amended the City Charter to allow the City to lease-purchase up to \$20 million of equipment through a nonprofit corporation using tax-exempt obligations without an additional vote of the electorate. The principal amount of the obligations with respect to lease financings under Proposition C may not exceed in the aggregate at any time the principal amount of

\$20 million, such amount to be increased by five percent each fiscal year, commencing with fiscal year 1990-1991. As of April 2, 2013, the maximum amount of obligations permitted under Proposition C and the Indenture was \$_____, and \$_____ principal amount of lease revenue bonds were outstanding under Proposition C and the Indenture.

Purpose

The proceeds of the Bonds will be used to: (i) finance the acquisition and installation of certain equipment (the "Equipment" or the "Project"); (ii) pay costs associated with the issuance of the Bonds; (iii) fund the Series 2013A Reserve Account established under the Indenture for the Bonds; (iv) fund the Working Capital Fund established under the Indenture; and (v) fund capitalized interest payable with respect to a portion of the Bonds through August 1, 2014. See "THE PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS" herein for a further description of the expected application of proceeds of sale of the Bonds.

Form and Registration

The Bonds are being issued in the aggregate principal amount shown on the cover hereof, in the denomination of \$5,000 each or any integral multiple thereof, and will be dated their date of delivery. The Bonds are issued in fully registered form, without coupons. The Bonds will be initially registered in the name of Cede & Co. as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, which is required to remit payments of principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See APPENDIX F: "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payment of Principal and Interest

The principal of the Bonds shall be payable on April 1 and October 1 of each year shown on the inside cover hereof, or upon redemption prior thereto, and shall evidence and represent the sum of the principal components of the Base Rental payments. Payment of the principal and premium, if any, of the Bonds upon their respective payment dates or redemption prior thereto, will be made upon presentation and surrender of such Bonds at the principal corporate trust office of the Trustee in San Francisco, California. Principal and premium shall be payable in lawful money of the United States of America.

Interest on the Bonds, until the maturity or earlier redemption thereof, is payable on April 1 and October 1 of each year (each an "Interest Payment Date"), beginning on October 1, 2013, and continuing to and including their payment dates or until redemption prior thereto, and shall evidence and represent the sum of the interest components of the Base Rental payments. Interest with respect to the Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months. Bonds authenticated and registered on any date prior to the close of business on the first Record Date (as defined below) shall bear interest from the date of the Bonds. Bonds authenticated during the period between any Record Date and the close of business on its corresponding Interest Payment Date shall bear interest from such Interest Payment Date. Any other Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication; provided, however, that if, at the time of authentication of any Bond, interest is then in default on outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The interest represented by the Bonds is payable by check mailed to the Owners at the addresses appearing on the Bond registration books as of the close of business on the fifteenth day of the calendar month immediately preceding such Interest Payment Date (the "Record Date"); provided that upon the written request of at least \$1,000,000 in aggregate principal amount of Bonds on or prior to the applicable Record Date, such payment shall be made by wire transfer in immediately available funds to an account with a financial institution within the United States of America designated by such owner.

Redemption Provisions

No Optional Redemption

The Bonds are not subject to optional redemption.

Special Redemption

The Bonds are subject to special redemption on any date prior to their maturity, as a whole, or in part, from prepaid Base Rental payments made by the City from the net proceeds of any commercial insurance, self-insurance or condemnation award with respect to the Equipment (the "Net Proceeds"), if such Net Proceeds are not used to repair, replace or restore the Equipment in accordance with the provisions of the Lease, at a redemption price equal to the sum of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium.

The Bonds are also subject to redemption on the first practicable date for which notice of redemption can be given following receipt by the Trustee of a Certificate of Completion, in part, from moneys remaining in the Series 2013A Project Account within the Acquisition Fund and transferred to the Redemption Fund, if any, and from certain additional amounts transferred to the Trustee by the City pursuant to the Lease, at a redemption price equal to the sum of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium.

Selection of Bonds for Redemption

Whenever Bonds are redeemed in part, the Trustee shall select, at the written direction of the Corporation, the Bonds of each maturity to be redeemed so that the aggregate amounts of the Bonds which shall remain outstanding after such redemption date shall be as nearly proportional as practicable to the aggregate annual amounts of Base Rental payments designated as the principal component to be thereafter payable pursuant to the Lease. Whenever less than all the outstanding Bonds of any maturity are to be redeemed on any one date, the Trustee shall select the Bonds of such maturity to be redeemed by lot in any manner that the Trustee deems fair, and the Trustee shall promptly notify the Corporation and the City in writing of the numbers of the Bonds so selected for redemption.

Notice of Redemption

The Trustee is required to mail notice of redemption by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the redemption date, to the Owners of the Bonds designated for redemption at their addresses appearing on the Bond registration books of the Trustee as of the close of business on the day before such notice of redemption is given. Notice will also be given as required by the Continuing Disclosure Certificate. See "CONTINUING DISCLOSURE" herein and APPENDIX E: "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

So long as the Bonds are in book-entry only form through the facilities of DTC, notice of redemption will be provided to Cede & Co., as the registered owner of the Bonds, and not directly to the Beneficial Owners.

Each such notice of redemption shall specify: (a) the Bonds or designated portions thereof which are to be redeemed, including the series designations of such Bonds, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of any paying agent, (d) the redemption price, (e) the CUSIP numbers assigned to the Bonds to be redeemed, (f) the numbers of the Bonds to be redeemed, and (g) the interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Each such notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, and that from and after such date interest represented thereby shall cease to accrue and be payable. Neither the failure to receive such notice nor any defect in such notice shall affect the validity of the proceedings for the redemption of such Bonds, nor prevent the interest on such Bonds from ceasing to accrue upon the stated redemption date.

Effect of Redemption

When notice of redemption has been duly given as provided in the Indenture and moneys for the payment of the redemption price of the Bonds to be redeemed are held by the Trustee, then, from and after such redemption date, interest on such Bonds will cease to accrue and such Bonds will cease to be entitled to any benefit or security under the Indenture except for the right of the Owners to receive payment of the redemption price thereof.

ESTIMATED SOURCES AND USES OF FUNDS

Following is a table of estimated sources and uses of funds with respect to the Bonds:

Sources of Funds:

Par Amount
Original Issue Premium
Less Purchaser's Discount
Total Sources

Uses of Funds:

Series 2013A Project Account
Series 2013A Interest Account⁽¹⁾
Series 2013A Costs of Issuance Account⁽²⁾
Series 2013A Reserve Account
Working Capital Fund
Total Uses

⁽¹⁾ Represents capitalized interest on a portion of the Bonds through August 1, 2014.

⁽²⁾ Includes fees for services of rating agencies, Financial Advisor, Bond Counsel, Disclosure Counsel, costs of the City, printing, and other miscellaneous costs associated with the issuance of the Bonds.

DEBT SERVICE SCHEDULE

The Lease requires the City to make Base Rental payments on each March 15 and September 15, commencing September 15, 2013, in payment for the use and possession of the Equipment during the term of the Lease.

The Indenture requires that Base Rental payments be deposited in the Series 2013A Account in the Base Rental Payment Fund maintained by the Trustee. Pursuant to the Indenture, on April 1 and October 1 of each year, commencing on October 1, 2013, the Trustee will apply amounts on deposit in such Series 2013A Account as necessary to make principal and interest payments with respect to the Bonds as the same shall become due and payable, as shown in the following table. Capitalized interest payable from a portion of the proceeds of the Bonds deposited in such Series 2013A Account concurrently with the issuance of the Bonds will be applied to pay interest on a portion of the Bonds through August 1, 2014.

**City and County of San Francisco Finance Corporation
Lease Revenue Bonds, Series 2013A (Equipment Program)
Debt Service Schedule**

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>	<u>Fiscal Year Total</u>
October 1, 2013				
April 1, 2014				
October 1, 2014				
April 1, 2015				
October 1, 2015				
April 1, 2016				
October 1, 2016				
April 1, 2017				
October 1, 2017				
April 1, 2018				
October 1, 2018				
April 1, 2019				
Total				

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Source of Payment

Pursuant to the Indenture, the Corporation has granted to the Trustee, for the benefit of the Bondholders, a security interest in all amounts on hand from time to time in certain funds and accounts established under the Indenture (excluding the Rebate Fund) as security for the Bonds, including (i) all Base Rental payments received by the Trustee related to the Equipment; (ii) all of the proceeds of the Bonds and any other amounts held in any fund or account established pursuant to the Indenture (except the Rebate Fund) as security for the Bonds; and (iii) all of the right, title and interest of the Corporation in the Lease and the Equipment. The City will pay to the Corporation the Base Rental payments to the extent required under the Lease, which Base Rental payments are designed to be sufficient, in both time and amount, to pay, when due, the principal of and interest on the Bonds. The City is required to make Base Rental payments from the City's General Fund and any other funds legally available for such payments.

Covenant to Budget

The City has covenanted in the Lease to take such action as may be necessary to include all Base Rental and Additional Rental (collectively, the "Rental Payments") in its annual budget and to make the necessary annual appropriations for such Rental Payments. The Lease provides that such covenants on the part of the City are deemed and construed to be ministerial duties imposed by law, and it is the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease.

If the City defaults on its covenant in the Lease to include all Rental Payments in the applicable annual budget and such default shall have continued for 30 days or more, the Trustee may either terminate the Lease and relet or sell the Equipment or any component thereof or may retain the Lease and hold the City liable for all Rental Payments on an annual basis.

For a discussion of the budget and finances of the City, see APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CITY BUDGET" and APPENDIX B: "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE YEAR ENDED JUNE 30, 2012." For a discussion of the City's investment policy regarding pooled cash, see

APPENDIX C: "CITY AND COUNTY OF SAN FRANCISCO OFFICE OF THE TREASURER INVESTMENT POLICY."

Base Rental Payments; Additional Rental; Capitalized Interest

Base Rental Payments. The City has agreed under the Lease that so long as the City has the right to use and possess the Equipment, it will make Base Rental payments, which are calculated to be at least sufficient, in both time and amount, to equal debt service requirements on the Bonds, from any legally available funds of the City. The Trustee shall collect and receive all of the Base Rental payments, and any Base Rental payments collected or received by the Corporation must immediately be paid by the Corporation to the Trustee.

The Base Rental payable by the City shall be paid in arrears and shall be due on March 15 and September 15 in each year commencing September 15, 2013; provided, that any such payment shall be for that portion of the applicable period that the City has use and possession of all or a portion of the Equipment. In the event that during any such period the City does not have use and possession of all or a portion of the Equipment due to material damage to, destruction of or theft of the Equipment, the obligation of the City to make Base Rental payments is subject to abatement as described under "– Abatement of Base Rental Payments," below. See also, "CERTAIN RISK FACTORS – Abatement."

All Base Rental payments shall be held in trust by the Trustee in the Series 2013A Account of the Base Rental Payment Fund to be used: first, for payment of interest on the Bonds; second, for payment of the principal of the Bonds as it becomes payable; and third, for replenishment of the Series 2013A Reserve Account. After making any deposits necessary for the foregoing purposes, the Trustee will transfer any amounts remaining in the Series 2013A Account to the Surplus Fund. Any amounts in the Surplus Fund not required for payment of principal of and interest on the Bonds, upon request by the Corporation, may be used for redemption or purchase of Bonds or transferred to the Working Capital Fund or to the City.

Additional Rental. Additional Rental payments due from the City to the Corporation include, among other things, amounts sufficient to pay any taxes and insurance premiums, and to pay all fees, costs and expenses of the Corporation in connection with the Indenture, deposits required to be made to the Rebate Fund, if any, and all other necessary and reasonable administrative costs of the Corporation or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Indenture. The City is also responsible for repair and maintenance of the Equipment during the term of the Lease.

Capitalized Interest. Within the Series 2013A Account of the Base Rental Payment Fund there is established an account designated as the "Series 2013A Interest Account." Upon delivery of the Bonds, a portion of the proceeds of the sale of the Bonds in the amount of \$_____ will be deposited into the Series 2013A Interest Account and credited as Base Rental paid by the City on each Interest Payment Date with respect to a portion of the Bonds through August 1, 2014.

