

DRAFT DATED: JUNE 10, 2013

OFFERING MEMORANDUM

Dated: \_\_\_\_\_, 2013



NOT TO EXCEED \$ \_\_,000,000

CITY AND COUNTY OF SAN FRANCISCO  
TAX-EXEMPT LEASE REVENUE COMMERCIAL  
PAPER CERTIFICATES OF PARTICIPATION,  
SERIES 3

CITY AND COUNTY OF SAN FRANCISCO  
TAXABLE LEASE REVENUE COMMERCIAL  
PAPER CERTIFICATES OF PARTICIPATION,  
SERIES 3-T

Secured by an irrevocable direct-pay letter of credit issued by:



**STATE STREET.**

State Street Bank and Trust Company

Ratings: Moody's "\_\_\_"  
S&P "\_\_\_"  
Fitch "\_\_\_"

Dealer: \_\_\_\_\_

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OFFERING MEMORANDUM DATED: \_\_\_\_\_, 2013

Aggregate Principal Amount Not to Exceed \$ \_\_,000,000

City and County of San Francisco  
Tax-Exempt Lease Revenue Commercial Paper  
Certificates of Participation, Series 3

City and County of San Francisco  
Taxable Lease Revenue Commercial Paper  
Certificates of Participation, Series 3-T

The purpose of this Offering Memorandum is to provide certain general information in connection with the delivery and sale by the City and County of San Francisco (the "City") of City and County of San Francisco Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 3 (the "Series 3 Certificates"), and City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 3-T (the "Series 3-T Certificates"). The Series 3 Certificates and the Series 3-T Certificates, are collectively referred to herein as the "Commercial Paper Certificates". Capitalized terms used but not defined herein shall have the meanings set forth in the Trust Agreement (as hereinafter defined).

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel to the City, subject, however, to continuing compliance with certain tax covenants described herein, interest with respect to the first Series 3 Certificates executed and delivered after \_\_\_\_\_, 2013 and interest with respect to any Series 3 Certificates executed and delivered from time to time by the City through the date that is 18 months after the date of execution and delivery of the first Series 3 Certificates executed and delivered after \_\_\_\_\_, 2013 that the City elects to treat as part of the same issue of Series 3 Certificates is excluded from gross income of the owners thereof for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. Interest with respect to the Series 3-T Certificates is not excluded from gross income for federal income tax purposes. In addition, in the opinion of Special Counsel to the City, interest with respect to the Commercial Paper Certificates is exempt from personal income taxes of the State of California under present state law. See "TAX MATTERS".

State Street Bank and Trust Company (the "Bank"), will issue an irrevocable direct-pay letter of credit (the "Letter of Credit") to secure payment of the Commercial Paper Certificates. If for any reason the Bank fails to make a payment due under the Letter of Credit, the City would have no obligation to make any payments with respect to the Commercial Paper Certificates apart from the City's obligation to make Base Rental payments, and it is in any event unlikely that the City would have sufficient funds on hand and available to make the corresponding payment of principal of and/or interest on the Commercial Paper Certificates. Prospective investors therefore should base their investment decision on the credit standing of the Bank, rather than of the City.

The City will also deliver and sell City and County of San Francisco Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 4 (the "Series 4 Certificates"), and City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 4-T (the "Series 4-T Certificates"). The Series 4 Certificates and the Series 4-T Certificates are not being offered pursuant to this Offering Memorandum.

The information in this Offering Memorandum has been obtained from the City, the Bank and other sources believed to be reliable. The references herein to the Trust Agreement, the Commercial Paper Certificates, the Letter of Credit, the Reimbursement Agreement and the Delivery and Paying Agent Agreement (all as hereinafter defined) do not purport to be complete or definitive, do not constitute summaries thereof, and are qualified in their entirety by reference to the provisions thereof. The information and expressions of opinion in this Offering Memorandum are subject to change without notice after the date hereof and future use of this Offering Memorandum shall not otherwise create any implication that there has been no change in the matters referred to in this Offering Memorandum since the date hereof.

This Offering Memorandum is not to be construed as a contract between the City and the purchasers of the Commercial Paper Certificates. Prospective purchasers of the Commercial Paper Certificates are expected to conduct their own review and analysis before making an investment decision.

## 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, the Port 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.