Limited Obligation

THE BONDS ARE LIMITED OBLIGATIONS OF THE CORPORATION PAYABLE SOLELY FROM BASE RENTAL PAYMENTS MADE BY THE CITY TO THE CORPORATION PURSUANT TO THE LEASE RELATED TO THE EQUIPMENT AND ANY OTHER AMOUNTS (INCLUDING THE PROCEEDS OF THE SALE OF THE BONDS) HELD IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED PURSUANT TO THE INDENTURE, OTHER THAN THE REBATE FUND. USE OF AMOUNTS HELD IN SUCH FUNDS AND ACCOUNTS IS SUBJECT TO THE PROVISIONS OF THE INDENTURE PERMITTING THE APPLICATION OF SUCH AMOUNTS FOR THE PURPOSES AND ON THE TERMS AND CONDITIONS SET FORTH IN THE INDENTURE. THE CORPORATION SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, AND INTEREST ON, THE BONDS ONLY FROM THE FUNDS DESCRIBED IN THE INDENTURE AND NEITHER THE CORPORATION NOR ANY MEMBER OF ITS BOARD OF DIRECTORS SHALL INCUR ANY LIABILITY OR ANY OTHER OBLIGATION IN RESPECT OF THE ISSUANCE OF THE BONDS. THE OBLIGATION OF THE CITY TO MAKE RENTAL PAYMENTS UNDER THE LEASE DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY TO LEVY OR PLEDGE ANY FORM OF TAXATION

OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE RENTAL PAYMENTS UNDER THE LEASE CONSTITUTES A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA OR ANY STATUTORY DEBT LIMITATION OR RESTRICTION.

Abatement of Base Rental Payments

After the Scheduled Completion Date (as defined herein), the City's obligation under the Lease to make Rental Payments shall be abated during any period in which, by reason of any damage, theft, or destruction (other than by condemnation as provided in the Lease), there is substantial interference with the use and possession of the Equipment, or any portion thereof, by the City, except to the extent of (i) available amounts held by the Trustee in the Series 2013A Account of the Base Rental Payment Fund or in the Series 2013A Reserve Account, (ii) amounts, if any, received in respect of rental interruption insurance or liquidated damages with respect to the Equipment, and (iii) amounts otherwise available to the Trustee for payments in respect of the Bonds. The amount of abatement shall be such that the resulting Rental Payments with respect to the Equipment represent fair consideration for the use and possession of the portion of the Equipment as to which such damage, theft or destruction did not cause such substantial interference with the City's use and possession. Abatement of Base Rental payments shall commence on the date of such damage, theft or destruction and end on the date of completion by the Corporation of the work of repair or replacement of the damaged, stolen or destroyed portion of the Equipment. In the event of such an abatement, the term of the Lease with respect to any piece of Equipment may be extended until all amounts due under the Lease and the Indenture are fully paid, but in no event later than the September 30 following the end of the original useful life of such piece of Equipment.

In order to mitigate the risk that an abatement event will cause a disruption in payment of Base Rental, the Lease requires the City to maintain rental interruption insurance for any piece of Equipment commencing as of the date of procurement of such Equipment in an amount not less than the total Rental Payments payable by the City with respect to such Equipment for a period of at least 12 months. See "- Insurance" below. During any period of abatement with respect to all or any part of the Equipment, the Trustee is required to use the proceeds of such rental interruption insurance to make payments of principal and interest on the Bonds. In addition, the Indenture establishes the Series 2013A Reserve Account and requires the Trustee to use any moneys on deposit in the Series 2013A Reserve Account to make payments of principal of and interest on the Bonds in the event amounts on deposit in the Series 2013A Account of the Base Rental Payment Fund are insufficient therefor. See "- Series 2013A Reserve Account," below.

Series 2013A Reserve Account

The Indenture establishes the Series 2013A Reserve Account to be held by the Trustee, which will be initially funded from proceeds of the Bonds in an amount equal to the Series 2013A Reserve Requirement, initially \$_____ (representing ten percent (10%) of the outstanding principal amount of the Bonds). Such moneys will be held in trust as a reserve for the payment when due of all debt service payments on the Bonds. To reflect the declining debt service structure of the Bonds, the Series 2013A Reserve Requirement will be reduced to the following amounts on the following dates (and such reductions will be used to pay portions of the principal and interest on the Bonds due on such dates) unless the Trustee determines, as of the date of any such reduction, that insufficient funds will be on deposit in the Series 2013A Account to pay any interest or principal due (or past due) on the Bonds on such dates:

<u>Date</u>	<u>Amount</u>
October 1, 2014	
October 1, 2015	
October 1, 2016	
October 1, 2017	
October 1, 2018	

Any amounts on deposit in the Series 2013A Reserve Account in excess of the Series 2013A Reserve Requirement will be transferred to the Series 2013A Account of the Base Rental Payment Fund.

Maintenance and Repairs

The Lease requires the City, at its own expense, to maintain the Equipment in good repair, working order and condition and to make or cause to be made all necessary and proper repairs and replacements of the Equipment. In addition, the City is required to purchase and maintain rental interruption insurance as well as fire, theft, vandalism, flood and extended coverage insurance on the Equipment. The City has also agreed to insure or self-insure against claims based on comprehensive general liability, automobile liability and physical property damage which result from its operations, including but not limited to its use of the Equipment. See "– Insurance" below.

Insurance

The Lease requires the City to maintain or cause to be maintained throughout the terms of the Lease: (i) insurance against rental interruption or loss of use and possession of the Equipment in an amount not less than the total Rental Payments payable by the City with respect to the Equipment for a period of at least twelve months; (ii) insurance against fire, lightning and extended coverage, theft, vandalism and malicious mischief and flood on the Equipment in an amount equal to the lesser of 100% of the full replacement value of the Equipment or the aggregate principal amount of the outstanding Bonds (subject to certain deductibles); (iii) workers' compensation insurance covering all of the City's employees working on, in, near or about the Equipment, in the same amount and type as other workers' compensation maintained by the City for similar employees doing similar work; (iv) standard comprehensive general liability insurance or the equivalent covering direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the possession, operation or use of the Equipment, with minimum liability limits of \$1,000,000 for personal injury or death of each person and \$2,000,000 for personal injury or death of two or more persons in each accident or event, and in a minimum amount of \$200,000 (subject to a deductible not to exceed \$5,000) for property damage; and (v) standard automobile liability insurance covering direct or contingent loss or liability for damages for injury, death or property damage occasioned by reason of the possession, operation or use of the Equipment, with minimum liability limits and maximum deductibles as described in clause (iv).

The City is not required to obtain the insurance coverage described in clauses (i), (ii) or (v) above for any item of equipment until the date the Equipment is acquired under the Lease. The insurance coverage described in clauses (iv) and (v) above may each be in the form of a \$2,000,000 single limit policy covering all such risks and may be maintained as part of or in conjunction with any other liability insurance carried by the City. The Lease permits the City to provide a self-insurance method or plan of protection in lieu of any of the insurance described in clauses (iii) through (v) above, but only if the City obtains and provides the Trustee and the Corporation with a certificate of the Risk Manager of the City to the effect that such method or plan (and the amount contained in the related self-insurance fund) is reasonably sufficient to provide coverage in the same scope and amount. The City must obtain a new certificate of the Risk Manager for each twelve-month period. Amounts paid from any self-insurance method or plan are deemed insurance proceeds for purposes of the Lease and the Indenture. The City expects to self-insure in lieu of the insurance described in clauses (iii) through (v) above. Net Proceeds of the insurance described in clause (i) above are required to be applied to the payment of Rental Payments and Net Proceeds of insurance described in clause (ii) above are required to be applied as described in APPENDIX D: "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LEASE – The Lease – Damage, Destruction and Condemnation."

Investment of Funds Under Indenture

Money held by the Trustee in any fund or account held under the Indenture will be invested by the Trustee at the Written Request of the Corporation only in Permitted Investments, which will, as nearly as practicable, mature on or before the dates when such moneys are anticipated to be needed for disbursement under the Indenture. All investment earnings on amounts on deposit in the Series 2013A Accounts in the Acquisition Fund, the Base Rental Payment Fund and the Costs of Issuance Fund held by the Trustee shall be retained in the account of origin. Notwithstanding the foregoing, if the Corporation elects to postpone the acquisition of any item or items of Equipment pursuant to the Lease and delivers to the Trustee a Certificate of the Corporation that the Corporation has

elected to postpone the acquisition of any item or items of Equipment, and upon the receipt by the Trustee of a Written Request of the Corporation, investment earnings on moneys in the Series 2013A Account in the Acquisition Fund in the amount specified by the Corporation shall be transferred to the Series 2013A Interest Account.

THE PROJECT

Description of the Equipment Acquisition Program

Under the Lease, the City will lease various pieces of equipment from the Corporation (each piece individually a "Component", and collectively the "Equipment") for the general governmental purposes of the City. Under the Agency Agreement, the City will act as the agent of the Corporation in acquiring the Equipment. At the expiration of the Lease Term relating to a specific Component, title to such Component will vest in the City. The estimated cost of the various Components the City expects to acquire is as follows:

EQUIPMENT LIST

Equipment	# of Units	Estimated Total Cost	Lease Term (Years)
E150 WGN	2	\$57,016.53	3
COLORADO	1	22,041.01	3
PRIUS	1	25,073.82	3
COLORADO	1	20,408.34	3
FORD F-150	1	21,080.90	3
CHEVY CAPRICES	7	175,516.74	3
PRIUS	5	125,369.10	3
POLICE PURSUIT VEHICLE - CAPRICE	5	146,902.90	3
VEHICLE (INSIGHT)	1	21,662.48	3
PRIUS (FORMERLY CITY VEHICLE FOR MOSAIC PROGRAM)	1	25,073.82	3
GE VIVID E9 ULTRASOUND MACHINE	1	94,178.00	3
MULTI-HEADED CONFERENCE SCOPE	1	48,120.84	3
E150 WGN	1	24,441.25	3
E350 WGN	1	25,765.04	3
EXPLORER	1	27,473.37	3
E150 WGN	1	24,441.25	3
PRIUS	1	25,073.82	3
E150 WGN	1	24,441.25	3
E350 WGN	1	25,765.04	3
VEHICLE (INSIGHT)	4	86,649.94	3
PRIUS	1	25,073.82	3
E150 WGN	2	48,882.49	3
PRIUS	1	25,073.82	3
COLORADO	3	61,225.03	3
VEHICLE (INSIGHT)	2	43,324.97	3
PRIUS	4	100,295.28	3
COLORADO	7	142,858.40	3
VEHICLE (INSIGHT)	1	21,662.48	3
BACK-HOE ROPS FOPS	1	124,775.00	3
POTHOLE TRUCK CREW CAG HEATED BED 5 YDS	1	174,142.50	3
3/4 TON PICK UP TRUCK	1	38,669.40	3
GREEN MACHINE SWEEPER LARGE	1	117,730.10	3
3/4 TON PICK UP TRUCK	1	38,669.40	3
10 WHEEL DUMP TRUCK 12 YD BED	3	439,425.00	3
CONCRETE MIXTURE TRUCK	1	184,450.00	3

Equipment	# of Units	Estimated Total Cost	Lease Term (Years)
STEAMFITTER SHOP 1 TON PICKUP UTILITY BED	1	35,805.00	3
FORD 1/2 TON PICKUP	1	46,391.56	3
1 TON FLAT BED 12" WATERING UNIT LIFT			
GATE AUX FUEL TANKS	1	48,825.00	3
3/4 TON PICK UP TRUCK	2	77,338.80	3
GMC FLAT BED TRUK-SIDE GATES-LIFT GATE	1	60,760.00	3
CATERPILLER WHL LOADER 2 YD	1	336,350.00	3
FORD TRANSIT CONNECT WAGONS	9	357,665.04	3
TOYOTA PRIUS HYBRID	3	75,221.46	3
FORD UTLITIY POLICE INTERCEPTOR	1	29,605.79	3
AERIAL LADDER TRUCK	2	1,841,658.00	5
FIRE ENGINE	4	2,004,580.00	5
PRIUS	4	100,295.28	3
TOYOTA PRIUS	5	125,369.10	3
MARKED POLICE VEHICLES	15	813,750.00	3
PRISONER TRANSPORT VANS	2	75,950.00	3
TOYOTA PRIUS	1	25,073.82	3
TOYOTA PRIUS	1	25,073.82	3
TOYOTA PRIUS	1	25,073.82	3
CHEVY COLORADO	1	21,985.24	3
CHEVY COLORADO	1	20,732.37	3
TORO GREENS MOWER GR3150	1	38,096.92	3
TORO WORKMAN HDX, 4WD	1	29,715.28	3
TORO WORKMAN HDX, 4WD	1	23,464.34	3
TORO INFIELD PRO 5040	1	22,408.30	3
FORD F-350	1	35,214.98	3
FORD F-250	1	36,747.14	3
TORO 3420 TRIFLEX HYBRID	1	47,049.07	3
TORO WORKMAN HDX, 4WD	1	23,464.34	3
TORO 3420 TRIFLEX HYBRID	1	47,049.07	3
TORO WORKMAN HDX, 4WD	1	30,315.46	3
TORO GROUNDSMASTER 3280D	1	23,529.99	3
FORD F-150 XL	1	25,997.55	3
TORO WORKMAN HDX, 4WD	1	26,778.83	3
TORO WORKMAN HDX, 4WD	1	23,464.34	3
FORD F-250	1	37,029.52	3
TORO WORKMAN	1	29,943.97	3
CHEVY COLORADO	1	21,989.99	3
FORD F-250	1	36,747.14	3
TORO WORKMAN	1	29,943.97	3
TORO WORKMAN	1	23,464.34	3
MULTI PRO 5800	1	54,665.19	3
FORD F-250	1	36,747.14	3
FORD F-250, 4WD	1	32,563.76	3
55' AERIAL LIFT	1	265,825.00	3
CHEVY COLORADO	1	23,501.82	3
FORD F-250, 4WD	1	40,490.78	3
FORD E-350, CNG	1	44,453.68	3
CHEVY COLORADO	1	25,655.30	3
CHEVY COLORADO	1	22,557.93	3
FORD F-150	1	29,300.01	3
FORD F-250, 4WD	1	31,343.74	3
FORD F-150	1	29,300.01	3

Equipment	# of Units	Estimated Total Cost	Lease Term (Years)
FORD E-350, CNG	1	44,453.68	3
CHEVY COLORADO	1	21,506.03	3
E150 WGN	1	24,441.25	3
VEHICLE (INSIGHT)	1	21,662.48	3
FORD F-150	1	43,123.42	3
FORD POLICE INTERCEPTOR VEHICLE	1	32,550.00	3
PRIUS	1	27,473.37	3
PRIUS	1	27,473.37	3
	165	10,271,759.70	

To the extent items of Equipment are acquired for amounts less than the estimated cost shown, the City will either purchase additional items of Equipment that will be subject to and automatically be incorporated within the Lease or will redeem Bonds at par. See "THE BONDS – Redemption Provisions – Special Redemption" herein. To the extent that the items of Equipment cost more than estimated, the City may elect to purchase fewer items of Equipment than shown above. The City may, at any time during the Lease term, substitute items of Equipment if such substituted equipment has, in the aggregate, the same or longer useful life and the same or greater value than the original Equipment for which it is substituted. All substituted Equipment are subject to the Lease.

CERTAIN RISK FACTORS

The following risk factors should be considered by potential investors, along with all other information in this Official Statement, in evaluating the risks inherent in the purchase of the Bonds. The following discussion is not meant to be a comprehensive or definitive list of the risks associated with an investment in the Bonds. The order in which this information is presented does not necessarily reflect the relative importance of the various issues. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the liquidity of the Bonds. There can be no assurance that other risk factors not discussed herein will not become material in the future.

General

The finances of the City are subject to a number of risks and challenges. These risks and challenges include recessions and declines in the local, national and global economies, budget cuts affecting the City at the State and federal level, budget challenges at the City level, rising pension and healthcare costs, labor relations, litigation, changes in law and voter initiatives, natural and man-made disasters and other factors.

In recent years, the United States and California economies have been in a deep recession. The City's finances have faced challenges arising from the economic recession and other factors. The City continues to experience high unemployment rates and hotel revenues, industry employment, retail sales, housing prices and residential and commercial rent remain significantly below their pre-recession peaks. The credit crisis related to the recession has resulted in reduced income from the City's investments, and the State's budget crisis has resulted in reduced funding to local governments, including the City.

The City expects to continue to face economic challenges over the next few years. Additional economic factors that could impact the City's finances include fluctuations in tax revenues, property tax appeals, and other State budget decisions. See "State of California Financial Condition" below, and APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" for additional information on the City's finances and APPENDIX B: "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2012."

Rental Payments Not a Debt of the City

The obligation of the City to make Base Rental payments does not constitute an obligation of the City to levy or pledge, or for which the City has levied or pledged, any form of taxation. The obligation of the City to make Base Rental or Additional Rental payments does not constitute an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The Bonds are payable solely from Base Rental payments made by the City relating to the Equipment pursuant to the Lease and amounts held in the Series 2013A Reserve Account and the Series 2013A Account in the Base Rental Payment Fund established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application of such amounts for the purposes and on the terms and conditions set forth therein. The City shall be obligated to make such Rental Payments subject to the terms of the Lease, and neither the City nor any of its officers shall incur any liability or any other obligation with respect to the delivery of the Bonds.

Additional Obligations

Subject to certain City Charter restrictions, the City may incur other obligations, which may constitute additional charges against its revenues, without the consent of the Owners of the Bonds. To the extent that the City incurs additional obligations, the funds available to make payments of Base Rental may be decreased. The City is currently liable on other obligations payable from its general revenues. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS – General Obligation Bonds Authorized but Unissued," "– Overlapping Debt," and "– Lease Payments and Other Long-Term Obligations." See also APPENDIX B: "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE YEAR ENDED JUNE 30, 2012."

Abatement

The obligation of the City under the Lease to make Base Rental payments is in consideration for the use and right of possession of the Equipment. The obligation of the City to make Base Rental payments may be abated in whole or in part if the City does not have full use and right of possession of any portion of the Equipment, and if the portion of the Equipment then available for beneficial use and possession by the City has an aggregate fair rental value below the amount of the applicable Base Rental payments. If all of the Equipment is not acquired, delivered, installed and accepted, the City may not be obligated to make any, or all, of the applicable Base Rental payments. However, the City has covenanted under the Lease and the Agency Agreement to acquire, deliver, and install the Equipment, and to cause such acquisition, delivery and installation to be completed, on or prior to June 2, 2014 (the "Scheduled Completion Date").

In the event Base Rental payments are abated, no assurances can be given that moneys on deposit in the Series 2013A Account of the Base Rental Payment Fund and the Series 2013A Reserve Account or proceeds of rental interruption insurance related to the Equipment will be sufficient to pay the debt service on the Bonds. In addition, even if such amounts are sufficient to make such payments, moneys remaining in the Series 2013A Reserve Account after such payments may be less than the Series 2013A Reserve Requirement. The City is not required by the Lease or the Indenture, and cannot be compelled, to replenish the Series 2013A Reserve Account to the Series 2013A Reserve Requirement.

The amount of Base Rental payments due under the Lease will be abated during any period in which by reason of damage, theft, destruction, condemnation or title defect there is substantial interference with the use and right of possession of the Equipment by the City. Such abatement shall continue for the period commencing with the date of such damage, theft, destruction, condemnation or title defect and shall end with the restoration of the Equipment or any portion thereof to useable condition or correction of the title defect. Series 2013A Reserve Account moneys and the proceeds of such rental interruption insurance may be used by the Trustee to make payments with respect to the Bonds in the event Base Rental payments received by the Trustee are insufficient to pay principal or interest on the Bonds as such amounts become due.

If damage, destruction, condemnation or title defect with respect to the Equipment or any portion thereof results in abatement of Base Rental payments and moneys, if any, in the Series 2013A Reserve Account and any proceeds of such rental interruption insurance, are insufficient to make all payments with respect to the Bonds during the period that the Equipment, or portion thereof, is not available for use by the City, the City is not obligated to make such payments and Owners of the Bonds should not expect the City to make such payments, and no remedy will be available to the Trustee or the Owners and Beneficial Owners under the Lease or Indenture for nonpayment under such circumstances.

Notwithstanding the provisions of the Lease and the Indenture specifying the extent of abatement in the event of the City's failure to have use and possession of the Equipment, such provisions may be superseded by operation of law, and, in such event, the resulting Base Rental payments of the City may not be sufficient to pay all of that portion of the remaining principal and interest with respect to the Bonds.

Reserve Fund

At the time of delivery of the Bonds, proceeds of the Bonds in the amount of \$_____ will be deposited in the Series 2013A Reserve Account. In the event of abatement or default, the amounts on deposit in the Series 2013A Reserve Account may be significantly less than the amount of Base Rental due at the time of abatement or default. The City is not required by the Lease or the Indenture, and cannot be compelled, to replenish the Series 2013A Reserve Account to the Series 2013A Reserve Requirement.

Limited Recourse on Default; Re-letting of Equipment

The Lease and Indenture provide that, if there is a default by the City, the Trustee may take possession of and relet the Equipment. The amounts received from such reletting may be insufficient to pay the scheduled principal and interest on the Bonds when due. Due to the essential nature of the governmental function of some of the Equipment, it is not certain whether a court would permit the exercise of the remedies of repossession, reletting, or sale with respect thereto. Furthermore, the enforcement of any remedies provided in the Lease and in the Indenture could prove to be both expensive and time-consuming. The City is not required by the Lease or the Indenture, and cannot be compelled, to replenish the Series 2013A Reserve Account to the Series 2013A Reserve Requirement. In addition, the Indenture provides that no remedies such as re-letting may be exercised so as to cause the interest with respect to the Bonds to be includable in gross income for federal income tax purposes or to subject interest on the Bonds to State personal income taxes.

The Lease provides that any remedies on default shall be exercised by the Trustee, as assignee of the Corporation. Upon the occurrence and continuance of the City's failure to deposit with the Trustee any Base Rental and/or Additional Rental when due, or in the event that the City fails to perform any other terms, covenants, conditions or agreements contained in the Lease and such failure shall have continued for 30 days or more, the Trustee or the Owners of not less than a majority in aggregate principal amount of Bonds then outstanding, shall be entitled, upon notice in writing to the City and the Corporation, (i) to terminate the Lease and to retake possession of the Equipment, (ii) without terminating the Lease, (A) to collect each installment of Rental Payments as it becomes due and enforce any other term or provision of the Lease to be kept or performed by the City and/or (B) to exercise any and all rights to retake possession of the Equipment, and (iii) to exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms of the Lease or to recover damages for the breach thereof. Additionally, unless and until the Lease has been terminated pursuant to the terms thereof, the City is liable for all unpaid Base Rental and Additional Rental and any other governmental charges, costs or fees, or expenses incurred by reason of the occurrence of any event of default or the exercise of the remedies. See APPENDIX D: "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LEASE – The Lease – Defaults and Remedies."

In addition to the limitations on remedies contained in the Lease and the Indenture, the rights and remedies provided in those documents may be limited by and are subject to provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect creditors' rights. See "– Bankruptcy" herein.

Enforcement of Remedies

The enforcement of any remedies provided in the Lease and the Indenture could prove both expensive and time consuming. The rights and remedies provided in the Lease and the Indenture may be limited by and are subject to the limitations on legal remedies against cities and counties in the State, including State constitutional limits on expenditures and limitations on the enforcement of judgments against funds needed to serve the public welfare and interest, by federal bankruptcy laws, as now or hereafter enacted, applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against charter cities and counties and nonprofit public benefit corporations in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the Bonds, the Indenture, the Lease and other related documents, by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against charter cities and counties and nonprofit public benefit corporations in the State. See "– Bankruptcy" herein.

No Acceleration on Default

In the event of a default, there is no remedy of acceleration of the Base Rental payments. Owners would have to sue for payment of unpaid Base Rental in each rental period as and when it becomes due. Any suit for money damages would be subject to the legal limitations on remedies against charter cities and counties and nonprofit public benefit corporations in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

Risk Management and Insurance

The Lease obligates the City to maintain and keep in force various forms of insurance, subject to deductibles, on the Equipment for repair or replacement in the event of damage or destruction to the Equipment. The City is also required to maintain rental interruption insurance in an amount equal to but not less than 12 months of Rental Payments. The City makes no representation as to the ability of any insurer to fulfill its obligations under any insurance policy provided for in the Lease and no assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement or to pay principal of and interest on the Bonds when due.

The Lease allows the City to self-insure against any or all risks, except rental interruption and insurance against fire, lightning and extended coverage, theft, vandalism and malicious mischief and flood insurance on the Equipment, through an alternative risk management program such as its risk management retention program. The City expects to self insure for all hazards for which the Lease permits self-insurance. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – LITIGATION AND RISK MANAGEMENT – Risk Retention Program."

State Law Limitations on Appropriations

Article XIII B of the State Constitution limits the amount that local governments can appropriate annually. The ability of the City to make Base Rental payments may be affected if the City should exceed its appropriations limit. The City does not anticipate exceeding its appropriations limit in the foreseeable future. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CONSTITUTIONAL AND

STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES – Article XIII B of the California Constitution."

Changes in Law

No assurance can be given that the State or the City electorate will not at some future time adopt initiatives or that the State Legislature or the City's Board of Supervisors will not enact legislation that will amend the laws or the Constitution of the State, or the Charter, respectively, in a manner that could result in a reduction of the City's General Fund revenues and therefore a reduction of the funds legally available to the City to make Base Rental payments. See, for example, APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES – Articles XIII C and XIII D of the California Constitution."

The General Fund of the City, which is the source of payment of Base Rental, may also be adversely affected by actions taken (or not taken) by voters. Under the State Constitution, the voters of the State have the ability to initiate legislation and require a public vote on legislation passed by the State Legislature through the powers of initiative and referendum, respectively. Under the City's Charter, the voters of the City can restrict or revise the powers of the City through the approval of a Charter amendment. The City is unable to predict whether any such initiatives might be submitted to or approved by the voters, the nature of such initiatives, or their potential impact on the City.

No Liability of Corporation to the Owners

Except as expressly provided in the Indenture, the Corporation will not have any obligation or liability to the Owners of the Bonds with respect to the payment when due of the Rental Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Lease or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

Bankruptcy

In addition to the limitations on remedies contained in the Lease and the Indenture, the rights and remedies provided therein may be limited by and are subject to the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights. The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the Bonds, the Indenture, the Lease and other related documents, by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against charter cities and counties and nonprofit public benefit corporations in the State.

Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for local public agencies, there are no involuntary petitions in bankruptcy. It is not clear that the Corporation would be protected by Chapter 9 in an involuntary bankruptcy. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Trustee and the Corporation could be prohibited or severely restricted from taking any steps to enforce their rights under the Lease, and from taking any steps to collect amounts due from the City under the Lease.

Although the Corporation's activities are limited and it generally does not have any assets or engage in activities that could give rise to debts and obligations, the City would not be able to prevent the Corporation from filing a petition for bankruptcy. The Corporation has entered into financing leases with the City and has issued bonds, which as of April 2, 2013, amount in the aggregate to \$____ million in outstanding principal (not including any Bonds authorized by the Indenture). See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS – Lease Payments and Other Long-Term Obligations" and APPENDIX B: "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE YEAR ENDED JUNE 30, 2012 – Note 8." In the event the Corporation declared bankruptcy or were declared a bankrupt, the bankruptcy court would have the power to review

and abrogate lease arrangements entered into by the Corporation involving the assignment of revenues to other parties, including the Lease and the Indenture. The court could order, at least for some period of time, that the Corporation not allow any of its revenues received from the City under the Lease to be paid over to the Trustee.

Seismic Risks

The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area, including the San Andreas Fault, which passes about 3 miles to the southeast of the City's border, and the Hayward Fault, which runs under Oakland, Berkeley and other cities on the east side of San Francisco Bay, about 10 miles away. Significant recent seismic events include the 1989 Loma Prieta earthquake, centered about 60 miles south of the City, which registered 6.9 on the Richter scale of earthquake intensity. That earthquake caused fires, building collapses, and structural damage to buildings and highways in the City and environs. The San Francisco-Oakland Bay Bridge, the only east-west vehicle access into the City, was closed for a month for repairs, and several highways in the City were permanently closed and eventually removed.

In April 2008, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (U.S.G.S.), the California Geological Society, and the Southern California Earthquake Center) reported that there is a 63% chance that one or more quakes of about magnitude 6.7 or larger will occur in the Bay Area before the year 2038. Such earthquakes may be very destructive. For example, the U.S.G.S. predicts a magnitude 7 earthquake occurring today on the Hayward Fault would likely cause hundreds of deaths and almost \$100 billion of damage. In addition to the potential damage to City-owned buildings, facilities and the Equipment, due to the importance of San Francisco as a tourist destination and regional hub of commercial, retail and entertainment activity, a major earthquake anywhere in the Bay Area may cause significant temporary and possibly longer-term harm to the City's economy, tax receipts, and residential and business real property values.

State of California Financial Condition

The State has for a number of years experienced, and continues to experience, significant financial and budgetary stress. The City receives a significant portion of its funding from the State. The City's fiscal year 2012-13 Adopted Budget projects that approximately 14.0% of the City's General Fund revenues will come from State sources.

On January 10, 2013, the Governor released his 2013-14 Proposed Budget (the "2013-14 Proposed Budget"). The 2013-14 Proposed Budget projects improvement in the State's finances, due to the economic recovery, prior budgetary restraint, and the approval of Proposition 30, which temporarily increases the maximum marginal personal income tax rates for individuals, heads of households and joint filers above 9.3 percent by creating three additional tax brackets of 10.3 percent, 11.3 percent and 12.3 percent.

For fiscal year 2012-13, the administration estimates that General Fund revenues will be \$95.4 billion and expenditures will be \$93 billion, resulting in a \$2.4 billion operating surplus. This \$2.4 billion surplus is expected to erase the \$2.2 billion deficit remaining after fiscal year 2011-12 and leave the General Fund with a small reserve as it enters fiscal year 2013-14. The 2013-14 Proposed Budget projects fiscal year 2013-14 General Fund revenues and transfers of \$98.5 billion and total expenditures of \$97.7 billion, producing an \$851 million operating surplus. The 2013-14 Proposed Budget also estimates that the General Fund will end fiscal year 2013-14 with a \$1 billion reserve. The 2013-14 Proposed Budget is projected to be balanced by a small margin and cautions that the occurrence of certain events, including among other things, shifts of costs to the State from the federal government, the uncertainty of the economic recovery in the State and the country, actions taken by the federal government and the judicial system and rising health care costs pose risks to the State's budget performance.

Features of the 2013-14 Proposed Budget which may affect the City include, but are not limited to, the following:

- The federal Patient Protection and Affordable Care Act ("ACA") provides states with the option to expand Medi-Cal coverage to certain adults with incomes up to 138 percent of the federal poverty level who are not currently eligible. The 2013-14 Proposed Budget suggests two alternatives for this optional expansion: (i) the State would administer an expanded version of its current Medi-Cal Program, or (ii) counties would administer the expansion. Under the second approach, counties would

have operational and fiscal responsibility for implementing the expansion. Operational responsibilities include some functions performed by the State and Medi-Cal managed care plans to administer the program, such as establishing networks of providers, setting payment rates to providers, and processing claims billed by providers. The ACA also includes provisions that will likely result in additional enrollment among the currently eligible Medi-Cal population;

- The 2013-14 Proposed Budget assumes General Fund savings from the dissolution of redevelopment agencies of \$2.1 billion in fiscal year 2012-13 and \$1.1 billion in fiscal year 2013-14. These amounts are approximately \$1.6 billion lower than the assumption used in the 2012-13 State Budget Act. In those areas that contained redevelopment agencies, it is estimated that over the current year and budget year, approximately \$1.6 billion will be distributed back to counties, \$1.2 billion will be distributed back to cities, and \$400 million will be distributed back to special districts; and
- The 2013-14 Proposed Budget provides \$9 billion for the California Department of Corrections and Rehabilitation in fiscal year 2013-14, representing an increase of \$33 million above the fiscal year 2012-13 level. The 2013-14 Proposed Budget assumes a decrease in the average inmate and parolee population due to the realignment of responsibility for housing and supervising various lower-level adult offenders from the State to the counties. Despite the projected decrease in population, the inmate population is expected to exceed a federal court-imposed cap on prison population by approximately 7,000 inmates at the end of fiscal year 2012-13. Any plan to reduce the inmate population further would have budgetary impacts, although the exact amount would depend on specific changes included in the plan.

The City cannot predict the extent of the budgetary problems the State will encounter in this or in any future fiscal years, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. Accordingly, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors over which the City has no control. [See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CITY BUDGET – Adopted Fiscal Year 2012-13 Budget" and "– Impact of State Budget on City Budget."]

U.S. Government Finances

The City receives substantial federal funds for assistance payments, social service programs and other programs. A portion of the City's assets are also invested in securities of the United States government. On August 5, 2011, Standard & Poor's Ratings Service downgraded the long-term sovereign credit rating on the United States of America from "AAA" to "AA+." The City's finances may be adversely impacted by fiscal matters at the federal level, including but not limited to cuts to federal spending. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – OTHER CITY TAX REVENUES" and "– INVESTMENT OF CITY FUNDS."

Other

There may be other Risk Factors inherent in ownership of the Bonds in addition to those described in this section.

THE CORPORATION

The Corporation is a nonprofit public benefit corporation duly organized and validly existing under the Nonprofit Public Benefit Corporation Law (Section 5110 et seq. of the California Corporations Code). The Corporation was formed in 1991 by the Chief Administrative Officer of the City pursuant to a resolution of the Board of Supervisors of the City. The purpose of the Corporation is to provide a means to finance, through lease financings, the acquisition, construction and installation of facilities, equipment and other tangible real and personal property for the City's general governmental purposes. The Corporation cannot issue obligations or enter into leases without the City's consent and participation.

The Corporation is governed by a three-member Board of Directors. The initial Board of Directors was appointed by the Chief Administrative Officer of the City. Successive members of the Board of Directors are appointed by the existing Board of Directors to indefinite terms and serve without compensation. The Corporation has no employees. Pursuant to an Administrative Services Agreement dated May 23, 1997, between the City and the Corporation, the City provides administrative services to the Corporation.

<u>Name</u>	<u>Date of Appointment</u>
Pamela S. Jue, President	February 21, 2008
Arnold Laub, Chief Financial Officer	April 8, 2011
Ken Cleaveland, Secretary	April 8, 2011

Outstanding Debt

In addition to the Bonds, the Corporation has issued other bonds secured by separate leases with the City. Additional bonds secured by separate leases with the City may be issued by the Corporation from time to time. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS – Overlapping Debt" and "– Lease Payments and Other Long-Term Obligations." No amount received by or on behalf of the Corporation with respect to any other bonds issued by the Corporation is available to secure payment of the Bonds.

TAX MATTERS

In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law: (i) 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 not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) interest on the Bonds is exempt from State of California personal income taxes. A complete copy of the proposed form of the opinion of Bond Counsel is set forth in Appendix G. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Corporation and the City contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the certifications and representations of the Corporation and the City or the continuing compliance with their covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the City or the Corporation may cause loss of such status and result in the interest on the Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The Corporation and the City have each covenanted to take the actions required of it for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market value of the Bonds.

A portion of the interest on the Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City, the Corporation or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Corporation as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

Prospective purchasers of the Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Bonds at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment in the event of any such change.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Bonds ("Discount Bonds") as indicated on the inside cover of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. The amount of OID that accrues each year to a corporate owner of a Discount Bond is taken into account in computing the corporation's liability for federal alternative minimum tax. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the inside cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Bonds ("Premium Bonds") as indicated on the inside cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the inside cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

OTHER LEGAL MATTERS

Certain legal matters will be passed upon for the City by the City Attorney. Certain legal matters will be passed upon for the Corporation by Dannis Woliver Kelley. Certain legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax status of the interest on the Bonds (see "TAX MATTERS" herein) are subject to the legal opinion of Squire Sanders (US) LLP, San Francisco, California ("Bond Counsel"). The signed legal opinion of Bond Counsel, dated and premised on facts existing and law in effect as of the date of original delivery of the Bonds, will be delivered to the initial purchaser of the Bonds at the time of original delivery of the Bonds.

The proposed form of the legal opinion of Bond Counsel is set forth in Appendix G hereto. The legal opinion to be delivered may vary that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distributions of it by recirculation of this Official Statement or otherwise will create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to its date. In rendering its opinion, Bond Counsel will rely upon certificates and

representations of facts to be contained in the transcript of proceedings for the Bonds, which Bond Counsel will not have independently verified.

Certain legal matters will be passed upon for the City by the City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel.

Hawkins Delafield & Wood LLP, San Francisco, California has served as disclosure counsel to the City and in such capacity has advised the City with respect to applicable securities laws and participated with responsible City officials and staff in conferences and meetings where information contained in this Official Statement was reviewed for accuracy and completeness. Disclosure Counsel is not responsible for the accuracy or completeness of the statements or information presented in this Official Statement and has not undertaken to independently verify any of such statements or information. Rather, the City is solely responsible for the accuracy and completeness of the statements and information contained in this Official Statement. Upon the delivery of the Bonds, Disclosure Counsel will deliver a letter to the City which advises the City, subject to the assumptions, exclusions, qualifications and limitations set forth therein, that no facts came to attention of the firm which caused them to believe that this Official Statement as of its date and as of the date of delivery of the Bonds contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. No purchaser or holder of the Bonds, or other person or party other than the Corporation, will be entitled to or may rely on such letter or Hawkins Delafield & Wood LLP's having acted in the role of disclosure counsel to the City.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein. By rendering a legal opinion or advice, the giver of such opinion or advice does not become an insurer or guarantor of the result indicated by that opinion, or the transaction on which the opinion or advice is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

PROFESSIONALS INVOLVED IN THE OFFERING

Kitahata & Company has acted as Financial Advisor to the City in connection with the issuance, sale and delivery of the Bonds. The Financial Advisor has assisted the City in the review of this Official Statement and in other matters relating to the planning, structuring, and sale of the Bonds. The Financial Advisor has not independently verified any of the data contained herein nor conducted a detailed investigation of the affairs of the City or the Corporation to determine the accuracy or completeness of this Official Statement and assume no responsibility for the accuracy or completeness of any of the information contained herein. The Financial Advisor, Bond Counsel and Disclosure Counsel will all receive compensation from the City contingent upon the sale and delivery of the Bonds. U.S. Bank National Association is acting as trustee and registrar with respect to the Bonds.

CONTINUING DISCLOSURE

The City, on behalf of the Corporation, has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the City's fiscal year (which currently ends on June 30), commencing with the report for fiscal year 2011-13, which is due not later than March 27, 2014, and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB"). The notices of enumerated events will be filed by the City with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized in APPENDIX E: "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the initial purchaser of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), as amended (the "Rule"). The City has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of enumerated events.

The City may, from time to time, but is not obligated to, post its Comprehensive Annual Financial Report and other financial information on the City Controller's web site at www.sfgov.org/controller.