### THE COMMERCIAL PAPER CERTIFICATES

The Commercial Paper Certificates represent interests in Base Rental payments required to be made by the City under a Sublease, dated as of \_\_\_\_\_, 2013 (the "Sublease"), between the City and U.S. Bank National Association, as Trustee (the "Trustee"), entered into pursuant to the Charter of the City and Resolution No. \_\_\_\_\_, adopted by the Board of Supervisors of the City on \_\_\_\_\_, 2013, and approved by the Mayor of the City on \_\_\_\_\_, 2013, providing for the lease by the City from the Trustee of certain real property (the "Property"). Under the Sublease, the City is required, so long as it has the benefit of the use and occupancy of the Property, to pay to the Trustee specified rental payments (the "Base Rental") and to pay certain "Additional Rental" (which is not pledged to the payment of principal and interest evidenced by the Commercial Paper Certificates).

The City has covenanted in the Sublease that so long as the Property is available for its use, the City will take such action as may be necessary to include the Base Rental payments in its annual budget and to make the necessary annual appropriations therefor. The obligation of the City to make Base Rental payments (other than from certain sources specified in the Sublease) may be abated in whole or in part during any period in which by reason of material damage to or destruction of the Property, or condemnation of or defects in the title of the Property, there is substantial interference with the use and occupancy by the City of any portion of the Property. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. The Base Rental and Additional Rental payments will be payable from the City's general fund.

The Commercial Paper Certificates will be executed and delivered pursuant to a Trust Agreement, dated as of \_\_\_\_\_, 2013 (the "Trust Agreement"), between the City and the Trustee, and a Delivery and Paying Agent Agreement, dated as of \_\_\_\_\_, 2013 (the "Delivery and Paying Agent Agreement"), between the City and U.S. Bank National Association, as Delivery and Paying Agent (the "Delivery and Paying Agent"). The aggregate principal amount of Commercial Paper Certificates at any time outstanding may not exceed \$\_\_\_\_,000,000. The Series 4 Certificates and the Series 4-T Certificates will also be executed and delivered pursuant to the Trust Agreement and will also represent interests in Base Rental required to be paid by the City under the Sublease.

The Commercial Paper Certificates will be delivered from time to time to provide moneys to pay Project Costs, to fund capitalized interest and capital fees and expenses with respect to Commercial Paper Certificates, to pay costs incurred in connection with the delivery of Commercial Paper Certificates and to pay principal and interest evidenced by maturing Commercial Paper Certificates, all as set forth in the Trust Agreement. The Trust Agreement defines "Project Costs" as the costs of the acquisition, construction, development and financing of capital facilities and improvements thereto, capital expenditures and extraordinary costs, and includes, without limitation, the costs of engineering, architectural services, plans, specification, surveys and estimates of costs, the costs of any taxes or assessments paid or to be paid in connection with the transfer of any property related to the capital facilities; the costs of any indemnity or surety bonds or other insurance with respect to the acquisition, construction, development or financing of any capital facilities; the costs of software, computer upgrades and consulting fees related thereto; costs of issuance of the Commercial Paper Certificates, including without limitation, expenses relating to registering or qualifying the Commercial Paper Certificates for distribution in any jurisdiction of the United States, discounts, commissions, financing charges and fees and expenses of underwriters, dealers, remarketing agents, rating agencies, attorneys, accountants, advisors and consultants, letter of credit fees payable with respect to the Commercial Paper Certificates, the premium payable with respect to any insurance policy with respect to the Commercial Paper Certificates, the costs of audit and any credit enhancement facility; the cost of title insurance; any reimbursements payments to the City; fees and expenses of the Trustee and the Delivery and Paying Agent; the administrative expenses of the City attributable to the capital facilities, including, without limitation, compensation of officers, directors, employees, agents, attorneys, accountants and consultants of the City and any fees and expenses of the Trustee and the Delivery and Paying Agent during construction; and such other costs, whether or not specified herein, as may be necessary or incidental to the acquisition, construction, development or financing of the capital

facilities and any improvements thereto and the placing of the same in operation, and such other costs and expenses for changes, alterations and additions to the capital facilities requested by the City.

The Commercial Paper Certificates will be dated the date of their respective authentication, execution and delivery, will be issued in book-entry form only, in denominations of \$100,000 and in integral multiples of \$1,000 in excess of \$100,000, and will each bear interest at a separately stated interest rate not to exceed 12% per annum.