ABSENCE OF LITIGATION

The opinions of the Counsel to the Corporation and of the City Attorney, which will be addressed solely to the City and the Corporation, will be furnished to the initial purchaser at the time of the original delivery of the Bonds.

Corporation

No litigation is pending with service of process having been accomplished or, to the knowledge of the Counsel to the Corporation, threatened, concerning the validity of the Bonds, the Indenture or the Lease, or the entitlement to their respective offices of the officers of the City who will execute and deliver the Bonds and other documents and certificates in connection therewith. The Corporation will furnish to the initial purchaser of the Bonds a certificate of the Corporation as to the foregoing as of the time of the original delivery of the Bonds.

City

No litigation is pending or threatened concerning the validity of the Bonds, the Lease, the corporate existence of the City, or the entitlement to their respective offices of the officers of the City who will execute and deliver other documents and certificates in connection with the Bonds. The City will furnish to the initial purchaser of the Bonds a certificate of the City as to the foregoing as of the time of the original delivery of the Bonds.

RATINGS

Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Services ("S&P"), and Fitch Ratings ("Fitch"), have assigned municipal bond ratings of "___," "___," and "___," respectively, to the Bonds. Certain information not included in this Official Statement was supplied by the City and the Corporation to the rating agencies to be considered in evaluating the Bonds. The ratings reflect only the views of each rating agency, and any explanation of the significance of any rating may be obtained only from the respective credit rating agencies: Moody's, at www.moody's.com; S&P, at www.sandp.com; and Fitch, at www.fitchratings.com. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. No assurance can be given that any rating issued by a rating agency will be retained for any given period of time or that the same will not be revised or withdrawn entirely by such rating agency, if in its judgment circumstances so warrant. Any such revision or withdrawal of the ratings obtained, or other actions by a rating agency, may have an adverse effect on the market price of the Bonds. The City undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

SALE OF THE BONDS

The Bonds were sold at competitive bid on April ___, 2013. The Bonds were awarded to _____ (the "Purchaser"), who submitted the lowest true interest cost bid, at a purchase price of \$_____. Under the terms of its bid, the Purchaser will be obligated to purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to the approval of certain legal matters by Bond Counsel, and certain other conditions to be satisfied by the City.

The Purchaser has certified the reoffering prices or yields for the Bonds set forth on the inside cover of this Official Statement, and the City and the Corporation take no responsibility for the accuracy of those prices or yields. Based on the reoffering prices, the original issue premium on the reoffering of the Bonds is \$_____ and the Purchaser's gross compensation (or "spread") is \$_____. The Purchaser may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover. The offering prices may be changed from time to time by the Purchaser.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement among the City, the Corporation and the initial purchaser or Owners and Beneficial Owners of any of the Bonds.

The preparation and distribution of this Official Statement have been duly authorized by the Corporation and the Board of Supervisors of the City.

CITY AND COUNTY OF SAN FRANCISCO
FINANCE CORPORATION

By: _____
President

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Controller

APPENDIX A

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

[Please use file sent separately.]

APPENDIX B

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE
CITY AND COUNTY OF SAN FRANCISCO
FOR THE FISCAL YEAR ENDED JUNE 30, 2012***

* The Comprehensive Annual Financial Report may be viewed online or downloaded from the City Controller's website at <http://www.sfgov.org/controller>. The City Controller's website is not incorporated herein by reference.

APPENDIX C

**CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE TREASURER
INVESTMENT POLICY**

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LEASE

The following is a summary of certain provisions of the Indenture and the Lease and is not to be considered a full statement of the provisions thereof. This summary is qualified in its entirety by reference to and is subject to the complete Indenture and Lease, copies of which are available from the Corporation, c/o the Office of Public Finance.

For purposes of this Appendix D, "Series 2013A Bonds" refers to the Corporation's Lease Revenue Bonds, Series 2013A (Equipment Program), and "Bonds" refers to all outstanding lease revenue bonds of the Corporation issued under the Indenture.

CERTAIN DEFINED TERMS

Additional Rental. The term "Additional Rental" means all amounts payable by the City as Additional Rental pursuant to the Lease.

Authorized Officer. The term "Authorized Officer," when used with respect to the Corporation, means the President or Chief Financial Officer of the Corporation or any other officer of the Corporation who is designated in writing by the Corporation as an Authorized Officer for purposes of the Indenture, and when used with respect to the City, means the Mayor or any other official or employee of the City who is designated in writing by the Mayor as an Authorized Officer for purposes of the Indenture.

Base Rental. The term "Base Rental" means all amounts payable by the City as Base Rental pursuant to the Lease related to the Equipment.

Certificate of Completion. The term "Certificate of Completion" means a Certificate of the City, in the form of Exhibit C to the Lease, certifying that all Equipment with respect to a Project anticipated to be acquired has been acquired, installed and accepted by the City and that all Project Costs attributable to such Equipment have been paid.

Computer System. The term "Computer System" means a component of Equipment that consists of both computer hardware and software components.

Credit Facility. The term "Credit Facility" means (i) a surety bond or other financial undertaking issued by a financial institution, if the unsecured obligations of or the claims paying ability of such financial institution has one of the two highest ratings then issued by a nationally recognized bond rating agency, or (ii) a policy of insurance issued by an insurance company, if the obligations insured by such insurance company have one of the two highest ratings then issued by a nationally recognized bond rating agency, or (iii) an irrevocable letter of credit from a bank the long-term obligations of which are rated in one of the two highest rating categories by a nationally recognized rating agency delivered to the Trustee to satisfy the obligation to deposit moneys in the Reserve Fund in connection with any Series of Bonds and which is in an amount equal to the Reserve Requirement for such Series of Bonds.

Equipment. The term "Equipment" means the personal property listed in Exhibit A to the Equipment Lease Supplement, as supplemented from time to time pursuant to the Lease, all to be leased by the Corporation to the City pursuant to the Lease.

Government Certificates. The term "Government Certificates" means evidences of indebtedness of ownership of proportionate interests in future principal and interest payments of Government Obligations, including depository receipts thereof, wherein (i) a bank or trust company acts as custodian and holds the underlying Government Obligations; (ii) the owner of the Government Certificate is a real party in interest with the right to proceed directly and individually against the obligor of the underlying Government Obligations; and (iii) the underlying Government Obligations are held in trust in a special account, segregated from the custodian's general

assets, and are not available to satisfy any claim of the custodian or any person claiming through the custodian, or any person to whom the custodian may be obligated.

Government Obligations. The term "Government Obligations" means direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury) or evidence of ownership in a portion thereof (which may consist of specified portions of interest thereon and obligations of the Resolution Trust Corporation which constitute interest strips) if held by a custodian on behalf of the Trustee or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

Integrated Software. The term "Integrated Software" means one or more programs for directing the operation of a computer or processing electronic data, which program or programs are integrally related to, and necessary to the functioning of, an item of Equipment and transferable only as a part of such item of Equipment without license or consent.

Lease Supplement. The term "Lease Supplement" means a supplement to the Lease, and includes an equipment schedule, a Base Rental payment schedule and a certificate of approval.

Net Proceeds. The term "Net Proceeds" means the amount remaining from the gross proceeds of any insurance claim or condemnation award made in connection with the Equipment, after deducting all expenses (including attorneys' fees) incurred in the collection of such claim or award.

Owner. The term "Owner" means any person who shall be the registered owner of any outstanding Bond as shown on the registration books required to be kept by the Trustee.

Payment Date. The term "Payment Date" means each April 1 and October 1.

Permitted Investments. The term "Permitted Investments" means any of the following:

(1) United States Treasury notes, bonds, bills, or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of principal and interest;

(2) Obligations issued by federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board or obligations, participations or other instruments of or issued by, or fully guaranteed as to interest and principal by, the Federal National Mortgage Association, or guaranteed portions of Small Business Administration notes, or obligations, participations or other instruments of or issued by a federal agency of a United States of America government-sponsored enterprise, so long as such obligations are fully guaranteed as to interest and principal by the United States of America;

(3) Demand or time deposits or negotiable certificates of deposit issued by (a) the Trustee or any paying agent, or (b) any bank, organized under the laws of any state of the United States of America or any national banking association; or savings and loan association provided that such certificates of deposit shall be (i) continuously and fully insured by the Federal Deposit Insurance Corporation, (ii) issued by any bank, trust company or savings and loan association organized under the laws of any state of the United States, or any national banking association, having a combined capital and surplus of at least \$50,000,000, so long as the deposits to which such deposits or certificates of deposit relate (A) do not exceed at any one time in the aggregate 10% of the total of the capital and surplus or shareholders' equity, as the case may be, of such bank or trust company or savings and loan association or national banking association, and (B) are continuously and fully secured by such securities as are described in clauses (1) or (2) above, which securities shall have a market value (exclusive of accrued interest) at all times at least equal to 110% of the principal amount of such deposits or certificates of deposit (marked to market at least weekly) and whose short-term obligations are rated in the highest rating category by each rating agency maintaining a rating on the Bonds;

(4) Any repurchase agreement with any bank or trust company organized under the laws of any state of the United States (including the Trustee) or any national banking association or government bond dealer reporting

to, trading with and recognized as a primary dealer by, the Federal Reserve Bank of New York, which agreement is entered into with an institution whose debt is rated in one of the two highest rating categories by each rating agency that maintains a rating on the Bonds;

(5) Commercial paper, or corporate bonds or notes rated in the highest rating category by each rating agency that maintains a rating on the Bonds;

(6) Other unsubordinated securities or obligations issued or guaranteed (including a guarantee in the form of a bank standby letter of credit) by any domestic corporation (including a bank or trust or insurance company) rated in one of the two highest rating categories (without regard to rating subcategories) by each rating agency that maintains a rating on the Bonds;

(7) Interest-bearing certificates of deposit in a national or state bank or a trust company (which may be the Trustee) which has a combined capital and surplus aggregating not less than \$100,000,000 and which has outstanding, at the time of investment, short-term obligations rated in the highest rating category (without regard to rating subcategories) by each rating agency that maintains a rating on the Bonds;

(8) Bankers' acceptances, Eurodollar deposits of banks or trust companies, including the Trustee, organized under the laws of the United States or Canada or any state or province thereof, or domestic branches of foreign banks, having a capital and surplus of \$50,000,000 or more and which has outstanding, at the time of investment, short-term obligations rated in the highest rating category (without regard to rating subcategories) by each rating agency that maintains a rating on the Bonds;

(9) Bonds or other securities issued by any state, territory, commonwealth, or the District of Columbia or any political subdivision thereof which have been defeased and re-rated in the highest rating category by each rating agency that maintains a rating on the Bonds;

(10) Bonds or other securities issued by any state, territory, commonwealth, or the District of Columbia or any political subdivision thereof which are rated in one of the two highest rating categories by each rating agency that maintains a rating on the Bonds; and

(11) Money market funds rated AAm or better by Standard & Poor's Corporation.

Provided that with respect to amounts in the Acquisition Fund and the Costs of Issuance Fund (each as created under the Indenture) and with respect to amounts in all funds and accounts established under the Indenture on and after the date on which no Series 1997A Bonds remain outstanding, the definition of "Permitted Investments" means any of the following, if and to the extent permitted by law and by any policy guidelines promulgated by the Corporation:

(a) Government Obligations or Government Certificates.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) Farmers Home Administration (FmHA) – Certificates of beneficial ownership; (ii) Federal Housing Administration Debentures (FHA); (iii) General Services Administration - Participation certificates; (iv) Government National Mortgage Association (GNMA or "*Ginnie Mae*") – GNMA guaranteed mortgage backed bonds, GNMA guaranteed pass through obligations (participation certificates); (v) U.S. Maritime Administration – Guaranteed Title XI financing; (vi) U.S. Department of Housing and Urban Development (HUD) – Project notes and local authority bonds; and (vii) any other agency or instrumentality of the United States of America.

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (i) Federal Home Loan Bank System – Senior debt obligations (consolidated debt obligations); (ii) Federal Home Loan Mortgage Corporation (FHLMC or "*Freddie Mac*") – Participation certificates (mortgage-backed securities) and senior debt obligations; (iii) Federal National Mortgage Association

(FNMA or "Fannie Mae") – Mortgage backed securities and senior debt obligations (excluding stripped mortgage securities which are valued greater than par on the portion of the unpaid principal); (iv) Student Loan Marketing Association (SLMA or "Sallie Mae") – Senior debt obligations; (v) Resolution Funding Corp. (REFCORP) – Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form; (vi) Federal Farm Credit System – Consolidated systemwide bonds and notes; and (vii) any other agency or instrumentality of the United States of America.

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and having a rating by Standard and Poor's Credit Market Services ("S&P") of AAAM-G or AAAM and by Moody's Investors Service, Inc. ("Moody's") of Aaa.