The Commercial Paper Certificates will be delivered as fully registered certificates and registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership interests in the Commercial Paper Certificates will be available in book-entry form only, and purchasers of the Commercial Paper Certificates will not receive certificates representing their interests in the Commercial Paper Certificates purchased. While held in book-entry only form, the Trustee will make all payments of principal and interest with respect to the Commercial Paper Certificates by wire transfer to DTC or its nominee as the sole registered owner of the Commercial Paper Certificates. Payments to the beneficial owners are the responsibility of DTC and its participants. See Appendix B—"INFORMATION REGARDING DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Each Commercial Paper Certificate (i) will evidence interest payable at maturity at an annual rate calculated on the basis of a year of 365/366 days and actual days elapsed with respect to the Series 3 Certificates and a year of 360 days and actual days elapsed with respect to the Series 3-T Certificates, (ii) will mature not more than 270 days after its date, but not later than five days prior to the Stated Expiration Date (defined below) of the Letter of Credit, and (iii) will mature on a Business Day. No Commercial Paper Certificates can be delivered by the Delivery and Paying Agent if such delivery would result in the aggregate principal amount of the Commercial Paper Certificates to be outstanding together with interest accrued or to accrue thereon being in excess of the amount available to be drawn under the Letter of Credit. *The Letter of Credit may not be terminated while any Commercial Paper Certificates secured by the Letter of Credit remain outstanding.*

#### **THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT**

*Capitalized terms used in this section "THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT" and not otherwise defined shall have the meaning given to such terms as set forth in the Reimbursement Agreement. Reference is made to Appendix C for the form of the Letter of Credit.*

#### **The Letter of Credit**

The following is a summary of certain provisions of the Letter of Credit. The Letter of Credit is issued pursuant to the terms and conditions of a Letter of Credit and Reimbursement Agreement, dated as of \_\_\_\_\_, 2013 (the "Reimbursement Agreement"), between the Bank and the City. This summary is not to be considered a full statement of the terms of the Letter of Credit and accordingly is qualified by reference thereto and is subject to the full text thereof.

At the request and for the account of the City, the Bank will issue the Letter of Credit in favor of the Delivery and Paying Agent in the maximum available amount equal to \$\_\_\_\_\_,000,000, (the "Stated Amount") which may be drawn upon from time to time in respect of the principal and actual interest accrued on the Commercial Paper Certificates. The Stated Amount of the Letter of Credit in effect from time to time shall be subject to reductions and reinstatements as set forth in the Letter of Credit. The Delivery and Paying Agent will draw moneys under the Letter of Credit to the extent necessary to pay principal of and interest on Commercial Paper Certificates. Drawings by the Delivery and Paying Agent under the Letter of Credit will reduce the amounts available for subsequent drawings under the Letter of Credit, subject to reinstatement as provided in the Letter of Credit. All drawings under the Letter of Credit will be paid with the Bank's own immediately available funds and will not be paid directly or indirectly from funds or collateral on deposit with or for the account of, or pledged with or for the account of, the Bank by the City. The Bank will seek reimbursement for payments made pursuant to drawings under the Letter of Credit only after such payments have been made.

Under the Trust Agreement, the Delivery and Paying Agent may not cause the issuance of Commercial Paper Certificates unless the City has certified to the Delivery and Paying Agent that the Letter of Credit will, upon the issuance of such Commercial Paper Certificates, be in an amount sufficient to pay the principal of all outstanding Commercial Paper Certificates and interest thereon at the rates then in effect, with respect to the Commercial Paper Certificates through the maturity dates thereof.

The Letter of Credit shall expire at 5:00 P.M. New York time, on the date (the earliest of such date to occur referred to herein as the "Letter of Credit Termination Date") which is the earliest of (i) the later of the date on which the Bank receives a specified written notice from the Delivery and Paying Agent that an Alternate Credit Facility has been substituted for the Letter of Credit in accordance with the Trust Agreement or the effective date of any such Alternate Credit Facility, (ii) the date on which the Bank receives a specified written notice from the Delivery and Paying Agent that there are no longer any Commercial Paper Certificates Outstanding within the meaning of the Trust Agreement and that the Delivery and Paying Agent elects to terminate the Letter of Credit, (iii) the earlier of (a) the fifteenth (15th) calendar day after the date on which the Delivery and Paying Agent receives a specified written notice from the Bank that an event of default has occurred under the Reimbursement Agreement, instructing the Delivery and Paying Agent to cease issuing Commercial Paper Certificates, the amount available to be drawn under the Letter of Credit will not be reinstated, and instructing the Delivery and Paying Agent to honor the final payment drawing delivered pursuant to the Letter of Credit to provide for the payment of Commercial Paper Certificates Outstanding which are maturing or are to thereafter mature (the "Final Drawing Notice"), and (b) the date on which the final payment drawing resulting from the Final Drawing Notice is honored by the Bank, or (iv) \_\_\_\_\_, 2018 (the "Stated Expiration Date"). The Stated Expiration Date of the Letter of Credit may be extended as provided in the Letter of Credit and the Reimbursement Agreement.

#### **The Reimbursement Agreement**

The City and the Bank have entered into the Reimbursement Agreement, pursuant to which the Letter of Credit was issued. Among other things, the Reimbursement Agreement provides for (a) the repayment to the Bank of all draws made under the Letter of Credit, together with specified interest thereon; (b) the payment or reimbursement to the Bank of certain specified fees, costs and expenses; (c) affirmative and negative covenants to be observed on the part of the City; and (d) certain indemnification obligations on the part of the City.

The occurrence of any of the following events shall constitute an "Event of Default" under the Reimbursement Agreement:

(a) The City shall fail to pay (i) any Reimbursement Obligation (as defined in the Reimbursement Agreement) or interest thereon as and when due thereunder, (ii) any commitment fee or draw fee with respect to the Letter of Credit as and when due thereunder and the continuance of such failure for a period of three (3) Business Days or (iii) any other Obligation as and when due thereunder and the continuance of such failure for a period of [five (5)] days after written notice thereof;

(b) The City shall default in the performance of certain covenants set forth in the Reimbursement Agreement;

(c) The City shall default in the performance of any other term, covenant or agreement set forth in the Reimbursement Agreement and such failure shall continue for a period of thirty (30) days after written notice thereof shall have been given to the City by the Bank;

(d) Any representation, warranty, certification or statement made by the City (or incorporated by reference) in the Reimbursement Agreement or by the City in any other Related Document (as defined in the Reimbursement Agreement) or in any certificate, financial statement or other document delivered pursuant to the Reimbursement Agreement or any other Related Document shall prove to have been incorrect in any material respect when made or deemed made;

(e) The City shall (A) fail to make any payment on any Material City Debt (as defined in the Reimbursement Agreement) (other than the Commercial Paper Certificates) or any interest or premium thereon

when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Material City Debt; or (B) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any Material City Debt when required to be performed or observed, and such failure shall not be waived and shall continue after the later of (1) five Business Days after notice of such failure or (2) the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform or observe is to accelerate the maturity of such Material City Debt; or (C) any Material City Debt shall be declared to be due and payable or be required to be prepaid (other than by a regularly scheduled required prepayment or an optional prepayment), prior to the stated maturity thereof; provided, however, that in the case of clause (A) or (B) any such failure shall not be considered an Event of Default under the Reimbursement Agreement if the same is being contested in good faith and by appropriate proceedings and such contest shall operate to stay the acceleration of the maturity of such Material City Debt;

(f) The City or the Trustee shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of its or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall declare a moratorium, or shall take any action to authorize any of the foregoing;

(g) A case or other proceeding shall be commenced against the City or the Trustee seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case shall remain undismissed and unstayed for a period of sixty (60) days; or an order for relief shall be entered against the City or the Trustee under the federal bankruptcy laws as now or hereafter in effect, or any writ, judgment, warrant of attachment, execution or similar process shall be issued or levied against a substantial part of the property, assets or business of the City or the Trustee, and such proceedings or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be stayed, released, appealed, vacated or fully bonded, within the time permitted by law after commencement, filing or levy, as the case may be;

(h) Any provision of the Reimbursement Agreement or any Related Document shall cease for any reason whatsoever to be a valid and binding agreement of the City or the Trustee, or the City or the Trustee shall contest the validity or enforceability thereof;

(i) Any pledge or security interest created under the Reimbursement Agreement or the Trust Agreement to secure any amounts due under the Reimbursement Agreement shall fail to be valid or fully enforceable;

(j) An event of default shall occur under any of the Related Documents (other than the Reimbursement Agreement) or the City shall fail to make any payment under the Sublease when and as due;

(k) [The long-term unenhanced rating by Moody's or S&P on any General Obligation Debt (as defined in the Reimbursement Agreement) of the City shall be withdrawn, suspended or otherwise unavailable for credit related reasons or reduced below "Baa2" (or its equivalent) or "BBB" (or its equivalent), respectively];

(l) One or more final, nonappealable judgments or orders for the payment of money in the aggregate amount of \$25,000,000 or more shall be rendered against the City and such judgment or order shall continue unsatisfied and unstayed for a period of sixty (60) days; or

(m) [Any Event of Default (or term of like meaning or effect) shall have occurred under any Bank Agreement (as defined in the Reimbursement Agreement)].