(e) Certificates of deposit issued by a state or national bank or a state or federal savings and loan, *provided* that such certificates of deposit shall be either (i) continuously and fully insured by the FDIC, or (ii) have a maturity of not greater than 365 days and have the highest short-term letter and numerical ratings of Moody's and S&P.

(f) Savings accounts or money market deposits that are fully insured by the FDIC.

(g) Investment agreements, including guaranteed investment contracts, provided either (i) the long-term unsecured debt or claims ability of the issuer or guarantor thereof is rated in the highest rating category by Moody's and S&P, or (ii) such agreement is fully collateralized by Government Obligations or Government Certificates.

(h) Commercial paper of "prime" quality rated in the highest rating category by Moody's and S&P, which commercial paper is limited to issuing corporations that are organized and operating within the United States.

(i) Bonds or notes issued by any state or municipality that are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies.

(j) Federal funds or banker's acceptances which are eligible for purchases by members of the Federal Reserve System, drawn on any bank the short-term obligations of which are rated in the highest rating category by Moody's and S&P, *provided* that the maturity cannot exceed 270 days.

(k) Repurchase agreements with maturities of either (a) 30 days or less, or (b) less than one year provided that the collateral is marked-to-market daily, entered into with financial institutions such as banks or trust companies organized under state or federal law, insurance companies, or government bond dealers reporting to, or trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and a member of SPIC, or with a dealer or parent holding company that is rated A or better by Moody's and S&P. The repurchase agreement must be in respect of Government Obligations or Government Certificates or obligations described in paragraph (b) herein, which, exclusive of accrued interest, shall be maintained at least 100% of par. In addition, repurchase agreements shall meet the following criteria: (i) the third party (who shall not be the provider of the collateral) has possession of the repurchase securities and the Government Obligations or Government Certificates; (ii) failure to maintain the requisite collateral levels shall require liquidation and (iii) the third party having possession of the securities has a perfected, first priority security interest in the securities.

(l) Any other debt or fixed income security specified by the City (except securities of the City and any agency, department, commission or instrumentality thereof) and rated in the highest rating category by Moody's and S&P, including "pre funded" municipal obligations.

Project. The term "Project" means the acquisition and installation of all items of Equipment to be financed with the proceeds of a particular Series of Bonds.

Project Costs. The term "Project Costs" means all costs of payment of, or reimbursement for, the acquisition, installation, if applicable, and financing of the Equipment and any item functionally related to the Equipment, and any license necessary or convenient in connection with the use of the Equipment, including but not

limited to, architect, engineering and installation management costs, administrative costs and capital expenditures relating to installation and financing payments, sales tax on the Equipment, costs of accounting, feasibility, environmental and other reports, insurance costs, inspection costs, permit fees, prepaid maintenance, licensor or software fees, including prepaid technical support costs, filing and recording costs, printing costs, reproduction and binding costs, fees and charges of the Trustee, escrow fees, legal fees and charges, costs of rating agencies or credit ratings, Credit Facility fees and financial and other professional consultant fees.

Rental Payments. The term "Rental Payments" means, collectively, the Base Rental payments and the Additional Rental payments with respect to the Equipment.

Reserve Requirement. The term "Reserve Requirement" means the amount, if any, described under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Series 2013A Reserve Account" in the forepart of this Official Statement.

Supplemental Indenture. The term "Supplemental Indenture" means a Supplemental Indenture executed and delivered by the Corporation and the Trustee pursuant to the Indenture.

Tax Certificate. The term "Tax Certificate" means the Tax Certificate and Agreement of the City and Corporation, dated the date of delivery of the Series 2013A Bonds.

Working Capital Requirement. The term "Working Capital Requirement" means such amount, if any, as may be specified in a Supplemental Indenture with respect to a Series of Bonds.

Written Request of the Corporation. The term "Written Request of the Corporation" means an instrument in writing signed by an Authorized Officer of the Corporation.

THE INDENTURE

PLEDGE OF BASE RENTAL PAYMENTS; ASSIGNMENT OF LEASE

Subject only to the provisions of the Indenture permitting the application thereof for or to the purpose and on the terms and conditions set forth therein, all of the Base Rental payments received by the Trustee, all of the proceeds of the Series 2013A Bonds and any other amounts held in any fund or account (except the Rebate Fund) established under the Indenture for the Series 2013A Bonds and all of the right, title and interest of the Corporation in the Lease and in the Equipment are pledged to secure the payment of the principal of and interest on the Series 2013A Bonds in accordance with their terms and the provisions of the Indenture. Said pledge constitutes a lien on and security interest in such assets.

Under the Indenture, the Corporation sells, transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the holders of the Bonds, all of the Base Rental payments and other moneys pledged as described in the preceding paragraph, all rents, profits and products from the Equipment to which the Corporation has any right or claim whatsoever, and all right, title and interest in and to the Lease including, without limitation, the right to take all actions and give all consents under the Lease and all rights of the Corporation as lessor under the Lease necessary to enforce payment of such Base Rental payments when due or, otherwise to protect the interests of the owners of the Series 2013A Bonds; provided that the Corporation retains certain rights to indemnification and the payment of its costs and expenses under the Lease. The Trustee is entitled to collect and receive all of the Base Rental payments, and any Base Rental payments collected or received by the Corporation, are deemed pursuant to the Indenture to be held, and to have been collected or received, by the Corporation as the agent of the Trustee and are required by the Indenture forthwith to be paid by the Corporation to the Trustee. The Trustee is also required to take all steps, actions and proceedings reasonably necessary in its judgment to preserve and protect the priority of its security interest in the Lease and the Equipment.

NO LIABILITY OF CORPORATION, CITY AND TRUSTEE TO THE OWNERS

Except as expressly provided in the Indenture, the Corporation has no obligation or liability to the Owners with respect to the payment when due of the Rental Payments by the City, or with respect to the performance by the City of the other agreements and covenants required to be performed by the City contained in the Lease or in the Indenture, or with respect to the performance by the Trustee of any rights or obligation required to be performed by the Trustee contained in the Indenture.

Except for the payment when due of the Rental Payments and the performance of the other agreements and covenants required to be performed by the City contained in the Lease and the Indenture, the City has no obligation or liability to the Owners with respect to the Indenture or the preparation, execution, delivery or transfer of the Bonds or the disbursement of the Base Rental payments by the Trustee to the Owners, or with respect to the performance by the Trustee of any right or obligation required by the Indenture to be performed by the Trustee.

Except as expressly provided in the Indenture, the Trustee has no obligation or liability to the Owners with respect to the payment when due of the Base Rental payments by the City, or with respect to the performance by the City of the other agreements and covenants contained in the Lease or in the Indenture that are required to be performed by the City.

CREATION AND APPLICATION OF FUNDS AND ACCOUNTS

The Indenture establishes the following funds and accounts for the Series 2013A Bonds:

Acquisition Fund

Series 2013A Project Account

Costs of Issuance Fund

Series 2013A Costs of Issuance Account

Rebate Fund

Series 2013A Rebate Account

Base Rental Payment Fund

Series 2013A Base Rental Payment Account, consisting of the Series 2013A Interest Account and the Series 2013A Principal Account

Reserve Fund

Series 2013A Reserve Account

Surplus Fund

Working Capital Fund

Redemption Fund

Acquisition Fund. All moneys in the Acquisition Fund are required by the Indenture to be applied by the Trustee to the payment of any Project Costs (or for making reimbursements to the Corporation, the City or any other person, firm or corporation for such costs). For each Series of Bonds, the Trustee will establish a Project Account within the Acquisition Fund. Amounts in each such Project Account may only be distributed by the Trustee to pay costs related to the Project financed by such Series of Bonds or to redeem such Series of Bonds. Upon receipt by the Trustee of a Certificate of Completion for the Project financed by a Series of Bonds, all amounts remaining in the Project Account for such Series of Bonds, are required to be transferred by the Trustee to the Rebate Fund or to the Redemption Fund to be applied to the redemption of that Series of Bonds.

Costs of Issuance Fund. For each Series of Bonds, the Trustee is required to establish a Costs of Issuance Account within the Costs of Issuance Fund. Moneys in each such Costs of Issuance Account shall be disbursed as is necessary to pay Costs of Issuance for the related Series of Bonds. Upon the written request of the City, the Trustee shall transfer any amount then remaining in the related Costs of Issuance Account to the Project Account established for such Series of Bonds.

Rebate Fund. There shall be deposited in the Rebate Fund from funds of the City or the Corporation such amounts as are required to be deposited therein pursuant to the Tax Certificate. All moneys at any time deposited in

the Rebate Fund or any subaccount therein will be held by the Trustee in trust, to the extent required to satisfy any rebate requirement (as set forth in the Tax Certificate), for payment to the United States of America. Amounts required to be deposited into or on deposit in the Rebate Fund are not pledged to the payment of the Bonds under the Indenture.

Base Rental Payment Fund. Notwithstanding any other provision of the Indenture, with respect to the Series 2013A Bonds there is established a Series 2013A Base Rental Payment Account (including accounts therein) within the Base Rental Payment Fund. References in this APPENDIX D to series accounts within the Interest Fund or the Principal Fund shall be references to such Series 2013A Base Rental Payment Account or the Interest Account or Principal Account therein established in the Base Rental Payment Fund, as the case may be.

Interest Fund. The Indenture requires the Trustee to deposit from Base Rental payments made by the City in each Interest Account created therein for each Series of Bonds, on each Payment Date, that amount, if any, needed to bring the amounts in such Accounts to the aggregate amount of interest coming due on each Series of Bonds on such Payment Date. Moneys in the Interest Fund are required to be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds when due and payable.

Principal Fund. The Indenture requires the Trustee to deposit from Base Rental payments made by the City in each Principal Account created therein for each Series of Bonds, on each Payment Date, that amount, if any, needed to bring the amounts of such Accounts to the aggregate amount of principal coming due on each Series of Bonds on such Payment Date. Moneys in the Principal Fund are required to be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds when due and payable.

Reserve Fund. Upon the issuance of any Series of Bonds, the Trustee is required to cause to be deposited in the separate Reserve Account established within the Reserve Fund for such Series of Bonds an amount equal to the initial Reserve Requirement for such Series of Bonds. Such amount may be derived from the proceeds of such Series of Bonds, other funds of the City or the Corporation or a Credit Facility. After making any required deposits to the Interest Fund and the Principal Fund, the Trustee is required to deposit from Base Rental Payments made by the City in each Reserve Account, on each April 1 and October 1, the amount (if any) needed to bring the amount on deposit in each Reserve Account to the then applicable Reserve Requirement for such Reserve Account. In the event amounts in the Base Rental Payment Fund are insufficient to make the deposits described in the preceding sentence, the Trustee will make such deposits from Base Rental Payments made by the City on a pro rata basis to each Reserve Account on the basis of the applicable Reserve Requirement. Amounts on deposit in each Reserve Account may be withdrawn by the Trustee solely for deposit in the corresponding Interest Account and Principal Account in the event that the amounts therein are insufficient for the purposes of paying interest and principal on the corresponding Series of Bonds. Any amounts on deposit in a Reserve Account in excess of the Reserve Requirement for such Reserve Account are to be withdrawn by the Trustee and transferred to the Base Rental Payment Fund for deposit in the corresponding Interest Account and Principal Account.

Surplus Fund. After making the required deposits to the funds discussed in the preceding paragraphs, the Trustee is required to transfer, on or before the business day immediately succeeding each Payment Date, any remaining amounts in the Base Rental Payment Fund to the Surplus Fund. On the first business day after making each deposit in the Surplus Fund, the Trustee is to determine whether any moneys then in the Surplus Fund will be required for the payment of principal and interest on the Bonds and will hold any moneys required for such purposes. Moneys in the Surplus Fund not required for such purposes may be used (i) for the redemption of Bonds; (ii) for the purchase of Bonds at such prices (including brokerage and other charges, but excluding accrued interest which is payable from the Interest Fund) as the Corporation may deem advisable, but not to exceed the par value thereof, or in the case of Bonds which by their terms are subject to call and redemption, the highest redemption price (excluding accrued interest) or the then current redemption price (excluding accrued interest), whichever is lower; or (iii) for transfer to the Working Capital Fund or the City. Moneys in the Surplus Fund are to be used and withdrawn by the Trustee solely for the foregoing purposes, subject, however, to any requirement for deposit to the Rebate Fund.

Working Capital Fund. All amounts received from the City as Additional Rental under the Lease and such other amounts as designated for deposit therein by a Supplemental Indenture will be deposited by the Trustee in the Working Capital Fund. Upon the Written Request of the Corporation, the Trustee will disburse amounts in the

Working Capital Fund for the payment of taxes and assessments and any administrative cost of the Corporation or charges required to be paid by the Corporation in order to maintain its existence or to comply with the terms of the Bonds or of the Indenture. Subject to any requirement for deposit to the Rebate Fund, moneys in the Working Capital Fund are to be used and withdrawn by the Trustee for the foregoing purposes; *provided, however*, that amounts in the Working Capital Fund may also be withdrawn or applied to the payment of principal of or interest on the Bonds, on any Payment Date for which the Trustee receives a written request of the City and a Written Request of the Corporation to the effect that as of the date of such request, the amounts to be transferred or withdrawn are no longer necessary to be retained in the Working Capital Fund for the purposes for which it was established.