If any Event of Default shall have occurred and be continuing, the Bank may by notice to the City and the Delivery and Paying Agent, (i) issue a No-Delivery Notice, (ii) issue the Final Drawing Notice (the effect of which shall be to cause the Letter of Credit Termination Date to occur on the fifteenth (15th) day after the date of receipt thereof by the Delivery and Paying Agent), (iii) declare the Revolving Bank Certificate, in whole or in part, all or some Reimbursement Obligations, as well as any other Obligation, and all interest thereon to be a Default Advance (as defined in the Reimbursement Agreement) under the Reimbursement Agreement due and payable in the manner set forth in the Reimbursement Agreement, or (iv) take any other action permitted by equity or law. Notwithstanding anything to the contrary contained in the preceding sentence, upon the occurrence or existence of an Event of Default of the type described in clause (f) or (g) above, the remedies described in clauses (ii) and (iii) of the paragraph shall occur immediately and automatically without notice or further action on the part of the Bank or any other person. From and after the occurrence an Event of Default, all Obligations shall bear interest at the Default Rate (as defined in the Reimbursement Agreement). Upon any action by the Bank as contemplated in the foregoing clauses (i) and (ii), the Stated Amount shall be permanently reduced upon, and by the amount of, each drawing under the Letter of Credit following the occurrence of an Event of Default. Notwithstanding the foregoing, the occurrence of an Event of Default shall not affect the Bank's obligation under the Letter of Credit with respect to Commercial Paper Certificates that are outstanding at the time of the occurrence of such Event of Default, and the Delivery and Paying Agent shall continue to have the right to draw under the Letter of Credit to pay the principal of and accrued interest on maturing Commercial Paper Certificates that are outstanding at the time of the occurrence of such Event of Default.

#### **Substitution of the Letter of Credit**

*The City may obtain a substitute Letter of Credit to replace the Letter of Credit then in effect; provided, no such substitution may result in the termination of the Letter of Credit then in effect so long as Commercial Paper Certificates secured by such Letter of Credit remain outstanding.*

#### **THE BANK**

*The information in this section has been furnished by the Bank for inclusion herein. The City cannot and does not make any representation as to the accuracy or completeness of such information or the absence of material adverse changes in such information subsequent to December 31, 2012, the dated date of such disclosure. The delivery of this Offering Memorandum shall not create any implication that there has been no change in the affairs of the Bank since December 31, 2012, or that the information contained or referred to in this section is correct as of any time subsequent to December 31, 2012.*

State Street Bank and Trust Company (the "Bank") is a wholly-owned subsidiary of State Street Corporation (the "Corporation"). The Corporation (NYSE: STT) is the world's leading provider of financial services to institutional investors including investment servicing, investment management and investment research and trading. With \$24.37 trillion in assets under custody and administration and \$2.09 trillion in assets under management, the Corporation operates in more than 100 geographic markets worldwide. The consolidated total assets of the Bank as of December 31, 2012 accounted for approximately 98% of the consolidated total assets of the Corporation as of the same date. As of December 31, 2012, the Corporation had consolidated total assets of \$222.23 billion, total deposits (including deposits in non-U.S. offices) of \$164.18 billion, total investment securities of \$121.22 billion, total loans and leases, net of unearned income and allowance for loan losses, of \$12.29 billion and total shareholders' equity of \$20.87 billion.

The Bank's Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices Only -- FFIEC 031 (the "Call Reports") through December 31, 2012, as submitted through the Federal Financial Institutions Examination Council and provided to the Federal Reserve, are incorporated by reference in this Appendix and shall be deemed to be a part hereof.

In addition, all Call Reports filed by the Bank pursuant to 12 U.S.C. §324 after the date of this Offering Memorandum shall be deemed to be incorporated herein by reference and shall be deemed to be a part hereof from the date of filing of any such report.

Additional information, including financial information relating to the Corporation and the Bank, is set forth in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2012. The Form 10-K can be found on the Corporation's web site, [www.statestreet.com](http://www.statestreet.com). Such report and all reports filed by the Corporation pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this Offering Memorandum are incorporated herein by reference and shall be deemed a part hereof from the date of filing of any such report. The Letter of Credit is an obligation of the Bank and not of the Corporation.

Any statement contained in any document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Offering Memorandum to the extent that a statement contained herein or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum.

The Bank hereby undertakes to provide, without charge to each person to whom a copy of this Offering Memorandum has been delivered, on the written request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Offering Memorandum by reference, other than exhibits to such documents. Written requests for such copies should be directed to Investor Relations, State Street Corporation, One Lincoln Street, Boston, Massachusetts 02111, telephone number 617-786-3000.

Neither the Bank nor its affiliates make any representation as to the contents of this Offering Memorandum (except as to this Appendix to the extent it relates to the Bank), the suitability of the Notes for any investor, the feasibility or performance of any project or compliance with any securities or tax laws or regulations.

#### **THE DELIVERY AND PAYING AGENT**

U.S. Bank National Association has been appointed and is serving as Issuing and Paying Agent for the Commercial Paper Certificates pursuant to the Trust Agreement and the Delivery and Paying Agent Agreement.

#### **THE DEALER**

The City has appointed \_\_\_\_\_ as dealer with respect to the offering and sale of the Commercial Paper Certificates.

#### **TAX MATTERS**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however, to the qualifications set forth below, interest with respect to the Series 3 Certificates executed and delivered after \_\_\_\_\_, 2013 and interest with respect to any Series 3 Certificates executed and delivered from time to time that is 18 months after the date of execution and delivery of the first Series 3 Certificates executed and delivered after \_\_\_\_\_, 2013 that the City elects to treat as part of the same issue of Series 3 Certificates is excluded from gross income of the owners for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to the execution and delivery of the Series 3 Certificates in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the original date of execution and delivery of the Series 3 Certificates, being \_\_\_\_\_, 2013.

Interest with respect to the Series 3-T Certificates is not intended by the City to be excluded from gross income for purposes of all applicable federal income taxation.

In addition, Special Counsel is of the opinion that interest with respect to both the Series 3 Certificates and the Series 3-T Certificates is exempt from personal income taxes of the State of California under present state law.

**Circular 230 Disclaimer.** To ensure compliance with requirements imposed by the Internal Revenue Service, Special Counsel informs owners of the Series 3-T Certificates that any U.S. federal tax advice contained in this Official Statement (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed in this Offering Memorandum.

#### **NO LITIGATION**

Upon the initial delivery of the Commercial Paper Certificates, the City will execute a certificate to the effect that there is no litigation pending which has been formally served upon the City or of which the City has formally been given notice, in any way restraining or enjoining the execution or delivery of the Commercial Paper Certificates.

#### **LEGAL MATTERS**

Certain legal matters in connection with the authorization, issuance and sale of the Commercial Paper Certificates have been passed upon by Jones Hall, A Professional Law Corporation, San Francisco, California, as Special Counsel. Certain legal matters in connection with the Reimbursement Agreement and the Letter of Credit were passed upon by Chapman and Cutler LLP, Chicago, Illinois, as counsel for the Bank. Certain legal matters were passed upon for the City by the City Attorney for the City and County of San Francisco and by Amira Jackmon, Attorney at Law, Berkeley, California, Disclosure Counsel.

#### **FINANCIAL ADVISORS**

The City has retained KNN Public Finance, A Division of Zions First National Bank ("KNN Public Finance"), as a financial advisor with respect to the execution and delivery of the Commercial Paper Certificates. KNN Public Finance is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Offering Memorandum.

The City has retained Backstrom McCarley Berry & Co., LLC as a financial advisor with respect to the execution and delivery of the Commercial Paper Certificates. Backstrom McCarley Berry & Co., LLC is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Offering Memorandum.

#### **NO CONTINUING DISCLOSURE**

The Commercial Paper Notes are exempt from the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12.

#### **RATINGS**

Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. ("S&P") and Fitch Inc. ("Fitch") have assigned ratings on the Commercial Paper Certificates of "\_\_\_", "\_\_\_" and "\_\_\_," respectively. Each of such ratings is based on the issuance of the Letter of Credit by the Bank. Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained only from the respective rating agencies. The City furnished to such rating agencies certain City information regarding the Commercial Paper Certificates. In addition, the Bank furnished certain information to such rating agencies regarding the Bank and the Letter of Credit. Generally, rating agencies base their ratings on the information and materials furnished to them and on their own investigations, studies and assumptions. There is no assurance such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such change in or withdrawal of such ratings could have an adverse effect on the market price of the Commercial Paper Certificates. The City undertakes no responsibility to oppose any such

change or withdrawal. The above ratings are not recommendations to buy, sell or hold the Commercial Paper Certificates.

#### **OTHER MATTERS**

The Dealer has provided the following sentence for inclusion in this Offering Memorandum. The Dealer has reviewed the information in this Offering Memorandum in accordance with, and as part of, their responsibility to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Dealer does not guarantee the accuracy or completeness of such information.

The information and expressions of opinion in this Offering Memorandum are subject to change without notice and neither the delivery of this Offering Memorandum nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in such information or expressions of opinion since the date hereof.

APPENDIX A

FORM OF OPINION OF SPECIAL COUNSEL

SERIES 3 CERTIFICATES  
AND  
SERIES 4 CERTIFICATES

\_\_\_\_\_, 2013

Board of Supervisors  
City and County of San Francisco  
City Hall, 1 Dr. Carlton B. Goodlett Place,  
San Francisco, California 94102

**OPINION:** City of County of San Francisco Tax-Exempt Lease Revenue Commercial Paper  
Certificates of Participation, Series 3

and

City of County of San Francisco Tax-Exempt Lease Revenue Commercial Paper  
Certificates of Participation, Series 4

Ladies and Gentlemen:

We have acted as special counsel in connection with the execution and delivery of the City and County of San Francisco (the "City") of a Sublease, dated as of \_\_\_\_\_, 2013 (the "Sublease") between U.S. Bank National Association, as trustee under the hereinafter mentioned Trust Agreement (the "Trustee") and the City, as lessee. Pursuant to the Trust Agreement, dated as of \_\_\_\_\_, 2013 (the "Trust Agreement") between the City and the Trustee, and the Delivery and Paying Agent Agreement dated as of \_\_\_\_\_, 2013 (the "Delivery and Paying Agent Agreement") between the Trustee, as paying agent, and the City, the Trustee will execute and deliver City and County of San Francisco Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 3 and Series 4 (together, the "Tax-Exempt Certificates"). Pursuant to the Trust Agreement, the Trustee will also execute and deliver City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 3-T and Series 4-T (the "Taxable Certificates" and, with the Tax-Exempt Certificates, the "Certificates"). The Certificates evidence proportionate interests of the owners thereof in Base Rental payments made by the City under the Sublease and may be delivered in the not-to-exceed aggregate principal amount of \$\_\_\_\_\_,000,000. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Trust Agreement.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the City contained in the Trust Agreement, the Sublease and in the certified proceedings, and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The City is duly created and validly existing as a charter city and county with the power to enter into the Trust Agreement, the Delivery and Paying Agent Agreement, the Sublease and the Site Lease, and to perform the agreements on its part contained therein.

2. The Trust Agreement, the Delivery and Paying Agent Agreement, the Sublease and the Site Lease have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Trustee, the Trust Agreement, the Delivery and Paying Agent Agreement, the Sublease and the Site Lease are obligations of the City valid, binding and enforceable against the City in accordance with their terms.

3. Subject to the terms and provisions of the Sublease, the Base Rental payments are payable from all legally available funds of the City. By virtue of the Trust Agreement, the owners of the Tax-Exempt Certificates are entitled to receive their proportionate share of the Base Rental payments in accordance with the provisions of the Trust Agreement.

4. Interest with respect to the first Tax-Exempt Certificates executed and delivered after the date hereof, and interest with respect to any Tax-Exempt Certificates executed and delivered from time to time by the City through the date that is 18 months after the date of execution and delivery of the first Tax-Exempt Certificates executed and delivered after the date hereof that the City elects to treat as part of the same issue of Tax-Exempt Certificates, is excluded from gross income of the owners for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to the execution and delivery of the Tax-Exempt Certificates in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the original date of execution and delivery of the Tax-Exempt Certificates.

5. Interest with respect to the Tax-Exempt Certificates is exempt from personal income taxes of the State of California under present state law.

The rights of the owners of the Tax-Exempt Certificates, and the enforceability of the Trust Agreement, the Delivery and Paying Agent Agreement, the Sublease and the Site Lease may be subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Respectfully submitted,

A Professional Law Corporation

**SERIES 3-T CERTIFICATES  
AND  
SERIES 4-T CERTIFICATES**

\_\_\_\_\_, 2013

Board of Supervisors  
City and County of San Francisco  
City Hall, 1 Dr. Carlton B. Goodlett Place,  
San Francisco, California 94102

**OPINION:** City of County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 3-T

and

City of County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 4-T

Ladies and Gentlemen:

We have acted as special counsel in connection with the execution and delivery of the City and County of San Francisco (the "City") of a Sublease, dated as of \_\_\_\_\_, 2013 (the "Sublease") between U.S. Bank National Association, as trustee under the hereinafter mentioned Trust Agreement (the "Trustee") and the City, as lessee. Pursuant to the Trust Agreement, dated as of \_\_\_\_\_, 2013 (the "Trust Agreement") between the City and the Trustee, and the Delivery and Paying Agent Agreement dated as of \_\_\_\_\_, 2013 (the "Delivery and Paying Agent Agreement") between the Trustee, as paying agent, and the City, the Trustee has executed and delivered City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 3-T (the "Series 3-T Certificates"), and City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 4-T (together with the Series 3-T Certificates, the "Taxable Certificates"). Pursuant to the Trust Agreement, the Trustee will also execute and deliver City and County of San Francisco Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 3 and Series 4 (the "Tax-Exempt Certificates" and, with the Taxable Certificates, the "Certificates"). The Certificates evidence proportionate interests of the owners thereof in Base Rental payments made by the City under the Sublease and may be delivered in the not-to-exceed aggregate principal amount of \$\_\_\_\_\_,000,000. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Trust Agreement.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the City contained in the Trust Agreement, the Sublease and in the certified proceedings, and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The City is duly created and validly existing as a charter city and county with the power to enter into the Trust Agreement, the Delivery and Paying Agent Agreement, the Sublease and the Site Lease, and to perform the agreements on its part contained therein.
2. The Trust Agreement, the Delivery and Paying Agent Agreement, the Sublease and the Site Lease have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Trustee, the Trust Agreement, the Delivery and Paying Agent Agreement, the Sublease and the Site Lease are obligations of the City valid, binding and enforceable against the City in accordance with their terms.