Redemption Fund. On the date specified in the Written Request of the Corporation filed with the Trustee at the time any prepaid Base Rental payment is paid by the City to the Trustee pursuant to the Lease, the Trustee is required to deposit in the Redemption Fund that amount of moneys representing the portion of the Base Rental payments designated as prepaid Base Rental payments. Moneys in the Redemption Fund are to be used and withdrawn by the Trustee solely for the purpose of paying the principal of, and the interest on and premium, if any, on the Bonds to be redeemed.

CERTAIN COVENANTS

Under the Indenture, the Corporation covenants faithfully to comply with, keep, observe, and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract or prescribed by any law of the United States of America or the State of California or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by it, including its right to exist and carry on its respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

The Corporation also agrees to keep the Equipment and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, and free from any claim or liability which, in the judgment of the Trustee (and its determination thereof shall be final), might embarrass or hamper the City in conducting its business or utilizing the Equipment, and the Trustee at its option (after first giving the Corporation ten days' written notice to comply therewith and failure of the Corporation to so comply within such ten-day period) may defend against any and all actions or proceedings in which the validity of the Indenture is or might be questioned, or may pay or compromise any claim or demand asserted in any such action or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee will not be deemed to have waived or released the Corporation from liability for or on account of any of its agreements and covenants contained in the Indenture or from its liability under the Indenture to defend the validity thereof and to perform such agreements and covenants.

The Corporation agrees so long as any Bonds are outstanding not to create any pledge of or lien on a Base Rental payment other than the pledge and lien of the Indenture. The Corporation further agrees promptly upon request of the Trustee to take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Equipment or any part thereof and to prosecute all actions, suits or other proceedings as may be appropriate for such purpose.

The Indenture requires the Trustee to keep proper records in which complete and correct entries are to be made of all transactions relating to the receipt, deposit and disbursement of the Rental Payments, and such records will be available for inspection by the Corporation, the City or any Owner or agent thereof duly authorized in writing at reasonable hours and under reasonable conditions. Not later than the last day of each month, and continuing so long as any Bonds are outstanding, the Trustee will furnish to the Corporation, the City and any Owner who may so request a complete statement covering the receipts, deposits and disbursements of the Rental Payments for the preceding calendar month.

ACQUISITION OF SOFTWARE

The Indenture provides that the Trustee may not disburse funds from the Acquisition Fund for the acquisition of Integrated Software with respect to a Project financed by a Series of Bonds unless the Trustee receives a written certificate from an authorized officer of the vendor of such Integrated Software substantially in the form attached to the Indenture.

The Indenture also provides that the Trustee may not disburse funds from the Acquisition Fund for the acquisition of software (that does not constitute Integrated Software) with respect to a Project financed with a Series of Bonds, unless the Trustee receives a written certificate from an Authorized Officer of the City to the effect that: (i) the cost of the software is not greater than 75% of the total cost (including software) of the associated Computer System; (ii) the cost of all software that is part of a Project financed with such Series of Bonds is not greater than 20% of the total cost of such Project; and (iii) the useful life of the software is at least as long as the term of the Lease Supplement with respect to the associated Computer System.

With respect to any future Series of Bonds, the provisions of the Indenture concerning the acquisition of software and of Integrated Software and the rights and obligations of the Corporation and the Owners and the Trustee thereunder may be amended or supplemented by an amendment thereof or supplement thereto, which shall become binding upon execution without the written consents of the Owners, but only to the extent permitted by law.

EVENTS OF DEFAULT AND REMEDIES

An Event of Default (as defined under "THE LEASE – Defaults and Remedies" in this APPENDIX D) with respect to any Series of Bonds will not be deemed an Event of Default with respect to any other Series of Bonds, and the rights, remedies and obligations of the Owners and the Trustee under the Indenture resulting from any Event of Default will only pertain to the Series of Bonds with respect to which such Event of Default occurred.

Each Event of Default under the Lease is an "event of default" under the Indenture. See "THE LEASE – Defaults and Remedies" in this APPENDIX D. During the continuance of an Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount of the applicable Series of Bonds at the time Outstanding are entitled upon notice in writing to the City and the Corporation to exercise the remedies provided to the Corporation in the Lease and to take whatever action at law or in equity may appear necessary to protect and enforce any of the rights vested in the Trustee or in the Owners by the Indenture or by the applicable Series of Bonds. However, under the Indenture the Trustee does not have the remedy to terminate the Lease with respect to any computer software component of the Equipment that does not constitute Integrated Software or the remedy to retake possession of any such software.

Application of Amounts After Default. All payments received by the Trustee with respect to the rental of the Equipment after an Event of Default and all damages or other payments received by the Trustee for the enforcement of any rights and powers of the Trustee under the Lease or under the Indenture are required to be deposited into the Base Rental Payment Fund and as soon as practicable thereafter applied to the payment of:

- (i) all amounts due the Trustee as compensation or reimbursement for advances and expenditures;
- (ii) to the Owners entitled thereto their proportionate interest in the interest on the applicable Series of Bonds in the order of the maturity of such interest and, if the amount available is not sufficient to pay in full such amount, then to the payment ratably, according to the amount due to the persons entitled thereto, without any discrimination or privilege;
- (iii) to the Owners entitled thereto, the proportionate interest in the unpaid principal of the applicable Series of Bonds which shall have become due and, if the amount available shall not be sufficient to pay the principal in full, then to the payment ratably, according to the amount of principal due, to the persons entitled thereto without any discrimination or privilege; and

(iv) as the same shall become due to the Owners entitled thereto the principal of and interest on the applicable Series of Bonds which may thereafter become due either as scheduled or upon redemption pursuant to the Indenture or to the Lease and, if the amount available is not sufficient to pay in full the principal due on any particular date, payment is to be made ratably according to the amount of principal due on such date to the Owners entitled thereto without any discrimination or privilege.

Limitation on Suits. No Owner has any right to institute any proceedings with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy under the Indenture unless such Owner has previously given written notice to the Trustee of a continuing Event of Default; the Owners of not less than 25% in principal amount of the Outstanding applicable Series of Bonds shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee; such Owner or Owners have afforded to the Trustee indemnity reasonably satisfactory to it; the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceedings; and no direction inconsistent with such written request has been given to the Trustee during such 60 day period by the Owners of a majority in principal amount of the Outstanding applicable Series of Bonds.

No Waiver. A waiver of any default or breach of duty or contract by the Trustee will not affect any subsequent default or breach of duty or contract or impair any rights or remedies upon any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach will impair any such right or remedy or be construed to be a waiver of any such default or breach or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by the Indenture may be enforced and exercised from time to time and as often as may be deemed expedient by the Trustee.

AMENDMENTS TO INDENTURE

The Indenture may be amended or supplemented at any time without the consent of any Owners for one or more of the following purposes:

(i) to add to the agreements, conditions, covenants and terms required by the Corporation to be observed or performed or to surrender any right or power reserved in the Indenture or conferred on the Corporation, which in either case will not adversely affect the interests of the Owners; or

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Indenture or in regard to questions arising under the Indenture which the Corporation may deem desirable or necessary or not inconsistent with the Indenture and which will not materially adversely affect the interests of the Owners; or

(iii) to amend the provisions concerning the acquisition of computer software components, including Integrated Software, with respect to any future Series of Bonds; or

(iv) to provide for the issuance of a Series of Bonds.

The Indenture may be amended or supplemented at any time upon the written consent of the Owners of a majority in aggregate principal amount of the Bonds then outstanding; provided, however, that no such amendment or supplement may (i) extend the maturity of any Bond or reduce the rate of interest thereon or extend the time of payment of such interest or reduce the amount of principal thereof without the prior written consent of the Owner of the Bond so affected, or (ii) reduce the percentage of Owners whose consent is required for the execution of any amendment of or supplement to the Indenture, or (iii) modify any of the rights or obligations of the Trustee without its prior written consent thereto, or (iv) amend the provisions of the Indenture relating to amendments or supplements to the Indenture, without the prior written consent of the Owners of all Bonds then outstanding.

DEFEASANCE

If the Owners of all outstanding Bonds of any Series of Bonds are paid the interest thereon and principal thereof at the times and in the manner stipulated in the Indenture and in the Bonds, then such Owners will cease to

be entitled to the benefits of the Indenture and all agreements and covenants of the Corporation and the Trustee to such Owners under the Indenture will thereupon cease, terminate and become void and will be discharged and satisfied. Any outstanding Bonds will be deemed to have been paid if there is on deposit with the Trustee moneys or securities described in clauses (1) and (2) of the definition of the term "Permitted Investments" in an amount sufficient (together with the increment, earnings and interest thereon) to pay the principal of and premium, if any, and interest on such Bonds payable at maturity or on prior redemption.

THE TRUSTEE

The Corporation, *provided* that no Event of Default has occurred and is then continuing, or the Owners of a majority in aggregate principal amount of Bonds at the time outstanding, may remove the original Trustee and any successor thereto and may appoint a successor Trustee, but any such successor Trustee must be bank or trust company doing business and having a principal corporate trust office in California, having a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000 and subject to supervision or examination by federal or state authorities. The Trustee may at any time resign by giving written notice to the Corporation, the City and the Owners. Upon receiving notice of resignation of the Trustee, the Corporation is required promptly to appoint a successor Trustee. Any resignation of any Trustee and appointment of a successor Trustee will become effective only upon acceptance of the appointment by the successor Trustee.

THE LEASE

TERM OF LEASE

Under the Lease, the Corporation leases to the City and the City hires from the Corporation the Equipment to have and to hold for the term of the Lease. The Corporation covenants to provide the City during the term of the Lease with quiet use and possession of the Equipment, and the Corporation subject to the provisions of the Lease has the right at all reasonable times to enter into and upon the property of the City for the purposes of the Lease or for any other lawful purpose.

The term of the Lease with respect to the Equipment commences on the date of initial execution and delivery of the Equipment Lease Supplement and ends on the last date on which a Rental Payment is payable thereunder, unless sooner terminated in accordance with the Lease. The Lease terminates as to all of the Equipment comprising any Project upon the earlier of the following: (i) the payment by the City of all Rental Payments and any other amounts required to be paid by the City with respect to such Project under the Lease; or (ii) the discharge of the City's obligation with respect to such Project under the Lease. In addition, if no Event of Default has occurred and is continuing, the term of the Lease will terminate as to any item of Equipment as of the earlier of the following: (i) the September 30 that next succeeds the date on which the number of years shown as the useful life of such item of Equipment in the Lease has elapsed since the date the City took possession thereof under the Lease, or (ii) the discharge of the City's obligation with respect to such item of Equipment under the Lease. The Lease terminates as to all of the Equipment upon the occurrence of an Event of Default under the Lease and the Corporation's election to terminate the Lease.

MAINTENANCE OF EQUIPMENT

Under the Lease, the City agrees that at all times during the term of the Lease, it will at its own cost and expense, maintain, preserve and keep the Equipment in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs.

INSURANCE

Under the Lease, the City is required to carry and maintain the following types of insurance with respect to the Equipment during the term of the Lease:

(i) insurance against rental interruption or loss of use and possession of the Equipment in an amount not less than the total Rental Payments payable by the City with respect to the Equipment for a period of at least twelve months;

(ii) insurance against fire, lightning and extended coverage, theft, vandalism and malicious mischief and flood insurance on the Equipment in an amount equal to the lesser of the full replacement value of the Equipment or the aggregate principal amount of the Series 2013A Bonds Outstanding (subject to certain deductibles);

(iii) workers' compensation insurance covering all of the City's employees working, in, near or about the Equipment, in the same amount and type as other workers' compensation maintained by the City for similar employees doing similar work;

(iv) standard comprehensive general liability insurance or the equivalent covering direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the possession, operation or use of the Equipment, with minimum liability limits of \$1,000,000 for personal injury or death of each person and \$2,000,000 for personal injury or death of two or more persons in each event, and in a minimum amount of \$200,000 (subject to a deductible not to exceed \$5,000) for property damage; and

(v) standard automobile liability insurance covering direct or contingent loss or liability for damages for injury, death or property damage occasioned by reason of the possession, operation or use of the Equipment, with minimum liability limits and maximum deductibles as described in (iv) above.