3. Subject to the terms and provisions of the Sublease, the Base Rental payments are payable from all legally available funds of the City. By virtue of the Trust Agreement, the owners of the Taxable Certificates are entitled to receive their proportionate share of the Base Rental payments in accordance with the provisions of the Trust Agreement.

4. Interest with respect to the Taxable Certificates is not intended by the City to be excluded from gross income for purposes of all applicable federal income taxation.

5. Interest with respect to the Taxable Certificates is exempt from personal income taxes of the State of California under present state law.

To ensure compliance with requirements imposed by the Internal Revenue Service, we inform owners of the Taxable Certificates that any U.S. federal tax advice contained in this opinion is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

The rights of the owners of the Taxable Certificates, and the enforceability of the Trust Agreement, the Delivery and Paying Agent Agreement, the Sublease and the Site Lease may be subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Respectfully submitted,

A Professional Law Corporation



## APPENDIX B

### INFORMATION REGARDING DTC AND THE BOOK-ENTRY ONLY SYSTEM

*Neither the City, the Trustee nor the Delivery and Paying Agent will have any responsibility or obligation to DTC Participants, Indirect Participants or Beneficial Owners with respect to the payments or the providing of notice to DTC Participants, Indirect Participants or Beneficial Owners. Neither the City nor the Issuing and Paying Agent can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of and interest on the Commercial Paper Certificates paid to DTC or its nominee, as the registered Owner, or any notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Offering Memorandum.*

*The following information regarding DTC and its book-entry only system has been furnished by DTC for inclusion herein. The City cannot and does not make any representation as to the accuracy or completeness thereof, or the absence of material adverse changes therein subsequent to the date hereof. Beneficial Owners should confirm the following information with DTC or the Participants, as the case may be.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Commercial Paper Certificates. The Commercial Paper Certificates 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 Commercial Paper Certificate will be issued for each series of Commercial Paper Certificates, each in the aggregate authorized principal amount of such series, and will be deposited with DTC.

DTC, the world's largest 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 corporations. 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"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange City. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Commercial Paper Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Commercial Paper Certificates on DTC's records. The ownership interest of each actual purchaser of each Commercial Paper Certificate ("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 Commercial Paper Certificates 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 the Commercial Paper Certificates, except in the event that use of the book-entry system for the Commercial Paper Certificates is discontinued.

To facilitate subsequent transfers, all Commercial Paper Certificates 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 the Commercial Paper Certificates 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 Commercial Paper Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Commercial Paper Certificates 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.

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 the Commercial Paper Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Commercial Paper Certificates, such as tenders, defaults, and proposed amendments to the authorizing documents. For example, Beneficial Owners of the Commercial Paper Certificates may wish to ascertain that the nominee holding the Commercial Paper Certificates 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Commercial Paper Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 Commercial Paper Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest with respect to the Commercial Paper Certificates 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 City or the Delivery and Paying Agent 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 Trustee, the Delivery and Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest with respect to the Commercial Paper Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Issuing and Paying Agent, 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.

DTC may discontinue providing its services as depository with respect to the Commercial Paper Certificates at any time by giving reasonable notice to the City, the Trustee or the Delivery and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Commercial Paper Certificate certificates are required to be printed and delivered, as described in the Trust Agreement.

The City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Commercial Paper Certificate certificates will be printed and delivered to DTC as described in the Trust Agreement.

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

*The foregoing description of the procedures and record-keeping with respect to beneficial ownership interests in the Commercial Paper Certificates, payment of the principal, interest and other payments with respect to the Commercial Paper Certificates to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such Commercial Paper Certificates and other related transactions by and between*

*DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*The City cannot and does not give any assurances that DTC will distribute to DTC Participants, or that DTC Participants or others will distribute to the Beneficial Owners, payments of principal and interest with respect to the Commercial Paper Certificates paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Offering Memorandum. The City is not responsible or liable for the failure of DTC or any DTC Participant or Indirect Participant to make any payments or give any notice to a Beneficial Owner with respect to the Commercial Paper Certificates or any error or delay relating thereto.*

*So long as Cede & Co. is the registered owner of the Commercial Paper Certificates, as nominee of DTC, references herein to the Owners or registered holders of the Commercial Paper Certificates, shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Commercial Paper Certificates.*

**APPENDIX C**  
**FORM OF LETTER OF CREDIT**  
[TO BE ATTACHED]