The City is not required to obtain the coverages described in clauses (i), (ii) or (v) above for any item of Equipment until the date the Equipment is acquired under the Lease. The coverages described in clauses (iv) and (v) above may each be in the form of a \$2,000,000 single limit policy covering all such risks and may be maintained as part of or in conjunction with any other liability insurance carried by the City. The Lease permits the City to provide a self insurance method or plan of protection in lieu of any of the insurance described in clauses (iii) through (v) above, but only if the City obtains and provides the Trustee and the Corporation with a certificate of the Risk Manager of the City to the effect that such method or plan (and the amount contained in the related self insurance fund) is reasonably sufficient to provide coverage in the same scope and amount. The City must obtain a new certificate of the Risk Manager for each twelve-month period. Amounts paid from any self-insurance method or plan are deemed insurance proceeds for purposes of the Lease and the Indenture. Net Proceeds of the insurance described in clause (i) above are required to be applied to the payment of Rental Payments and Net Proceeds of insurance described in clause (ii) above are required to be applied as described below under "– Damage, Destruction and Condemnation."

GOVERNMENTAL CHARGES AND UTILITY CHARGES

The Corporation and the City expect that the Equipment will be used for governmental purposes of the City and therefore that the Equipment will be exempt from all taxes presently assessed and levied with respect to real and personal property. In the event that the use, possession or acquisition by the City or the Corporation of the Equipment is determined to be subject to taxation in any form (except for income or franchise taxes of the Corporation) the City agrees to pay during the term of the Lease all taxes and governmental charges of any kind that may at any time be lawfully assessed or levied with respect to the Equipment and any substitutions, modifications, improvements or additions thereto, as well as utility charges incurred in the operation, maintenance, use and upkeep of the Equipment.

DAMAGE, DESTRUCTION AND CONDEMNATION

During the term of the Lease, if the Equipment or any portion thereof is damaged, destroyed (in whole or part), stolen or otherwise unlawfully removed from the possession of the City, the City and the Corporation agree to cause the Net Proceeds of any insurance claim to be applied to the prompt repair, restoration or replacement of the damaged, destroyed or stolen Equipment. Any balance of the Net Proceeds after such work has been completed will be paid to the City. Alternatively, the City with the written consent of the Corporation, may elect to cause the Net

Proceeds of insurance to be used for the redemption of outstanding Series 2013A Bonds issued to finance the damaged, destroyed or stolen Equipment; provided that the Net Proceeds together with any other moneys then available therefor are at least sufficient to prepay that portion of the Base Rental attributable to the destroyed, damaged or stolen Equipment.

If any Project, or any portion of any Project as to render the remainder unusable for the purposes for which it was used or intended to be used, shall be taken under the power of eminent domain, the Lease will terminate with respect to such Project. The Lease requires the City to take or cause to be taken such action as is reasonably necessary to obtain compensation at least equal to the value of the Equipment or portion thereof taken by eminent domain, and all condemnation proceeds are to be transferred to the Redemption Fund and applied to the redemption of the Series 2013A Bonds issued to finance such Project. If part of any Project shall be taken under the power of eminent domain and the remainder is usable for the purposes for which it was used at the time of such taking, then the Lease will continue in full force and effect with respect to the remainder, and there will be a partial abatement of the Base Rental in an amount equal to the proportion which the value of that portion of the Project taken bears to the fair rental value of the whole of the Project. The fair rental value of any Project after such a taking will be equal to the Base Rental payments due under the Lease reduced by the application of all or any part of any award in eminent domain that is used to redeem outstanding Series 2013A Bonds pursuant to the Indenture.

DEFAULTS AND REMEDIES

Notwithstanding any other provision of the Lease, with respect to any Project financed with a Series of Bonds: (1) the provisions of the Lease with respect to such Project will be deemed to be a separate lease of such Project; (2) any Event of Default under the Lease with respect to a Project will only affect such Project; and (3) any remedy exercised under the Lease with respect to an Event of Default will be limited to the Project with respect to which the Event of Default occurred.

Each of the following is an "Event of Default" under the Lease:

- (1) the City shall fail to pay any Rental Payment when the same becomes due and payable;
- (2) the City shall fail to keep, observe or perform any other term, covenant or condition contained in the Lease and such failure shall have continued for 30 days or more;
- (3) the City's interest in the Lease or any part thereof is assigned or transferred without the written consent of the Corporation;
- (4) the occurrence and continuance of certain bankruptcy or insolvency proceedings or the appointment of a receiver for the City, or of all or substantially all of its assets; or
- (5) the City shall abandon or vacate any part of the Equipment under the Lease.

Upon the occurrence of an Event of Default, the Trustee may exercise any and all remedies available pursuant to law or granted pursuant to the Lease. In addition, the Trustee may terminate the Lease and retake possession of the Equipment, except with respect to any computer software components of the Equipment that does not constitute Integrated Software. No termination of the Lease on account of default by the City will be effective unless and until the Trustee gives written notice to the City of the Trustee's election to terminate the Lease. The Trustee may also collect each installment of Rental Payments as it becomes due and enforce any other term or provision of the Lease or exercise any and all rights to retake possession of the Equipment without terminating the Lease, although the Trustee may not retake possession of any computer software components of the Equipment that does not constitute Integrated Software. If the Trustee does not terminate the Lease, the City will remain liable and agrees in the Lease to keep or perform all covenants and conditions contained in the Lease to be kept or performed by the City and, if the Equipment is not relet, to pay the full amount of the rent to the end of the term of the Lease or, in the event the Equipment is relet, to pay any deficiency in Rental Payments that results therefrom; and further agrees to pay the Rental Payments and/or deficiency notwithstanding the fact that the Trustee may have received in

previous years or may receive thereafter Rental Payments in excess of the Rental Payments specified in the Lease and notwithstanding any retaking of possession of the Equipment by the Trustee.

ADDITIONAL PROJECTS

The Lease permits the supplementation or amendment thereof to allow the financing of additional Projects by the execution and delivery of a Lease Supplement. Each Lease Supplement must be approved by the City and the Corporation and no Lease Supplement will be effective unless the total amount of Bonds outstanding after the issuance of the Series of Bonds secured by the Base Rental payments to be made pursuant to such Lease Supplement does not exceed the maximum amount of indebtedness permitted to be outstanding at such time pursuant to the Charter of the City.

TRIPLE NET LEASE

The Lease is a triple net lease and the City agrees under the Lease that each Rental Payment is to be an absolute net return to the Corporation, free and clear of any expenses, charges or set offs whatsoever.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City and County of San Francisco (the "City") in connection with the issuance by the City and County of San Francisco Finance Corporation (the "Issuer") of its City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2013A (Equipment Program) (the "Bonds"). The Bonds are being issued pursuant to an Indenture, dated as of January 1, 1991, as amended and restated as of October 15, 1998, and as supplemented as of May 1, 2013, between the Issuer and U.S. Bank National Association, as trustee (the "Trustee") (as amended and supplemented, the "Indenture").

The City hereby covenants as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters (defined below) in complying with Securities and Exchange Commission (the "S.E.C.") Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which: (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) including, but not limited to, the power to vote or consent with respect to any Bonds or to dispose of ownership of any Bonds; or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the City, acting in its capacity as Dissemination Agent under this Disclosure Certificate, or any successor Dissemination Agent designated in writing by the City, and which has filed with the City a written acceptance of such designation.

"Holder" shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at <http://emma.msrb.org>.

"Participating Underwriter" shall mean any of the original underwriters or purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the S.E.C. under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the City's fiscal year (which is June 30), commencing with the report for the 2012-13 Fiscal Year (which is due not later than March 27, 2014), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is not the City, the City shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to said date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that if the audited financial statements of the City are not available by the date required above for the filing of the Annual Report, the City shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City), file a report with the City certifying the date that the Annual Report was provided to the MSRB pursuant to this Disclosure Certificate.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following information, as required by the Rule:

1. the audited general purpose financial statements of the City prepared in accordance with generally accepted accounting principles applicable to governmental entities;
2. The amount of Bonds outstanding under the Indenture, and the balance of the Reserve Fund.
3. The status of the acquisition of the Equipment, to be provided until completion of the Project financed with the Bonds.
4. Summaries of the following:
 - a. budgeted general fund revenues and appropriations;
 - b. assessed valuation of taxable property in the City; and
 - c. ad valorem property tax levy and delinquency rate.
5. A schedule of the aggregate annual debt service on tax-supported indebtedness of the City and a summary of authorized, but unissued, tax-supported indebtedness of the City.
6. A schedule of lease payment obligations supported by the City's General Fund with respect to outstanding lease revenue bonds and certificates of participation.

Any or all of the items listed above may be set forth in a document or set of documents, or may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) To the extent applicable and pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults, if material;
- (3) Unscheduled draws on any debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) Consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend or waive this Disclosure Certificate or any provision of this Disclosure Certificate, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(b), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of the City Attorney or nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the owners of a majority in aggregate principal amount of the Bonds or (ii) does not, in the opinion of the City Attorney or nationally recognized bond counsel, materially impair the interests of the Holders.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Remedies. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Participating Underwriter, Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate to cause the City to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in a federal or state court located in the City and County of San Francisco, State of California, and that the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: May ___, 2013

CITY AND COUNTY OF SAN FRANCISCO

Benjamin Rosenfield
Controller

Approved as to form:

DENNIS J. HERRERA
CITY ATTORNEY

By: _____
Deputy City Attorney

CONTINUING DISCLOSURE CERTIFICATE EXHIBIT A

**FORM OF NOTICE TO THE
MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of City: City and County of San Francisco

Name of Bond Issue: City and County of San Francisco Finance Corporation
Lease Revenue Bonds, Series 2013A (Equipment Program)

Date of Delivery: May ____, 2013

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the City and County of San Francisco, dated the Date of Delivery. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

By: _____ [to be signed only if filed]
Title _____

cc: City and County of San Francisco
Finance Corporation

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in numbered paragraphs 1-11 of this Appendix F, concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book-entry system, has been furnished by DTC for use in official statements and the Corporation takes no responsibility for the completeness or accuracy thereof. The Corporation cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this Appendix, "Securities" means the Bonds, "Issuer" means the Corporation, and "Agent" means the Paying Agent.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an

authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer or the paying agent or bond trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the paying agent or bond trustee, or the issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer or the paying agent or bond trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the issuer or the paying agent or bond trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX G

PROPOSED FORM OF OPINION OF BOND COUNSEL

[To be reviewed / updated by Bond Counsel.]

[Date of Closing]

City and County of San Francisco
Finance Corporation
San Francisco, California

City and County of San Francisco
San Francisco, California

We have acted as Bond Counsel to our clients the City and County of San Francisco Finance Corporation (the "Corporation") and the City and County of San Francisco (the "City"), and not as counsel to any other person, in connection with the issuance by the Corporation of its \$_____ aggregate principal amount of City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2013A (the "Bonds"), dated the date of this letter.

The Bonds are issued pursuant to a Resolution adopted by the Corporation on _____, 2013 and an Indenture, dated as of January 1, 1991, by and between the Corporation and U.S. Bank National Association, successor by merger to U.S. Bank Trust National Association, as trustee (the "Trustee"), as amended and restated as of October 15, 1998, and as supplemented by the Twentieth Supplemental Indenture, dated as of May 1, 2013, by and between the Corporation and the Trustee (collectively, the "Indenture"). Capitalized terms not otherwise defined in this letter are used as defined in the Indenture.

In our capacity of Bond Counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, an authenticated Bond of the first maturity, the Indenture, the Equipment Lease, dated as of January 1, 1991, as amended and restated as of October 15, 1998, and as supplemented by Equipment Lease Supplement No. 19, dated as of May 1, 2013 (collectively, the "Equipment Lease"), between the City and the Corporation, and such other documents, matters and law as we deemed necessary to render the opinions set forth in this letter.

Based upon that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Bonds constitute the valid and binding limited obligations of the Corporation.
2. The Indenture has been duly authorized, executed and delivered by, and constitutes the valid and binding obligation of, the Corporation.
3. The Equipment Lease has been duly authorized, executed and delivered by the City and the Corporation and constitutes the valid and binding obligation of the City and of the Corporation, respectively. The obligation of the City to make the Rental Payments during the term of the Equipment Lease constitutes a valid and binding obligation of the City, payable from funds of the City lawfully available therefor, and does not constitute a debt of the City or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State is obligated to levy or pledge any form of taxation or for which the City or the State has levied or pledged any form of taxation.
4. 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 not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the interest of the Bonds earned by certain corporations may be subject to a corporate alternative minimum tax. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion as to any other tax consequences regarding the Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Corporation and City and (iii) the correctness of the legal conclusions contained in the legal opinion letters of counsel to the City and to the Corporation delivered in connection with this matter.

In rendering those opinions with respect to treatment of the interest on the Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the Corporation and City. Failure to comply with certain of those covenants subsequent to issuance of the Bonds may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture and Equipment Lease are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against charter cities and counties and non-profit public benefit corporations in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the documents mentioned in the preceding sentence, nor do we express any opinion with respect to the status or quality of title to, or interest in, any of the personal property described in or subject to the Equipment Lease, or the accuracy or sufficiency of the description of any such property contained therein, or the priority of, or the remedies available to enforce, any pledge, lien or security interest in any such assets.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as Bond Counsel with respect to the Bonds has concluded on this date.

Respectfully submitted,